



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

September 16, 2020 at 9:30 a.m.
Via Videoconference and UNC-TV Live Stream
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

AGENDA

- A-1. Approval of the July 22, 2020 Minutes James L. Holmes
- A-2. General Fund Update.....Jennifer Haygood
- A-3. Task Force Updates..... James L. Holmes
 - a. Capital Construction Task Force Update
 - b. Task Force on Pricing, Flexibility, and Affordability Update
- A-4. 2021-22 Tuition and Fees InstructionsJennifer Haygood
- A-5. 2020-21 NC Promise Tuition Plan Annual Report.....Jennifer Haygood
- A-6. 2020 Additional COVID-19 Funding AllocationsJennifer Haygood
- A-7. Repairs and Renovations Carryforward Resolution.....Jennifer Haygood
- A-8. Capital Improvement Project..... Katherine Lynn
- A-9. Sale of Special Obligation Bonds – East Carolina University.....Jennifer Haygood
- A-10. 2019-20 Annual Report of the Committee on Budget and FinanceJennifer Haygood
- A-11. Adjourn



DRAFT MINUTES

July 22, 2020
University of North Carolina System Office
Via Videoconference and UNC-TV Live Stream

This meeting of the Committee on Budget and Finance was presided over by Chair James L. Holmes, Jr. The following committee members, constituting a quorum, were present by phone: Darrell Allison, W. Marty Kotis, III, J. Alexander Mitchell, Wendy Floyd. Murphy, and Michael Williford.

Chancellors participating were Sheri Everts, Kevin Guskiewicz, and Randy Woodson. Staff members present included Clinton Carter and others from the UNC System Office.

1. Call to Order and Approval of the May 19, 2020 Minutes (Item A-1)

The chair called the meeting to order at 12:29 p.m. on July 22, 2020, and called for a motion to approve the minutes of May 19, 2020, for the regular meeting of the Committee on Budget and Finance.

MOTION: Resolved, that the Committee on Budget and Finance approve the minutes of May 19, 2020, for the regular meeting of the Committee on Budget and Finance, as distributed.

Motion: R. Doyle Parrish

Motion: carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

2. 2020-21 Operating Budget Allocations (Item A-2)

Senior Vice President Clinton Carter presented the 2020-21 Operating Budget Allocations, including enrollment funding (\$29,392,231) and the NC Promise tuition buy-down (\$6,638,523), as well as additional information about the 2020-21 budget and related bills.

MOTION: Resolved, that the Committee on Budget and Finance approve the 2020-21 Operating Budget Allocations, including enrollment funding and the NC Promise tuition buy-down for a vote by the full Board.

Motion: J. Alexander Mitchell

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

3. 2020-21 Capital Improvement Budget Allocations (Item A-3)

Mr. Carter presented the 2020-21 Capital Improvements Allocations from the Reserve for Repairs & Renovations (R&R). The total Reserve for Repairs and Renovations is \$39,100,000, and it was authorized that the Reserve for Repairs and Renovations be distributed based on the allocation model previously approved by the Board of Governors in September 2019. If additional funds of \$6,000,000 pursuant to H.B. 1023 are not allocated, then the R&R funds of \$33,100,000 will be equally distributed to the 17 constituent institutions, less the 2.5% reserved for the System Office and affiliates. In addition, it was approved that the president be authorized to make refinements in the interest of accuracy and completeness and to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

MOTION: Resolved, that the Committee on Budget and Finance approve the 2020-21 Capital Improvement Budget Allocations for a vote by the full Board.

Motion: Darrell T. Allison

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

4. Report on Need-Based Aid from Tuition 2020-21 (Item A-4)

Mr. Carter presented the report on Need-Based Aid from Tuition 2020-21 to the committee. All universities are in compliance with the freeze and cap policy. Out of the 16 institutions, five are at or above 15% and are frozen, and 11 are not frozen. Since implementation, eight have increased the amount of need-based aid from tuition, three have decreased, and five have not changed. This was an informational item.

5. Update on Internal Bank – UNC Funding Corp (Item A-5)

Mr. Carter updated the committee on the internal bank initiative. He explained that UNC System would act as a bank to constituent institutions and affiliated entities at prevailing rates, essentially replacing an existing private placement lender. A bank has been selected with North Carolina ties, and the final terms are being negotiated. Upon execution of the loan agreement, the UNC Funding LLC proposes to make the full amount available to the constituent institutions within the next 12-18 months. This was an informational item.

6. Sale of Special Obligation Bonds – N.C. A&T State University (Item A-6)

Mr. Carter presented North Carolina A&T State University's request for issuance of special obligation bonds in an aggregate principal amount not to exceed \$11,000,000 to (a) advance refund the callable maturities of the UNC System Pool Revenue Bonds, Series 2011C issued on N.C. A&T's behalf, (b) advance refund the callable maturities of N.C. A&T's 2013 General Revenue Bonds, and (c) pay costs of issuance of the 2020 Bonds.

MOTION: Resolved, that the Committee on Budget and Finance approve N.C. A&T State University's request for sale of special obligation bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alexander Mitchell

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Did Not Vote
Mitchell	Yes
Murphy	Yes
Williford	Yes

7. Sale of Special Obligation Bonds – Western Carolina University (Item A-7)

Mr. Carter presented Western Carolina University's request for issuance of special obligation bonds (1) in an aggregate principal amount not to exceed \$80,000,000, plus up to 5% to pay for certain financing costs as permitted by State law, to finance the construction of three lower campus residence halls; and (2) in an aggregate principal amount not to exceed \$14,500,000 to refund the callable maturities of the UNC System Pool Revenue Bonds, Series 2011B, issued on WCU's behalf and pay costs of issuance of the 2020C Bonds.

MOTION: Resolved, that the Committee on Budget and Finance approve Western Carolina University’s request for sale of special obligation bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion Michael Williford

Motion: carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

8. Authorization of Replacement Remarketing Agent – UNC Hospitals (A-8)

Mr. Carter presented UNC Hospitals’ request to enter into replacement Standby Bond Purchase Agreements (“SBPAs”) with TD Bank, N.A. and to appoint TD Securities (USA) LLC, an affiliate of TD Bank, N.A., as the successor Remarketing Agent. The current agreements were set to expire requiring a replacement remarketing agent. The new SBPAs and remarketing agreements will have terms of seven years.

MOTION: Resolved, that the Committee on Budget and Finance approve the authorization of a replacement remarketing agent for UNC Hospitals and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alexander Mitchell

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

9. Disposition of Property by Ground Lease – East Carolina University (A-9)

Senior Associate Vice President Katherine Lynn and East Carolina University’s Vice Chancellor for Administration and Finance Sara Thorndike presented ECU’s request for disposition of real property by ground lease for the purpose of developing additional properties in the Millennial Campus Warehouse District.

