



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance

April 16, 2020 at 11:15 a.m.  
Via Videoconference and UNC-TV Live Stream

**AGENDA**

- A-1. Approval of the March 19, 2020 and April 8, 2020 Minutes .....Temple Sloan
  - a. Committee on Budget and Finance (3/19/20)
  - b. Joint Meeting of the Committee on Budget and Finance/Committee on Public Affairs (3/19/20)
  - c. Special Meeting of the Committee on Budget and Finance (4/8/20)
- A-2. 2020-21 Non-Appropriated Capital Improvement Projects ..... Katherine Lynn
- A-3. Capital Improvement Projects ..... Katherine Lynn
- A-4. Additional Delegation of Authority for Real Property – Western Carolina University .....Clinton Carter
- A-5. UNC-Chapel Hill’s Horace Williams Campus Expansion Request..... Clinton Carter and Jonathan Pruitt
- A-6. Sale of Special Obligation Bonds – UNC Wilmington.....Clinton Carter
- A-7. Other Business .....Temple Sloan
  - a. Capital Construction Task Force Update
- A-8. Adjourn

## DRAFT MINUTES

March 19, 2020  
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 present by phone: Darrell Allison, Carolyn Coward, W. Marty Kotis, III, R. Doyle Parrish, and Robert Rucho.

Chancellors participating were Philip Dubois, Harold Martin, and Randy Woodson.

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

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

The chair called the meeting to order at 12:45 p.m. on March 19, 2020, and called for a motion to approve the open session minutes of February 20, 2020.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the open session minutes of February 20, 2020, as distributed.

**Motion:** W. Marty Kotis, III

**Motion: carried**

Mr. Clinton Carter explained to the committee that, due to the events of the COVID-19 pandemic, the original agenda had been pared down and several items would be moved to the April 2020 Board meeting. The items pulled were the Authorization of Tuition for 2020-21, Authorization of Fees for 2020-21, Additional Delegation Authority of Real Property for Western Carolina University, and UNC-Chapel Hill's Horace Williams Campus Expansion Request.

### 2. 2020-21 Non-Appropriated Capital Improvement Projects (A-2)

Ms. Katherine Lynn presented the 2020-21 non-appropriated capital improvement projects, which are financed by the university and require legislative approval for the issuance of debt. For 2020, UNC-Chapel Hill requested approval for three capital improvement projects and Western Carolina University requested an additional borrowing approval for one capital improvement project, requiring total debt authority of \$74,000,000.

Upon approval, the projects would be forwarded to the General Assembly for authorization during the 2020-21 legislative short session.

Due to the COVID-19 pandemic, Mr. Kotis called for a motion to proceed with UNC-Chapel Hill's request for its Campus-wide Life Safety Upgrades and table until April the remaining projects—UNC-Chapel Hill's HVAC upgrades and residence halls renovations, as well as Western Carolina University's residence halls—which are included in the 2020-21 non-appropriated capital improvement projects.

**MOTION:** Resolved, that the Committee on Budget and Finance approve UNC-Chapel Hill's request for its Campus-wide Life Safety Upgrades and table until April the remaining projects—UNC-Chapel Hill's HVAC upgrades, and residence halls renovations, as well as Western Carolina University's residence halls—which are included in the 2020-21 non-appropriated capital improvement projects.

**Motion:** W. Marty Kotis, III

**Motion failed**

**MOTION:** Resolved, that the Committee on Budget and Finance approve the 2020-21 non-appropriated capital improvement projects and recommend them to the full Board of Governors for a vote.

**Motion:** Robert Rucho

**Motion: carried**

### **3. Capital Improvement Projects – East Carolina University, NC Central University, and UNC-Chapel Hill (Item A-3)**

Ms. Lynn presented prospective capital improvement projects to the committee for the following institutions: ECU, NCCU, and UNC-Chapel Hill. In total, eight capital improvement projects were considered, including six new projects for authority and two increased authorization projects.

Mr. Kotis called for a motion to table the capital improvement projects until April since the projects are not critical in light of the COVID-19 pandemic.

**MOTION:** Resolved, that the Committee on Budget and Finance table the capital improvement projects for East Carolina University, NC Central University, and UNC-Chapel Hill.

**Motion:** W. Marty Kotis, III

**Motion failed**

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

**Motion:** R. Doyle Parrish

**Motion: carried**

There being no further business, the meeting adjourned at 1:02 p.m.

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Carolyn Coward, Secretary



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance  
Committee on Public Affairs

## DRAFT MINUTES

March 19, 2020  
University of North Carolina System Office  
Center for School Leadership Development, Board Room  
Chapel Hill, North Carolina

This joint meeting of the Committee on Budget and Finance and Committee on Public Affairs was presided over by Chairs Temple Sloan and C. Philip Byers. The following Committee on Budget and Finance members, constituting a quorum, were present by phone: R. Doyle Parrish, Carolyn Coward, Darrell Allison, W. Marty Kotis, III, and Robert Rucho. The following members of the Committee on Public Affairs, constituting a quorum, were present by phone: W. Marty Kotis, III, N. Leo Daughtry, Steven B. Long, and R. Doyle Parrish.

Chancellors participating were Robin Cummings, Karrie Dixon, Philip Dubois, Harold Martin, Ron Mitchelson, and Randy Woodson.

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

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Chair Sloan called the meeting to order at 11:35 a.m. on Thursday, March 19, 2020.

### 1. 2020-21 Operating Budget Priorities (Item A-1)

Senior Vice President for Finance and Administration Clinton Carter presented the 2020-21 Operating Budget Priorities to the committee for consideration. The proposed budget priorities include funding in the 2019 Appropriations Act and Strengthening Educator's Pay Act, as well as \$70 million in additional expansion items and \$52 million in base budget adjustments.

Mrs. Coward called for a motion to remove the Summer School Funding from the Operating Budget Priorities, as it has been made a priority in the long session.

**MOTION:** Resolved, that the Committee on Budget and Finance remove the proposal of Summer School for Student Success from the 2020-21 Operating Budget Priorities.

**Motion:** Carolyn Coward

**Motion failed**

Mr. Kotis called for a motion to table the 2020-21 Operating Budget Priorities until April to gather more information regarding the COVID-19 pandemic in order to make a more informed decision.

**MOTION:** Resolved, that the Committee on Budget and Finance table the 2020-21 Operating Budget Priorities.

**Motion:** W. Marty Kotis, III

**Motion failed**

**MOTION:** Resolved, that the Committee on Budget and Finance approve the 2020-21 Operating Budget Priorities and recommend them to the full Board of the Governors for a vote.

**Motion:** Temple Sloan

**Motion carried**

## **2. 2020-21 Capital Budget Priorities (Item A-2)**

Mr. Carter presented the 2020-21 Capital Budget Priorities, which includes a list of priority projects for universities that did not receive appropriations for a significant project in the conference budget and a list of projects that are required to take care of critical needs, deferred maintenance issues, or emergency repairs.

Mr. Kotis called for a motion to table the 2020-21 Capital Budget Priorities until the Board determines what investments and requests need to be made regarding the COVID-19 pandemic and online learning.

**MOTION:** Resolved, that the Committee on Budget and Finance table the 2020-21 Capital Budget Priorities.

**Motion:** W. Marty Kotis, III

**Motion failed**

**MOTION:** Resolved, that the Committee on Budget and Finance approve 2020-21 Capital Budget Priorities and recommend it to the full Board of Governors for a vote.

**Motion:** Temple Sloan

**Motion carried**

## **3. 2020 Legislative Proposals (Item A-3)**

Vice President for State Government Relations Drew Moretz presented the 2020 Legislative Proposals to the committees. The proposals include operational efficiencies related to consolidating need-based financial aid programs, exempting public safety personnel from NC HR Act, eliminating the Primary Care Plan, and allowing the UNC Board of Governors to retain outside counsel. Also included are technical corrections and institution-specific requests: changes to UNC Laboratory Schools, removing the debt service and campus security fee from the statutory cap on fee increases, authorizing the Board of Governors to designate UNC-TV as a Millennial Campus, and creating a specialty license plate for The NC Arboretum.

**MOTION:** Resolved, that the Committee on Public Affairs approve the 2020 Legislative Proposals and recommend it to the full Board of Governors for a vote.

**Motion:** C. Philip Byers

**Motion carried**

Mr. Kotis called for a motion to coordinate with the UNC System Office to compile a list of additional legislative priorities for the COVID-19 pandemic before the April 28 legislative session.

**MOTION:** Resolved, that the UNC System Office Staff prepare an additional list of legislative priorities to address the needs related to the COVID-19 pandemic.

**Motion:** W. Marty Kotis, III

**Motion carried**

There being no further business, the meeting adjourned at 12:33 p.m.

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Carolyn Coward, Secretary

## DRAFT MINUTES

April 8, 2020  
University of North Carolina System Office  
Via Videoconference and UNC-TV Live Stream

This special meeting of the Committee on Budget and Finance was presided over by Chair Temple Sloan. The following committee members, constituting a quorum, were present by phone: Darrell Allison, Carolyn Coward, W. Marty Kotis, III, R. Doyle Parrish, and Robert Rucho.

Chancellors participating were Philip Dubois, Harold Martin, and Randy Woodson.

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

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### Call to Order

The chair called the meeting to order at 2:00 p.m. on April 8, 2020.