The proposal would allow the university to enter into a 25-year ground lease with two 25-year and one 24-year options-to-renew for up to 2.5 acres in Leasing Zone 1 of the Warehouse District. The length of this lease would be consistent with the 99-year “estate for years” transaction previously authorized for three adjacent properties in the historic warehouse district involving the same developer.

MOTION: Resolved, that the Committee on Budget and Finance approve East Carolina University’s request for disposition of property by ground lease and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Darrell T. Allison

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	No
Mitchell	Yes
Murphy	Yes
Williford	Yes

10. Other Business (A-10)

Mr. Parrish presented to the committee the final report on the Capital Construction Task Force, which included its recommendations for changes to the capital project design and construction policies, procedures, and processes. The recommendations included the following six focus areas: modify the Board’s capital project approval policies and procedures, improve construction cost estimating, establish a baseline for R&R funding, develop appropriate life cycle standards based on building type, improve capital construction project delivery, and increase the project value, and efficient use of project funding. The task force recommends specific action items for each of the six focus areas.

MOTION: Resolved, that the Committee on Budget and Finance approve the final recommendations of the Capital Construction Task Force and recommend them for a vote by the full Board during its September meeting.

Motion: Michael Williford

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

Mr. Carter gave an overview of how students are billed for tuition and fees. Typically, there are two types of students; regular term or distance education. Regular term students are on campus using the facilities, living in a dorm or off-campus housing and attending classes in person and are required to pay mandatory fees, such as health services and student activities fees. The distance education program is fully internet-based with reduced costs due to less required mandatory fees.

Mr. Carter explained to the committee that, due to the COVID-19 pandemic, there is another “class” of students who would normally be regular term students, but who are now switching to online or Zoom classes. The online classes are not the same as distance education.

Chair Holmes explained that in looking at how tuition and fees are charged, action is needed for 2020-21 to ensure that the universities can continue to provide instruction and essential services during the COVID-19 pandemic.

Motion: The UNC System and each of its universities are preparing for the return of students for the fall semester. We recognize that some instructional formats for parts of the 2020-21 academic year may need to change in response to the uncertainties created by the COVID-19 pandemic. It is understandable that there will be questions about how our institutions will approach tuition and fees during this challenging time. From the perspective of this Board, it is important that our universities continue to operate and provide instruction and essential services, and the tuition and fees that we collect are important to sustaining this important mission not just for today’s students, but for the students who will attend our institutions in the future. Therefore, I move that the Board affirm that the tuition and fees charged for the 2020-21 academic year will remain in place and shall not be refunded by any institution regardless of any changes in instructional format that may occur for any part of the 2020-21 academic year.

Motion: Michael Williford

Motion carried

Roll Call Vote	
Allison	Yes
Holmes	Yes
Kotis	No
Mitchell	Yes
Murphy	Yes
Williford	Yes

Chair Holmes announced an initiative for the strategic review of tuition and fees that will be chaired by Mr. Mitchell. Staff members Dr. Andrew Kelly and Lindsay McCollum Farling were asked assist Mr. Mitchell with this initiative.

There being no further business, the meeting adjourned at 2:30 p.m.

Michael Williford, Secretary



AGENDA ITEM

A-2. General Fund UpdateJennifer Haygood

Situation: General Fund appropriations support approximately 25% of the University of North Carolina System budget. Given the economic uncertainty caused by COVID-19, the committee will monitor State General Fund revenues on an ongoing basis to identify potential impacts on university operations and inform future decisions.

Background: The Fiscal Research Division of the General Assembly and the Office of State Budget and Management routinely collaborate to develop General Fund revenue forecasts used to inform the development of the State budget. To maintain necessary situational awareness, the System Office monitors these forecasts, as well as information provided through monthly General Fund financial reports issued by the Office of State Controller.

Assessment: The revised consensus forecast issued in May 2020 projected a significant revenue shortfall in FY20 and FY21. While the actual revenue shortfall was not as acute as originally forecast, actual General Fund revenues in FY20 were \$1.1 billion less than, or 95.5%, of budgeted levels. Appropriation expenditures were 98.6% of budgeted levels, resulting in a net reduction to the State's unreserved credit balance.

The delay of federal and state tax payment deadlines from April to July significantly contributed to the FY20 revenue shortfall. The May 2020 revenue forecast estimated a \$1.01 billion shift in tax payments from FY20 to FY21. Based on data reported in OSC's July General Fund financial report, actual tax revenues in July 2020 were \$1.2 billion higher and non-tax revenues were \$13 million lower than July 2019. Given the potential for economic volatility in the current environment, continued monitoring of revenue trends is warranted. Another revised revenue forecast is expected this fall.

Action: This item is for information only.