Interim President Bill Roper gave a few remarks concerning the UNC Board of Governors amended budget priorities, which strives to achieve the correct balance between advocating forcefully for the items that are important to the University System and the people of North Carolina. The amended budget priorities would delay the request of important initiatives to the 2021 Long Session, especially several critical capital improvement projects. Dr. Roper told members that these items would be considered at the committee level and the Board would vote on them at the April 17 meeting. Once approved, the items would become the final UNC Board of Governors budget and policy priorities.

Chair Sloan explained to the committee that the items approved at the Committee on Budget and Finance meeting on March 16 were deferred during the full Board meeting and would not require any further action or discussion. The committee would be able to move forward with the amended budget priorities.

### 1. 2020-21 Amended Budget Priorities (A-1)

Chair Sloan advised the committee that there were three components of the 2020-21 Amended Budget Priorities requiring only one vote. He continued to explain that these components are the Operating Budget Priorities, the Capital Improvement Project Funding, and the COVID-19 Emergency Request to the Legislature.

Senior Vice President for Finance and Administration Clinton Carter presented the 2019-21 Budget Comparison that illustrated the original budget priorities of the Board, the conference report that included items passed by the House and Senate and vetoed by the Governor in 2019, and the amended UNC System priorities. The focus during the meeting was the 2020-21 time period. The System Office received guidance from the Governor's Office, Legislative leadership, and a number of the Board members to reassess the request due to the current environment with COVID-19. Mr. Carter summarized the revisions to the budget priorities.

Governor Rucho called for a motion to amend the 2020-21 Operating Budget Priorities to include \$1 million for the College of Health Sciences at The University of North Carolina at Pembroke.

**MOTION:** Resolved, that the Committee on Budget and Finance amend the 2020-21 Operating Budget Priorities to include funding for the College of Health Sciences at UNC Pembroke .

**Motion:** Robert Rucho

**Motion carried**

In addition, Mr. Carter explained the areas of the COVID-19 Emergency Request that required funding. The categories consisted of refunds for student housing and dining services; funding of relief for costs already incurred, estimated additional costs, and assist receipt-supported activities; CARES Act – institutional funding; and digital learning enhancements.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the 2020-21 Amended Budget Priorities and recommend them to the full Board of Governors for a vote.

**Motion:** Darrell Allison

**Motion: carried**

There being no further business, the meeting adjourned at 2:46 p.m.

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Carolyn Coward, Secretary



**AGENDA ITEM**

A-2. 2020-21 Non-Appropriated Capital Improvement Projects.....Katherine Lynn

**Situation:** Non-appropriated capital projects are financed by the university and require legislative approval for the issuance of debt. For 2020-21, one institution is requesting approval for two capital improvement projects and one institution is requesting additional borrowing approval, requiring total debt authority of \$48,500,000.

With Board approval, these projects will be forwarded to the General Assembly for authorization during the 2020-21 legislative session.

**Background:** On an annual basis, the Board considers university proposals for projects funded from non-appropriated sources requiring the issuance of long-term debt and associated changes to student debt service fees.

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

**Assessment:** The projects comply with G.S. 143C (State Budget Act) and all associated fees comply with the guidelines set forth in the Four-Year Plan for Tuition and Fees.

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

## 2020-21 Non-Appropriated Capital Improvement Projects

### ISSUE OVERVIEW

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. These projects, if approved by the Board, are submitted for legislative action. Legislative approval is not required for non-appropriated capital projects that do not require debt issuance.

Project	Total (\$)	Cash/GO Bond/ Other (\$)	Debt (\$)	Source of Funds
<b>University of North Carolina at Chapel Hill</b>				
Morehead Chemistry Laboratory HVAC Upgrades	\$22,000,000	-	\$22,000,000	Institutional Trust Funds
Campus-wide Life Safety Upgrades-Phase 1	\$6,500,000	-	\$6,500,000	Institutional Trust Funds
<i>UNC-CH Subtotal</i>	<i>\$28,500,000</i>	-	<i>\$28,500,000</i>	
<b>Western Carolina University</b>				
Lower Campus Residence Halls-Phase 2	\$20,000,000	-	\$20,000,000	Housing Receipts
<i>WCU Subtotal</i>	<i>\$20,000,000</i>	-	<i>\$20,000,000</i>	
<b>Grand Total</b>	<b><i>\$48,500,000</i></b>	-	<b><i>\$48,500,000</i></b>	

### ADDITIONAL DETAIL

#### University of North Carolina at Chapel Hill

Project: Morehead Chemistry Laboratory HVAC Upgrades  
 Total Cost: \$22,000,000  
 Description: This project includes the replacement of outdated equipment that is unsuitable to maintain acceptable indoor environmental quality. The scope includes additional conditioned air to all laboratories, replacement of original, internally lined ductwork, removal of re-circulated air systems, improvements to the chilled water infrastructure, current high-rise code compliance, and fume hoods replacement to meet minimum air changes required by code.  
 Funding: The funding source for this project is institutional trust funds currently used for debt service that will be retired.

Project: Campus-wide Life Safety Upgrades-Phase 1  
 Total Cost: \$6,500,000  
 Description: This project includes replacement of UNC-Chapel Hill’s central fire alarm communicator system with a new network including new transmitters from each building to a new receiving station at the Public Safety and EHS Emergency Operations Center. The project also includes replacement of obsolete control systems no longer supported or upgraded by the manufacturer in a portion of the buildings on campus.

Funding: The funding source for this project is institutional trust funds currently used for debt service that will be retired.

### **Western Carolina University**

Project: Lower Campus Residence Halls – Phase 2

Total Cost: \$20,000,000

Description: In 2019, H.B. 402 authorized Western Carolina University to issue \$60,000,000 in debt for the construction of three new residence halls totaling up to 800 beds and 200,400 sf (+/-) to replace aging residence halls and accommodate future growth. WCU is increasing the number of beds to 932 and increasing the building size to 235,000 sf (+/-). WCU is requesting approval to increase the debt by \$20,000,000 for the additional beds. The total project cost is estimated at \$87,000,000. Of the \$87,000,000, \$7 million will be paid via the university's housing reserves.

Funding: The funding source for this project is housing receipts.

### **RECOMMENDATION**

It is recommended that the non-appropriated capital projects be approved and submitted for legislative approval of debt issuance.



## AGENDA ITEM

A-3. Capital Improvement Projects – NC State University, UNC-Chapel Hill,  
and UNC Charlotte..... Katherine Lynn

- Situation:** Three UNC System institutions have requested a total of four capital improvement projects: two new projects for authority and two projects for increased authorization.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** NC State University, UNC-Chapel Hill, and UNC Charlotte 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 – NC State University, UNC-Chapel Hill, and UNC Charlotte

## 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 three UNC System institutions that have requested a total of four capital improvement projects: two new projects for authority and two projects for increased authorization.

## I. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>North Carolina State University</b>					
1.	Page Hall Partial Renovation	\$5,750,000	\$0	\$5,750,000	28% F&A, 72% Carry-forward
<i>NC State Subtotal</i>		<i>\$5,750,000</i>	<i>\$0</i>	<i>\$5,750,000</i>	
<b>University of North Carolina at Charlotte</b>					
2.	Union Deck Elevator Replacement	\$800,000	\$0	\$800,000	Parking and Transportation Receipts
<i>UNCC Subtotal</i>		<i>\$800,000</i>	<i>\$0</i>	<i>\$800,000</i>	

## II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>University of North Carolina at Chapel Hill</b>					
3.	Demolition of Odum Village Units	\$5,920,000	\$5,138,592	\$781,408	Housing Receipts
<i>UNC-Chapel Hill Subtotal</i>		<i>\$5,920,000</i>	<i>\$5,138,592</i>	<i>\$781,408</i>	
<b>University of North Carolina at Charlotte</b>					
4.	Campus Infrastructure Development Phase 2 - East Village Infrastructure	\$51,885,037	\$49,555,037	\$2,330,000	Donations and Gifts
<i>UNCC Subtotal</i>		<i>\$51,885,037</i>	<i>\$49,555,037</i>	<i>\$2,330,000</i>	
<b>Grand Total</b>		<b>\$64,355,037</b>	<b>\$54,693,629</b>	<b>\$9,661,408</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-4. Additional Delegation of Authority for Real Property –  
Western Carolina University .....Clinton Carter

**Situation:** Western Carolina University has requested additional delegated authority to authorize real property transactions under Section 600.1.3 of the UNC Policy Manual.

**Background:** Under UNC Policy 600.1.3, the UNC Board of Governors may delegate additional authority to a constituent institution's board of trustees to authorize the acquisition and disposition of an interest in real property. The additional delegated authority allows the constituent institution to authorize the acquisition and disposition of real property, other than by lease, for property valued at less than \$1,000,000, and the acquisition and disposition of property by lease if the lease is valued at less than \$750,000 annually and the lease term is not more than 10 years. A constituent institution requesting additional delegated authority for real property is required to meet minimum criteria under UNC Policy 600.1.3 and regulation 600.1.3 [R]. With this additional delegated authority, authorization by the Board of Governors is not required.

**Assessment:** Western Carolina University completed the self-assessment and certification and submitted a request for additional authority on July 5, 2019. A team assembled by the System Office reviewed WCU's submittal and performed an on-site capabilities appraisal on October 7, 2019 to confirm the assessment. Based on the evaluation of the team, it is recommended that WCU's request for additional delegated authority to authorize real property transactions be approved.