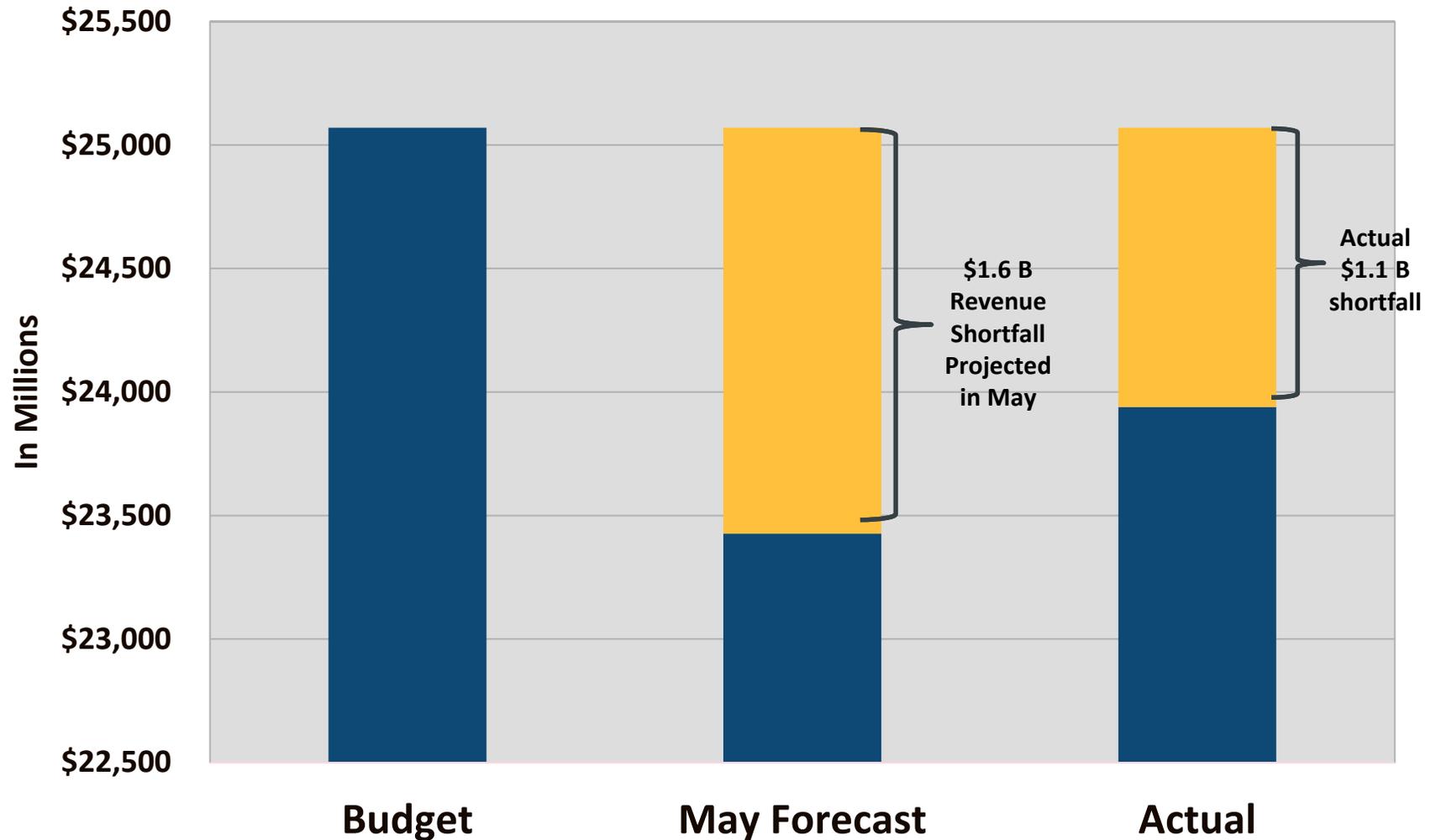


GENERAL FUND UPDATE

**Board of Governors
Committee on Budget and Finance**

September 16, 2020

FY 2019-20 State General Fund Revenues



FY 2019-20 General Fund Summary

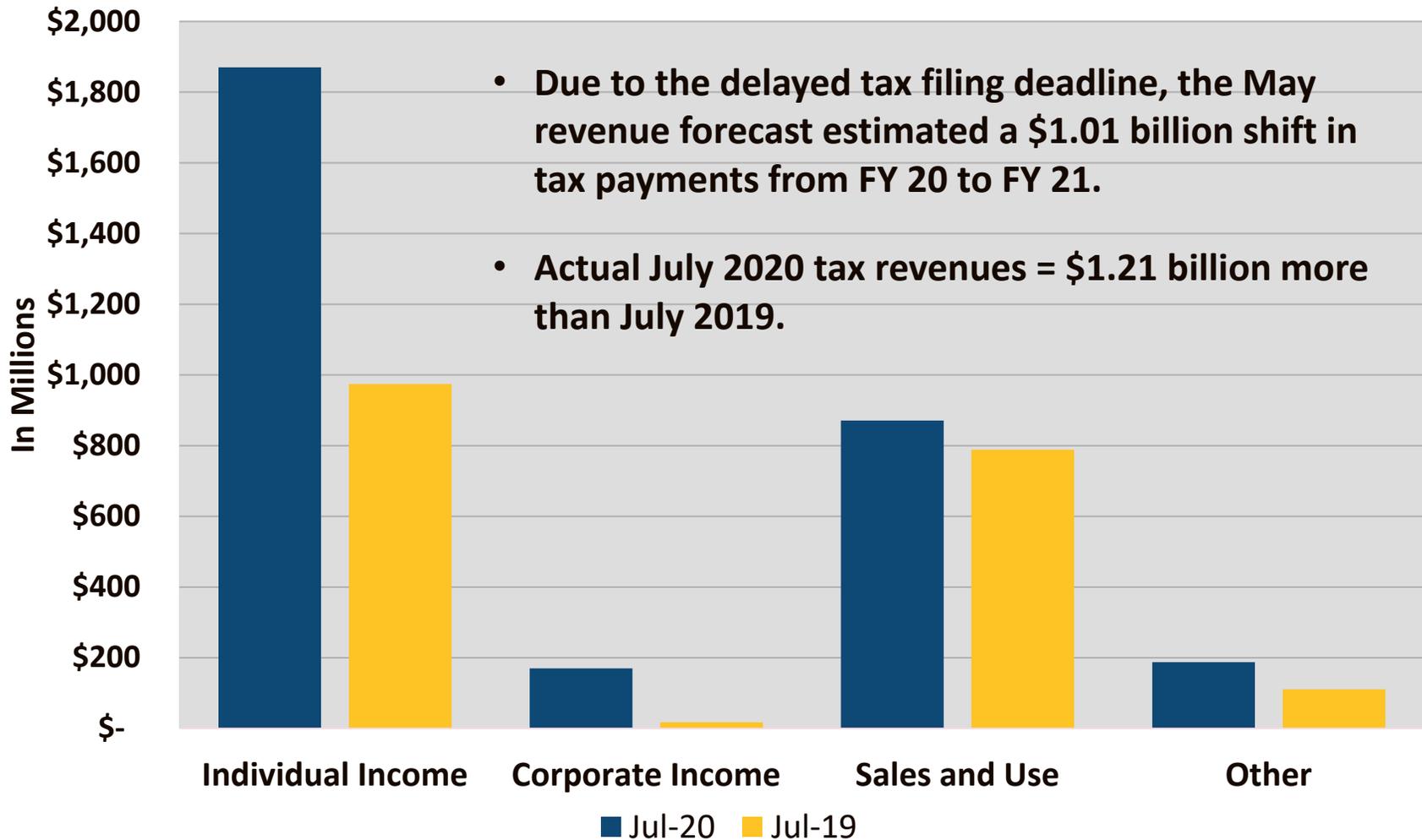
FY 2019-20 General Fund Unreserved Fund Balance (in millions)

	Budget	Actual	Difference	% of Budget
Beg. Unreserved Fund Balance	\$1,709.3	\$1,709.3	\$0.0	
Revenues	25,069.8	23,939.4	(1,130.4)	95.5%
Appropriation Expenditures	(24,406.8)	(24,062.0)	344.8	98.6%
Transfers	-	(115.6)	(115.6)	
Unreserved Fund Balance	2,372.3	1,471.1	(901.2)	
Unreserved Fund Balance Change	\$663.0	(\$238.2)	(\$901.2)	

As of June 30, 2020, North Carolina also had \$7.2 billion in General Fund reserves including \$1.17 billion in the Savings Reserve and \$1.49 billion in the Coronavirus Relief Reserve.