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

## **Additional Delegation of Authority for Real Property – Western Carolina University**

### **ISSUE OVERVIEW**

Consistent with G.S. 116-31.12 and other state law, through Section 600.1.3 of the UNC Policy Manual, the UNC Board of Governors has delegated to the boards of trustees of the constituent institutions the ability to authorize the acquisition and disposition of real property other than by lease if the property is valued at less than \$500,000 and to the acquisition and disposition of real property by lease if the annual value of the lease is less than \$500,000 and the lease term is not more than 10 years. UNC Policy 600.1.3 allows constituent institutions to request additional delegated real property authority which will increase the value of acquisition and disposition of real property other than by lease to less than \$1,000,000 and the acquisition and disposition of property by lease to an annual value of less than \$750,000 if the term is not more than 10 years. If such additional authority is granted, authorization by the Board of Governors is not required.

In accordance with UNC Policy Manual 600.1.3 and 600.1.3[R], to request additional delegated authority to authorize real property transactions, a university must complete a comprehensive, written self-assessment and must:

- Have an individual on staff, designated by the chancellor as the campus property officer, with substantial experience in managing commercial real estate transactions
- Have a properly constituted and active campus property review committee comprised of individuals with sufficient technical expertise, strategic perspective, and executive authority to perform the required duties
- Have appropriate and sufficient technical and professional staff with demonstrated capability in the development, evaluation, and execution of commercial leasing transactions
- Have sufficient administrative, technical and support resources to properly carry out the delegated authority
- Have a documented comprehensive policy and associated procedures in accordance with UNC Policy 600.1.3 and 600.1.3[R],
- Be certified by the chancellor as meeting the policy, and
- Have the policy adopted by its board of trustees.

The chancellor of the university must certify compliance with the requirements and submit the request to the UNC System Office. The senior vice president for finance and administration assembles a team to evaluate the request. Currently, the Board has approved additional delegated authority for real property leases to East Carolina University, NC State University, UNC-Chapel Hill, UNC Charlotte, UNC Wilmington, and the president.

The UNC System Office received WCU's request on July 5, 2019, and assembled an assessment team, which performed a site visit on October 7, 2019, to meet with university staff and to perform an on-site capabilities appraisal. The assessment team determined that WCU has staff with appropriate expertise and documented organizational structure, policies, and procedures to support delegated authority and meets the criteria of UNC Policy 600.1.3 and regulation 600.1.3 [R].

**RECOMMENDATION**

It is recommended that the Board of Governors approve the Board of Trustees of Western Carolina University's request for additional delegated authority to authorize the acquisition and disposition of real property through lease and non-lease transactions consistent with G.S. 116-31.12, UNC Policy 600.1.3 and 600.1.3 [R].



**AGENDA ITEM**

A-5. UNC-Chapel Hill's Horace Williams Campus Expansion Request ..... Clinton Carter and Jonathan Pruitt

**Situation:** The Board of Trustees of University of North Carolina at Chapel Hill (UNC-CH) has requested that the Board of Governors expand the area currently designated as Horace Williams Campus to include designated areas on UNC-CH's main campus and strategic outlying parcels totaling approximately 182 acres, increasing opportunities for public-private partnerships and regional economic development.

**Background:** G.S. 116-198 Article 21B: The Centennial Campus, the Horace Williams Campus, and the Millennial Campuses Financing Act define the process for seeking the Millennial Campus designation. The legislation states that the Board of Governors may act on recommendations by the president of the UNC System after consultation with the chancellor and the board of trustees of a constituent institution to designate real property held by, or to be acquired by, a constituent institution as a Millennial Campus of the institution. That designation shall be based on an express finding by the Board of Governors that the institution desiring to create a Millennial Campus has the administrative and fiscal capability to create and maintain such a campus. Furthermore, the Board of Governors shall have determined that creating the constituent institution's Millennial Campus will enhance the university's research, teaching, and service missions, as well as the economic development of the region served by the institution.

**Assessment:** Expanding the Horace Williams Campus will enhance the university's ability to be more flexible and nimble in developing collaborations, partnerships, and other ventures; support the goals of the recently-adopted Master Plan; align the physical campus with UNC-CH's strategic plan; utilize alternative methods of delivery for capital projects; afford more opportunities as to the operation of some auxiliary services; and create new opportunities for teaching, research, and service while generating revenue to support campus operations and the mission of the university.

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

# UNC-Chapel Hill's Horace Williams Campus Expansion Request

## ISSUE OVERVIEW

UNC-Chapel Hill's proposed Horace Williams Campus expansion includes the following areas:

1. **Campus South Hub** – Comprising 86 acres, the South Campus Hub would leverage the university's \$1B in annual research funds to support research, entrepreneurship, and commercialization endeavors.
2. **Mid-Campus Housing District** – Comprising 16 acres, the Horace Williams Campus designation would apply to existing on-campus housing stock in need of renovation or redevelopment.
3. **Porthole Alley** – The Master Plan envisions Porthole Alley, located at the threshold between the Town of Chapel Hill and the university's main campus, as a gateway to campus, Carolina arts, and innovation.
4. **Other Strategic Parcels** – The university controls several parcels immediately adjacent to campus and scattered across Chapel Hill and parts of Orange County. By placing approximately 79 acres of these parcels within the Horace Williams Campus, the university can create flexible financing and leasing structures to meet the university's needs to upgrade critical infrastructure and generate additional revenue.