Source: [General Fund Financial Report – June 2020](#), Office of State Controller

Actual Tax Revenues July 2020 vs. July 2019



QUESTIONS?

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AGENDA ITEM

A-4. 2021-22 Tuition and Fees InstructionsJennifer Haygood

Situation: The annual process for establishing tuition and fees begins with the senior vice president for finance and administration issuing instructions to the institutions for submitting requests for consideration by the Board of Governors. These instructions communicate the parameters that campuses must stay within when developing their requests.

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: The committee discussion will guide the instructions issued to the constituent institutions, ensuring alignment with committee.

Action: This item is for discussion only.



2021-22 TUITION AND FEES INSTRUCTIONS

**Board of Governors
Committee on Budget and Finance**

September 16, 2020

Constitutional Mandate

“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

Purpose of Tuition and Fees

- Tuition supports the general provision of education on a campus. Tuition revenues can be used for faculty and certain staff salaries, academic support, student services, libraries, and other critical needs.
- Fees support specific activities/services and funds generated by fees are restricted to that purpose. Fees differ from tuition in several important ways:
 - Fees are identical for resident and nonresident students.
 - The direct operational expenses of fee-supported activities are funded entirely from fee revenues without any direct state appropriations.

Student Fees Approved by the BOG

■ **Mandatory Fees**

- **Athletics**
- **Health Services**
- **Student Activities**
- **Educational and Technology**
- **Campus Security**
- **Debt Service**
- **Association of Student Government (\$1)**

■ **Special Fees**

■ **Application Fees**

Policy/Legislative Requirements for Setting Tuition and Fees

Category	Guidance/Policy/Legislative Requirement
Tuition	
Undergraduate Resident	Bottom quartile of an institution's public peers. Fixed tuition policy prohibits increases on continuously enrolled students.*
Undergraduate Nonresident	Higher than resident rate*, market driven*, and reflect the full cost of providing a quality education.
Graduate and Professional Schools	Consistent with each program's unique market and academic requirements.
Fees	
Mandatory and Debt Service	Maximum allowable percentage increase is capped at 3%.*
Special	Only applicable to students engaged in particular activities or courses of study; cannot be used to supplement general academic revenues.
Application	Board can set different fees according to program needs.

** Statutory requirement*

2021-22 Tuition and Fees Instructions

Tuition	Increase Allowed?
Undergraduate Resident	No
Undergraduate Nonresident	Yes
Graduate Resident	No
Graduate Nonresident	Yes
Fees	Increase Allowed?
Health Services Fee	Yes
All Other Mandatory Fees (including debt service)	Any proposed increase must be offset by a commensurate decrease to another fee, resulting in no net change
Special Fees	No, new fees allowed only for new programs of study
Application Fees	No



AGENDA ITEM

A-5. 2020-21 NC Promise Tuition Plan Annual ReportJennifer Haygood

Situation: General Statute 116-143.11(d) requires the Board of Governors to report annually on the amount required to offset the foregone tuition receipts at each of the NC Promise institutions, how the funds were allocated to the institutions, the number of enrolled resident students at each institution, and the number of enrolled nonresident students at each institution.

Background: Session Law 2016-94 created the NC Promise Tuition Plan at Elizabeth City State University, UNC Pembroke, and Western Carolina University. The plan set resident tuition at \$500 per semester and nonresident tuition at \$2,500 per semester beginning in the fall 2018 academic semester. The state promised to buy-down the difference in tuition receipts created by the lower tuition compared to the established tuition rate at the three NC Promise schools. The General Assembly appropriated \$66 million to offset the lower tuition receipts for FY 2020-21.

Assessment: The NC Promise Tuition Plan Annual Report includes all the information required by G.S. 116-143.11(d). To offset the decrease in tuition revenue, ECSU will receive \$6.0 million, UNCP \$17.1 million, and WCU \$35.6 million. The System Office will make initial allocations to the institutions in the fall based upon fall census data and an average of fall-to-spring retention rates. Funds will be reallocated in the spring after the spring census to match actual enrollment.

Action: This item is for information only.



**THE
UNIVERSITY OF
NORTH CAROLINA
SYSTEM**

**NC Promise Tuition Plan
FY 2020-21 Annual Report
as required by G. S. 116-143.11(d)**

September 16, 2020

NC Promise Tuition Plan Annual Report 2020-21

Session Law 2016-94 created the NC Promise Tuition Plan, which sets tuition at \$500 per semester for residents and \$2,500 per semester for nonresidents at Elizabeth City State University, The University of North Carolina at Pembroke, and Western Carolina University. The General Assembly implemented a “buy-down” of any financial obligations resulting from the loss of tuition receipts with a \$40 million appropriation in the first year (2018-19) and \$51 million in recurring funds for the 2019-20 academic year. The General Assembly appropriated an additional \$15 million in nonrecurring funds for a total of \$66 million for the 2020-21 academic year. Session Law 2018-5 requires an annual report on how the UNC System Office allocated the appropriated funds and the number of students enrolled at the NC Promise institutions.

The \$66 million buy-down that was appropriated to offset the reduced tuition will be allocated for the 2020-21 fiscal year by the UNC System Office to ECSU, UNCP, and WCU based upon the enrollment at each institution and the difference in the tuition rate charged by the campus and the NC Promise rate.

The NC Promise Program has generated significant enrollment increases at the three NC Promise institutions. UNCP and WCU enrolled their largest classes ever in the fall of 2018, and ECSU reversed a decreasing enrollment trend. Even given the challenges of the COVID-19 pandemic, fall 2020 full-time equivalent (FTE) enrollment increased significantly at ECSU and remained steady at UNCP and WCU.

Table 1: Buy-down Rate Calculation

		Annual Rates		
Institution	Residency	Base Tuition	NC Promise Tuition	Buy-Down Rate
ECSU	Resident	\$ 2,856	\$1,000	\$ 1,856
	Nonresident	16,000	5,000	11,000
UNCP	Resident	3,602	1,000	2,602
	Nonresident	15,193	5,000	10,193
WCU	Resident	3,971	1,000	2,971
	Nonresident	14,364	5,000	9,364

Now that enrollment has been verified at census, the initial FY 2020-21 allocation of the NC Promise funds will be distributed. Spring semester enrollment was estimated using a three-year average fall-to-spring retention at each institution. ECSU averaged 90.5% retention, UNCP averaged 91.8% retention, and WCU averaged 92.9%. The methodology was the same as required by G. S. 116-30.7 and used for the enrollment funding allocation.

Table 2: FY 2020-21 Calculated Buy-down and Initial Allocation

Institution	Residency	Fall FTE	Estimated Spring FTE	Buy-down Rate	Calculated Buy-down
ECSU	Resident	1,418	1,289	\$ 1,856	\$ 2,512,277
	Nonresident	334	294	11,000	3,451,250
	Total	1,752	1,583		5,963,527
UNCP	Resident	5,385	4,957	2,602	13,454,432
	Nonresident	381	332	10,193	3,634,530
	Total	5,766	5,289		17,088,962
WCU	Resident	8,396	7,791	2,971	24,045,411
	Nonresident	1,270	1,192	9,364	11,525,881
	Total	9,666	8,983		35,571,292
Total	Resident	15,199	14,037		40,012,121
	Nonresident	1,985	1,817		18,611,661
	Total	17,184	15,854		\$58,623,782

Due to the budget impasse, no additional funds were allocated for the buy-down to the NC Promise institutions in FY 2019-20. In July of 2020, the Board of Governors allocated \$6.6M to the NC Promise institutions to make up for the difference between the calculated buy-down and final buy-down allocation in FY 2019-20. Additional allocations will be made this fall resulting in the allocation shown in Table 2, which will be adjusted after the spring census when actual spring enrollment figures are available. Approximately \$7.6 million of the funding allocated for FY 2020-21 will be nonrecurring, so it is important that these funds be replaced with recurring dollars in FY 2021-22 to continue to support the students who are already enrolled, as well as new growth.

G.S. 116-143.11(d) requires the System Office to submit an NC Promise report by October 1 of each year; however, the spring census data is not available until late February. The final allocation of the NC Promise buy-down does not occur until after the spring census. Changing the reporting date to April 1 would allow the System Office to collect all the relevant data for the current academic year.

The NC Promise Program has been a success on multiple fronts. College affordability has increased, and ECSU, UNCP, and WCU have increased their enrollment. The System Office expects the enrollment growth trend to continue as awareness of the NC Promise Program expands and the universities remain below capacity.



AGENDA ITEM

A-6. 2020 Additional COVID-19 Funding AllocationsJennifer Haygood

Situation: During a special legislative session, the General Assembly appropriated additional funds in response to the COVID-19 crisis. House Bill 1105 (S.L. 2020-97) directs the distribution of federal emergency funding received from the Coronavirus Relief Fund created under the CARES Act. Included in the bill is funding for the Board of Governors to allocate to the UNC System institutions.

Background: The Board is directed to allocate funds to cover increased costs related to mitigating the spread of COVID-19 on the campuses through testing, tracing, the enforcement of required on-campus isolation and quarantine, personal protective equipment, and COVID-19 related health care services. Funds are also required to be allocated for the New Teacher Support Program. The General Assembly made several other appropriations for designated programs related to research and development of countermeasures for COVID-19, and for the North Carolina State Education Assistance Authority (NCSEAA) to distribute to eligible private postsecondary institutions.

Assessment: It is recommended that funds be allocated as proposed.

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

Additional 2020 COVID-19 Funding Allocations House Bill 1105 (S.L. 2020-97)

ISSUE OVERVIEW

In May, the Board of Governors approved COVID-19 allocations appropriated by the General Assembly. In a special legislative session in September, the General Assembly appropriated additional coronavirus relief funds to the Board as shown below:

- \$13,000,000 to be allocated to the constituent institutions to be used to purchase personal protective equipment (PPE) in response to the COVID-19 pandemic. PPE purchased with these funds shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention.
- \$5,000,000 to be allocated to the constituent institutions to effectively mitigate the spread of COVID-19 on the campuses through testing, tracing, enforcing required on-campus isolation and quarantine, and providing COVID-19 related health care services.
- \$1,000,000 for the New Teacher Support Program to provide, at no cost to the local school administrative units, mentoring and coaching support to beginning teachers who are employed in public schools most impacted by COVID-19.

It is recommended that the funding for personal protective equipment be allocated based on \$285 per student living on campus, with a \$400,000 minimum amount per institution for students, and \$20 per budgeted FTE employee as shown in the following table. It is also recommended that the president be authorized to make further allocations.

Institution	PPE	Testing/ Tracing	New Teacher Support Prog.
Appalachian State University	\$ 1,553,658		
East Carolina University	531,387		
Elizabeth City State University	408,568		
Fayetteville State University	419,066		
N.C. A&T State University	1,133,465		
North Carolina Central University	622,803		
North Carolina State University	835,269		
UNC Asheville	415,365		
UNC-Chapel Hill	699,842		
UNC Charlotte	1,137,813		
UNC Greensboro	1,198,009		
UNC Pembroke	532,751		
UNC Wilmington	1,097,192		
UNC School of the Arts	410,599		
Western Carolina University	949,328		
Winston Salem State University	635,621		
NC School of Science & Mathematics	404,916		
UNC System Office, Institutional Prog.	14,348	\$5,000,000	\$1,000,000
Total	\$13,000,000	\$5,000,000	\$1,000,000

ISSUE OVERVIEW

In May, the Board of Governors approved COVID-19 allocations appropriated by the General Assembly to the North Carolina State Education Assistance Authority (NCSEAA). In a special legislative session in September, the General Assembly appropriated additional coronavirus relief funds to the Board to be allocated to NCSEAA as follows:

- \$5,000,000 to provide funds to each eligible private postsecondary institution, as defined in G.S. 116-280(3). These funds are to be used to transition to online education for students and to provide funds for students and families impacted by COVID-19. The special provision requires NCSEAA to provide funds to each eligible private postsecondary institution, by apportioning an amount equal to the following:
 - a. Seventy-five percent of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who received need-based scholarships for the spring semester of the 2019-20 academic year.
 - b. Twenty-five percent of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who had not received need-based scholarships for the spring semester of the 2019-20 academic year.
- \$5,000,000 to provide funds to each eligible private postsecondary institution, as defined in G.S. 116-280(3). These funds are to be used to purchase personal protective equipment in response to COVID-19. PPE purchased with these funds shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention. The special provision requires NCSEAA to provide funds to each eligible private postsecondary institution, by apportioning an amount equal to the following:
 - a. Seventy-five percent of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who received need-based scholarships for the spring semester of the 2019-20 academic year.
 - b. Twenty-five percent of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who had not received need-based scholarships for the spring semester of the 2019-20 academic year.
- \$6,500,000 to be used to provide scholarships as an alternative educational option for certain students with disabilities during the COVID-19 pandemic.
- \$250,000 to be allocated to nonpublic schools that enroll students who receive scholarship funds pursuant to the Opportunity Scholarship Grant Program for the purchase of personal protective equipment for use in schools. NCSEAA shall allocate to each eligible nonpublic school a pro rata amount based on the number of students enrolled in the school who receive scholarship funds as of September 15, 2020. PPE purchased with these funds shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention.
- \$1,000,000 in nonrecurring funds (from the Department of Public Instruction School Bus Replacement Funds) to be allocated as grants to establish and administer the North Carolina Patriot Star Family Scholarship Program as follows:
 - a. \$500,000 to the Patriot Foundation
 - b. \$500,000 to the Marine Corps Scholarship Foundation, Inc.