Expanding the Horace Williams Campus will enhance the university's ability to be more flexible and nimble in developing collaborations, partnerships, and other ventures; support the goals of the recently-adopted Master Plan; align the physical campus with UNC-CH's strategic plan; utilize alternative methods of delivery for capital projects; afford more opportunities as to the operation of some auxiliary services; and create new opportunities for teaching, research, and service while generating revenue to support campus operations and the mission of the university.

## RECOMMENDATION

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

# UNC-CH Horace Williams Campus Expansion Request

UNC Board of Governors  
April 16, 2020



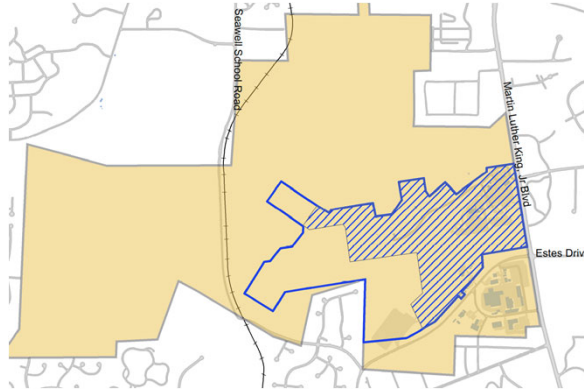
## Overview

- Under NCGS Chapter 116 Article 21b, the properties encompassing the Horace Williams Campus (i.e. Carolina North), NC State's Centennial Campus and Millennial Campuses at other UNC System institutions received special designations and authorities from the General Assembly
- UNC-CH seeks to expand the boundaries of the Horace Williams Campus to include designated areas on UNC-CH's main campus as well as strategic outlying parcels
- Expanded designation will allow for flexibility in development of these areas and to explore/implement alternative financing delivery methods, including Public Private Partnerships (P3s)
- Requested expansion closely aligns with the 0–15 year capital priorities and strategic initiatives as identified in the Campus Master Plan approved May 2019



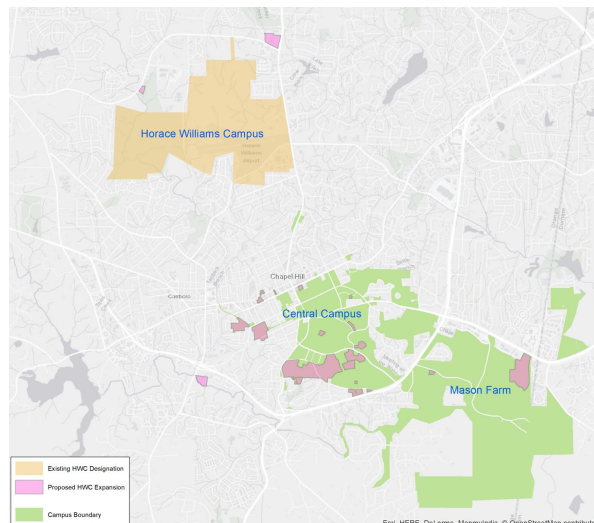
## Existing Horace Williams Campus

- Horace Williams Campus was designated in 1987
- 2009 Carolina North Development Agreement covers 228 acres of the existing Horace Williams Campus designation

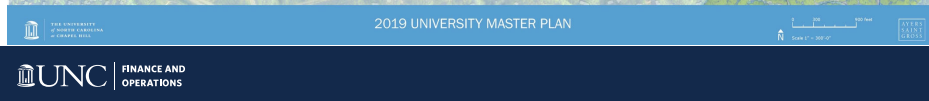
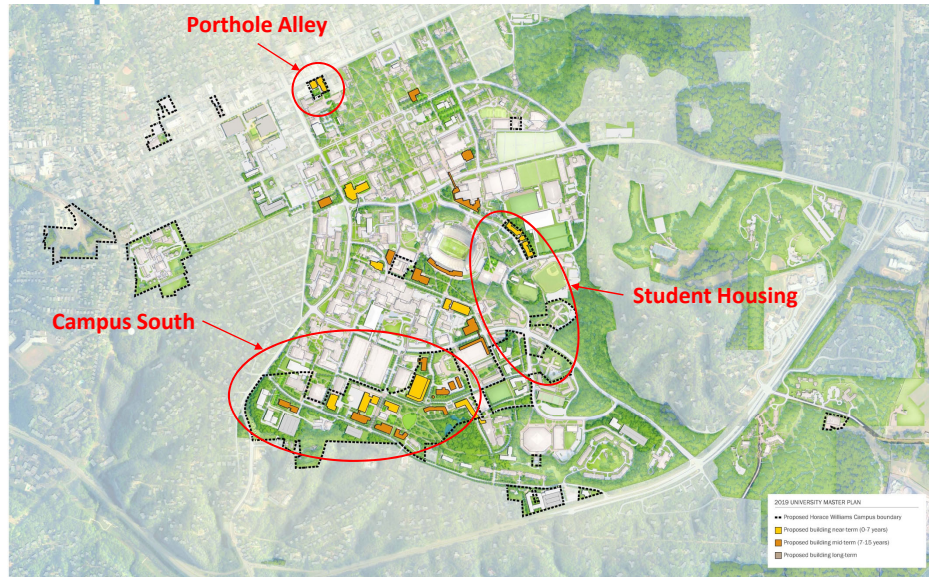