It is recommended that these funds be allocated to Aid to Private Institutions.

Additional Budget Actions Not Requiring Board Approval (for information only)

The General Assembly appropriated funds directly to several institutions related to research and development of countermeasures for COVID-19, which do not require Board allocation. These are listed below, for information only:

- \$9,000,000 to the *University of North Carolina at Charlotte* for the Bioinformatics Research Center to be used as follows:
 - a. \$4,000,000 for the development and analysis of viral and epidemiological data to address viral spread, assess treatments and therapeutics, and combat the COVID-19 pandemic and future viruses.
 - b. \$5,000,000 for the development of a novel COVID-19 monitoring program based on the presence of the virus in wastewater and public transportation systems.
- \$500,000 to the *University of North Carolina at Chapel Hill* to be used for the Southern Regional Area Health Education Center for COVID-19 related response activities, including outreach and education. The funds shall be used for the rapid development of a countermeasure of neutralizing antibodies for COVID-19.
- \$500,000 to *East Carolina University* to conduct research in partnership with the Dartmouth Atlas Project at the Dartmouth Institute for Health Policy and Clinical Practice on the key impacts of COVID-19, including studying patient clinical outcomes, health impacts, resulting economic hardships, and other long-term economic outcomes, such as unemployment, bankruptcy, and recovery.
- \$5,000,000 to *Fayetteville State University* to be used to complete physical and virtual technology laboratories required to continue existing research on the impacts of the COVID-19 pandemic and to develop solutions for industry partners and vulnerable populations. The funds shall be used as follows:
 - a. \$2,000,000 for the build-out of an existing structure, including fixtures and equipment needed to perform research and development.
 - b. \$3,000,000 for developing virtual infrastructure and capabilities required for computational development and testing, including meeting cybersecurity and compliance standards

Possible Future Allocations (for information only):

Section 1.8 of House Bill 1105 states that, if additional federal relief and recovery funds related to the COVID-19 pandemic are made available through subsequent federal legislation, and the following uses are permitted under the federal legislation, it is the intent of the General Assembly to appropriate \$31,500,000 in nonrecurring funds made available by the federal legislation to the State Capital and Infrastructure Fund for the purpose of providing funding for the following projects:

- The Business School at the University of North Carolina at Chapel Hill.
- The Nursing School Renovation at the University of North Carolina at Chapel Hill.
- The STEM Building at North Carolina State University.
- Repairs and renovations in accordance with G.S. 143C-8-13.

Funding for these projects was originally included in Section 2 of S.L. 2020-81, which was repealed.

Appendix A – UNC-Related Special Provisions from House Bill 1105 (S.L. 2020-97)

USE OF CORONAVIRUS RELIEF FUNDS *(only UNC-related excerpts are shown due to length of special provision)*

SECTION 1.2. Section 3.3 of S.L. 2020-4, as amended by Section 3 of S.L. 2020-32, Section 4 of S.L. 2020-49, Section 1.1(d) of S.L. 2020-80, Section 3B(b) of S.L. 2020-88, and Section 4.9(a) of S.L. 2020-91, reads as rewritten:

"SECTION 3.3. Allocations of Funds. – OSBM shall allocate the funds appropriated in Section 3.2 of this act as follows:

(21) ~~\$20,000,000~~ \$25,000,000 to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) for the Authority to provide funds to each eligible private postsecondary institution, as defined in G.S. 116-280(3), by apportioning an amount equal to the following: a. Seventy-five percent (75%) of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who received scholarships pursuant to Article 34 of Chapter 116 of the General Statutes for the spring semester of the 2019-2020 academic year. b. Twenty-five percent (25%) of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who had not received scholarships pursuant to Article 34 of Chapter 116 of the General Statutes for the spring semester of the 2019-2020 academic year. These funds shall be used to transition to online education for students and to provide funds for students and families impacted by COVID-19.

(35a) \$5,000,000 to the Board of Governors of The University of North Carolina (UNC), to be used to effectively mitigate the spread of COVID-19 on UNC campuses through testing, tracing, enforcing required on-campus isolation and quarantine, and providing COVID-19 related health care services.

(84) \$9,000,000 to the University of North Carolina at Charlotte for the Bioinformatics Research Center to be used as follows:

- a. \$4,000,000 for the development and analysis of viral and epidemiological data to address viral spread, assess treatments and therapeutics, and combat the COVID-19 pandemic and future viruses.
- b. \$5,000,000 for the development of a novel COVID-19 monitoring program based on the presence of the virus in wastewater and public transportation systems.

(85) \$13,000,000 to the Board of Governors of The University of North Carolina to be allocated to constituent institutions to be used to purchase personal protective equipment in response to the COVID-19 pandemic. Personal protective equipment purchased with these funds shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention.

(86) \$6,500,000 to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) to be used to provide scholarships as an alternative educational option for certain students with disabilities during the COVID-19 pandemic. The Authority shall award scholarship funds as follows:

- a. The Authority shall first award scholarship funds to eligible students who (i) had applied for scholarship funds for the 2020-2021 school year within the application deadlines established by the Authority and (ii) had not been awarded scholarship funds as of the date this act becomes law according to the following:
 1. For applications for the Personal Education Savings Account Program, established pursuant to Article 41 of Chapter 115C of the General Statutes, the sum of three million six hundred fifty thousand dollars (\$3,650,000). Scholarship funds shall be disbursed for the fall semester of the 2020-2021 school year only, in accordance with the amounts set forth in G.S. 115C-592. Notwithstanding G.S. 115C-592, a student who receives an award of scholarship funds for the fall semester of the 2020-2021 school year pursuant to this subdivision who applies for a scholarship for the 2021-2022 school year shall not receive priority in the award of a scholarship under G.S. 115C-592(a)(1).
 2. For applications for the Special Education Scholarships for Students with Disabilities Program, established pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes, the sum of two million eight hundred fifty thousand dollars (\$2,850,000). Scholarship funds shall be disbursed for the fall semester of the 2020-2021 school year only, in accordance with the amounts set forth in G.S. 115C-112.6. Notwithstanding G.S. 115C-112.5(2)f., a student who receives an award of scholarship funds for the fall semester of the 2020-2021 school year pursuant to this subdivision who applies for a scholarship for the 2021-2022 school year (i) shall be deemed to meet the eligibility requirements of G.S. 115C-112.5(2)f.1. and (ii) shall not receive priority in the award of a scholarship under G.S. 115C-112.6(a2)(1).
- b. After awarding scholarship funds pursuant to sub-subdivision a. of this subdivision, the Authority shall, to the extent feasible, distribute any remaining funds as scholarship funds to additional eligible students for the fall semester of the 2020-2021 school year, including reopening the application period under the

Personal Education Savings Account Program or the Special Education Scholarships for Students with Disabilities Program or both. The provisions of this subdivision shall apply to the award of any additional scholarship funds under those programs.

(87) \$250,000 to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) to be allocated to nonpublic schools that enroll students who receive scholarship funds pursuant to the Opportunity Scholarship Grant Program, established in accordance with Part 2A of Article 39 of Chapter 115C of the General Statutes, for the purchase of personal protective equipment for use in schools. The Authority shall allocate to each eligible nonpublic school a pro rata amount based on the number of students enrolled in the school that receive scholarship funds as of September 15, 2020. Personal protective equipment purchased with these funds shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention.

(88) \$5,000,000 to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) for the Authority to provide funds to each eligible private postsecondary institution, as defined in G.S. 116-280(3), by apportioning an amount equal to the following:

- a. Seventy-five percent (75%) of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who received scholarships pursuant to Article 34 of Chapter 116 of the General Statutes for the spring semester of the 2019-2020 academic year.
- b. Twenty-five percent (25%) of the institution's relative share of full-time equivalent students who were enrolled as of March 13, 2020, who had not received scholarships pursuant to Article 34 of Chapter 116 of the General Statutes for the spring semester of the 2019-2020 academic year.

These funds shall be used to purchase personal protective equipment in response to the COVID-19 pandemic. Personal protective equipment purchased with these funds shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention.

(96) \$1,000,000 to the Board of Governors of The University of North Carolina for the New Teacher Support Program to provide mentoring and coaching support to beginning teachers who are employed in public schools most impacted by COVID-19 at no cost to the local school administrative units.

(97) \$500,000 to the University of North Carolina at Chapel Hill to be used for the Southern Regional Area Health Education Center for COVID-19 related response activities, including outreach and education.

(98) \$500,000 to East Carolina University to conduct research in partnership with the Dartmouth Atlas Project at the Dartmouth Institute for Health Policy and Clinical Practice on the key impacts of COVID-19, including studying patient clinical outcomes, health impacts, resulting economic hardships, and other long-term economic outcomes, such as unemployment, bankruptcy, and recovery.

(99) \$5,000,000 to Fayetteville State University to be used to complete physical and virtual technology laboratories required to continue existing research on the impacts of the COVID-19 pandemic and to develop solutions for industry partners and vulnerable populations. The funds shall be used as follows:

- a. \$2,000,000 for the build-out of an existing structure, including fixtures and equipment needed to perform research and development.
- b. \$3,000,000 for developing virtual infrastructure and capabilities required for computational development and testing, including meeting cybersecurity and compliance standards.

SECTION 1.8.(a) If additional federal relief and recovery funds related to the COVID-19 pandemic are made available through subsequent federal legislation, and the following uses are permitted under the federal legislation, it is the intent of the General Assembly to do the following:

- (1) Appropriate the sum of three hundred million dollars (\$300,000,000) in nonrecurring funds made available by the federal legislation to the Department of Transportation for the purpose of replacing lost revenue due to the COVID-19 pandemic.
- (2) Appropriate the sum of thirty-one million five hundred thousand dollars (\$31,500,000) in nonrecurring funds made available by the federal legislation to the State Capital and Infrastructure Fund for the purpose of providing funding for the following projects:
 - a. The Business School at the University of North Carolina at Chapel Hill.
 - b. The Nursing School Renovation at the University of North Carolina at Chapel Hill.
 - c. The STEM Building at North Carolina State University.
 - d. Repairs and renovations in accordance with G.S. 143C-8-13.

SECTION 1.8.(b) Section 2 of S.L. 2020-81 is repealed.

UNC ENROLLMENT FUNDING FOR COMPREHENSIVE TRANSITION PROGRAMS

SECTION 3.5. For the purposes of allocating enrollment funding to constituent institutions of The University of North Carolina, beginning with the 2021-2022 fiscal year, the Board of Governors shall allocate funds each fiscal year to constituent institutions on the same basis as full-time students enrolled in a curriculum program for up to 100 resident full-time students enrolled in either a four-semester or eight-semester certificate accomplishment program approved by the United States Department of Education as a Comprehensive Transition Program (CTP) pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f–1140i. If more than 100 resident full-time students are enrolled in CTPs at constituent institutions in any academic year, the Board of Governors shall allocate funds to each eligible constituent institution on a pro rata basis.

EXPANSION OF AUTHORITY FOR UNC TO DESIGNATE COUNSEL

SECTION 3.6. G.S. 116-11(13b) reads as rewritten:

"(13b) Subject to the approval required in G.S. 114-2.3(a) and G.S. 147-17(a), the Notwithstanding G.S. 114-2.3, G.S. 147-17, or any other provision of law, the Board may authorize the President to designate legal counsel, including private counsel, as the President deems necessary to represent the interests of the Board, The University of North Carolina, any constituent institution, or officer or employee of The University of North Carolina in any matter, case, or proceeding in or before any court or agency of this State, any other state, or the United States. The authority provided pursuant to this subdivision includes the discretion to designate whether legal representation in any given matter is provided by the Attorney General's office, attorneys employed on the legal affairs staff of The University of North Carolina, private counsel, or a combination thereof. In those instances when the President employs counsel in addition to or other than the Attorney General, the President may designate lead counsel to possess final decision-making authority with respect to the representation, counsel, or service for The University of North Carolina. Other counsel for The University of North Carolina shall, consistent with the Rules of Professional Conduct, cooperate with such designated lead counsel. The Board may authorize the expenditure of funds to hire private counsel to represent the Board, The University of North Carolina, and any constituent institution. G.S. 114-2.3(d), 143C-6-9(b), and 147-17(c1) shall not apply to these expenditures."