## Requested Horace Williams Campus Expansion

- Proposed expansion includes 103 acres on Central Campus and 79 acres of off-campus parcels (total expansion of 182 acres)
- Increase Horace Williams Campus acreage from existing 228 acres to 410 acres total



## Campus Master Plan



## Strategic Initiatives within Requested Horace Williams Campus

Expanding Horace Williams Campus can benefit the following strategic initiatives prioritized within the next 15 years in the 2019 Campus Master Plan:



Porthole Alley



Parker Teague  
Redevelopment and other  
Student Housing

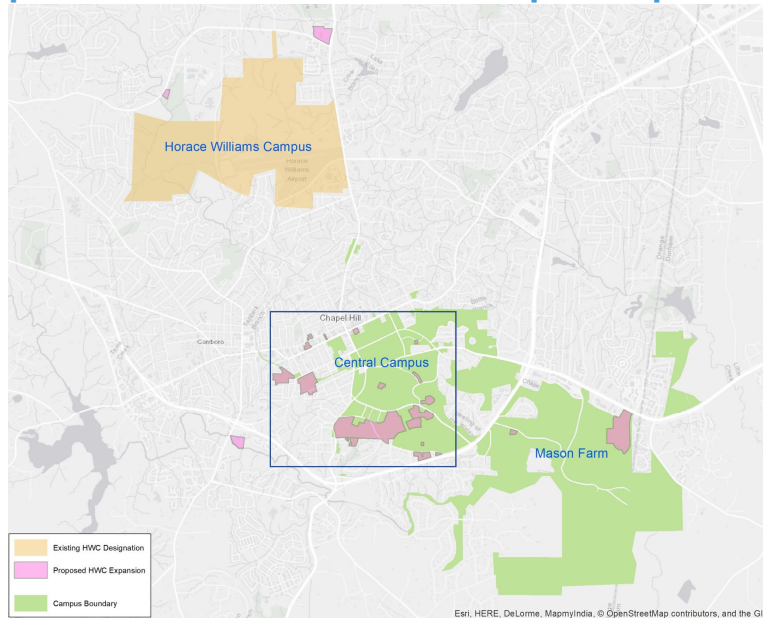


Campus South

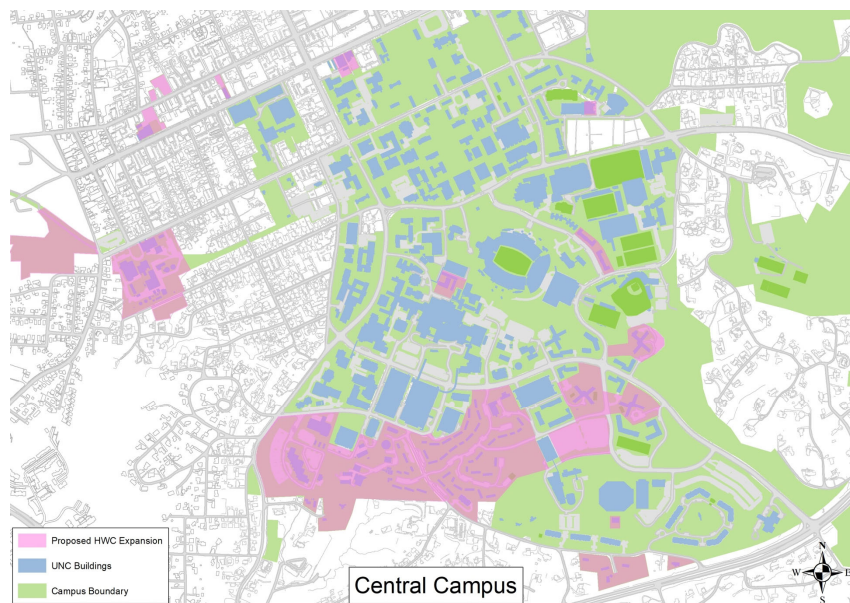




## Requested Horace Williams Campus Expansion



## Central Campus



## Summary

- Successful model in UNC System and authorized by NC General Statutes
- Allows flexibility in development and ability to explore/implement alternative financing delivery methods, including Public-Private Partnerships (P3s)
- Aligns the physical campus with UNC-Chapel Hill's strategic priorities and mission
- Supports the goals of the recently adopted Campus Master Plan
- Affords more opportunities for operation of some auxiliary services
- UNC-CH respectfully requests the UNC Board of Governors approve the expansion of its existing Horace Williams Campus to include designated areas on UNC-CH's main campus as well as strategic outlying parcels

**AGENDA ITEM**

A-6. 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 a special obligation bond in an aggregate principal amount not to exceed \$16,000,000 (the “2020B Bond”) for the purpose of refunding outstanding special obligation bonds issued on UNC Wilmington’s behalf in 2011 and 2012 (collectively, the “Existing Bonds”) and paying costs of issuance related to the 2020B 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 for savings those previously issued bonds.

**Assessment:** Due to the favorable interest rate environment, \$4,170,415.32 of the special obligation bond issued in 2011 (the “2011 Bond”) and \$11,380,000 of the special obligation bond issued in 2012 (the “2012 Bond”) may be refinanced for debt service savings. UNC Wilmington estimates that it can achieve approximately \$800,000 in net present value savings by refunding the Existing Bonds, representing more than 5.0% of the par amount refunded. The 2011 Bond matures on March 1, 2026. The 2012 Bond matures on January 1, 2028. Both of the Existing Bonds are currently callable.

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 UNC Wilmington’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 (“UNC Wilmington”) requests that the Board issue a special obligation bond in an aggregate principal amount not to exceed \$16,000,000 (the “2020B Bond”) for the purpose of (1) refunding the outstanding maturities of the Board’s General Revenue Bond, Series 2011 (the “2011 Bond”) issued on UNC Wilmington’s behalf, (2) refunding the outstanding maturities of the Board’s General Revenue Refunding Bond, Series 2012 issued on UNC Wilmington’s behalf (the “2012 Bond,” and together with the 2011 Bond, the “Existing Bonds”), and (3) paying costs of issuance related to the 2020 Bond.

UNC Wilmington estimates that it can achieve approximately \$800,000 in net present value savings by refunding the Existing Bonds, representing more than 5.0% of the par amount refunded. The 2011 Bond matures on March 1, 2026. The 2012 Bond matures on January 1, 2028. Both of the Existing Bonds are currently callable.

The 2020B Bond will be privately placed with a bank to be selected through a competitive RFP process.

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 UNC Wilmington’s credit rating.

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

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 at Wilmington (“UNC Wilmington”) 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 at Wilmington General Revenue Bond, Series 2011 (the “2011 Bond”) and The University of North Carolina at Wilmington General Revenue Refunding Bond, Series 2012 (the “2012 Bond”) previously issued by the Board on behalf of UNC Wilmington to finance and refinance projects at UNC Wilmington;

**WHEREAS**; the Board has determined to issue an University of North Carolina Wilmington General Revenue Bond (with appropriate descriptions and series designations) (the “Bond”) in an aggregate principal amount not to exceed \$16,000,000 to refund either or both of the 2011 Bond and 2012 Bond to achieve debt service savings and to pay issuance expenses of the 2020 Bond; and

**WHEREAS**, the Board has determined to issue the Bond 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 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 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**, the Board proposes to sell all of the Bonds to a financial institution (the “Purchaser”) selected through a request for proposals process whose bid result in the most favorable terms for UNC Wilmington; and

**WHEREAS**, in order to lock the interest rate with the Purchaser, the Board may need to enter into an agreement with the Purchaser to pay an amount necessary to make the Purchaser whole for a change in interest rates if the Bond is not issued by the Board on or before a certain date (the “*Rate Lock Agreement*”);

**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; and
3. 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 \$16,000,000 under the General Indenture and the Series Indenture to pay the costs of refunding either or both of the 2011 Bond and the 2012 Bond 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 Wilmington, determine to be in the best interest of UNC Wilmington 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 authorizes the SVP-Finance and the Vice Chancellor for Business Affairs of UNC Wilmington to select the Purchaser based on the request for proposal process 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.

In connection with the selection of the Purchaser authorized above, the Authorized Officers and the Vice Chancellor for Business Affairs of UNC Wilmington, individually or collectively, are authorized to enter into a Rate Lock Agreement and, to the extent necessary, make any payment from any legally available funds of UNC Wilmington that may be required under the Rate Lock Agreement.

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 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 Bond on behalf of UNC Wilmington.

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 17th day of April, 2020.

STATE OF NORTH CAROLINA

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SS:

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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 April 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 April 17, 2020 was sent to each member of the Board, and (3) a quorum was present at the meeting on April 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]

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