REAUTHORIZE STATE AGENCIES TO EXERCISE REGULATORY FLEXIBILITY DURING THE CORONAVIRUS EMERGENCY IN ORDER TO PROTECT THE ECONOMIC WELL-BEING OF THE CITIZENS AND BUSINESSES OF THE STATE

SECTION 3.20.(a) For purposes of this section, the following definitions apply:

- (1) "Coronavirus" has the same meaning as defined in Section 506 of the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020.
- (2) "Coronavirus emergency" means the period from August 1, 2020, through the date the Governor signs an executive order rescinding Executive Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19.
- (3) "State agency" means an agency or an officer in the executive branch of the government of this State and includes the Council of State, the Governor's Office, a board, a commission, a department, a division, a council, and any other unit of government in the executive branch. "State agency" does not include the Division of Employment Security of the Department of Commerce, the Department of Health and Human Services, the State Board of Education, the Department of Public Instruction, The University of North Carolina, the State Board of Community Colleges, or the State Board of Elections.

SECTION 3.20.(b) Notwithstanding any other provision of State law, if a State agency determines that, due to the impacts of the coronavirus, it is in the public interest, including the public health, safety, and welfare and the economic well-being of the citizens and businesses of the State, the agency shall:

- (1) Delay the collection, or modify the method of collection, of any fees, fines, or late payments assessed by the agency under its statutes, including the accrual of interest associated with any fees, fines, or late payments.
- (2) Delay the renewal dates of permits, licenses, and other similar certifications, registrations, and authorizations issued by the agency pursuant to its statutes.
- (3) Delay or modify any educational or examination requirements implemented by the agency pursuant to its statutes.

SECTION 3.20.(c) No later than December 1, 2020, each State agency shall make an interim report, and a final report no later than 90 days after this section expires, to the Joint Legislative Administrative Procedure Oversight Committee, the Joint Legislative Commission on Governmental Operations, and the Office of State Budget and Management on its specific efforts to exercise regulatory flexibility under this section.

SECTION 3.20.(d) State agencies shall exercise the authority granted pursuant to this section to the maximum extent practicable in order to protect the economic well-being of the citizens and businesses of the State, while also continuing to protect public health, safety, and welfare.

SECTION 3.20.(e) State agencies may adopt emergency rules for the implementation of this section in accordance with G.S. 150B-21.1A. Notwithstanding G.S. 150B-21.1A(a), an agency shall not commence the adoption of temporary rules pursuant to this section. Notwithstanding G.S. 150B-21.1A(d)(4), an emergency rule adopted pursuant to this section shall expire 30 days after Executive Order No. 116 is rescinded or March 31, 2021, whichever is earlier.

SECTION 3.20.(f) This section is effective retroactively to August 1, 2020. Subsections (a), (b), (d), and (e) of this section expire 30 days after Executive Order No. 116 is rescinded or March 31, 2021, whichever is earlier.



AGENDA ITEM

A-7. Repairs and Renovations Carryforward ResolutionJennifer Haygood

Situation: The proposed resolution will allow each constituent institution to retain the full amount of the carryforward savings it generates, up to 5%, for its own use as permitted by state law.

Background: For many years, constituent institutions have been able to carryforward savings up to 2.5% of their unexpended General Fund budget. S.L. 2020-81 recently increased the carryforward authority to up to 5% and requires all carryforward savings to be used for repairs and renovations. The legislation also included a provision for each constituent institution to retain 2.5% of the carryforward amount, but for any carryforward savings exceeding 2.5% to be divided, with half of the additional savings retained by the constituent university and the remaining half of the additional savings to be reallocated by the Board of Governors. This resolution would allocate all of the savings exceeding 2.5% to be retained by the constituent institution. The resolution and the legislation will first apply to carryforward savings generated in FY 2020-21 and carried forward into FY 2021-22.

Assessment: Without the resolution, constituent institutions do not have an incentive to generate carryforward savings beyond the 2.5% because they are only guaranteed to receive half of the additional savings. The resolution will incentivize constituent institutions to maximize their carryforward savings by directing the President or his designee to ensure each constituent institution receives the full amount of carryforward savings generated.

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



RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA DIRECTING THAT THE PRESIDENT, OR HIS/HER DESIGNEE, DISBURSE ANNUALLY TO EACH SPECIAL RESPONSIBILITY CONSTITUENT INSTITUTION AND THE UNIVERSITY OF NORTH CAROLINA SYSTEM OFFICE THE FULL CARRYFORWARD AMOUNT GENERATED BY THAT INSTITUTION OR OFFICE IN THE PRECEDING FISCAL YEAR, AS PERMITTED BY LAW

September 17, 2020

WHEREAS, Session Law 2020-81, which amends G.S. 116-30.3, allows each special responsibility constituent institution and the University of North Carolina System Office (UNC System Office) to carry forward an additional two and one-half percent (2.5%), up to a total of five percent (5%), of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year; and

WHEREAS, Session Law 2020-81 permits each special responsibility constituent institution and the UNC System Office to retain a base carryforward amount of up to two and one-half percent (2.5%) within their respective budget codes; and

WHEREAS, Session Law 2020-81 provides that one-half of any amounts carried forward exceeding two and one-half percent (2.5%) shall be distributed to the UNC System Office, to be disbursed to the constituent institutions at the discretion of the Board of Governors, with the remaining amount being retained in that budget code; and

WHEREAS, the Board of Governors has determined that it is in the best interests of the University to permit each special responsibility constituent institution and the UNC System Office to have access to the full carryforward amount generated by that institution or office, respectively, on an ongoing basis.

NOW, THEREFORE, BE IT RESOLVED that the Board of Governors hereby authorizes and directs the President, or his/her designee, annually to take actions necessary to disburse to each special responsibility constituent institution and the UNC System Office one-half of any amounts that institution or office, respectively, carried forward exceeding two and one-half percent (2.5%) in the preceding fiscal year, such that each institution or office will have access to the maximum amount of carryforward funds that that particular institution or office generated, as permitted by state law.

This Resolution is effective immediately on the date of its adoption.

This the 17th day of September 2020.

Randall C. Ramsey, Chair

Meredith R. McCullen, Secretary



AGENDA ITEM

A-8. Capital Improvement Project – North Carolina State University Katherine Lynn

- Situation:** One UNC System institution has requested a total of one capital improvement project for new project authority.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** North Carolina State University has requested a project that meets the statutory requirements, and it is recommended that the Board of Governors approve the project and its method of funding. It is further recommended that this project be reported to the NC Office of State Budget and Management as a non-appropriated project that does 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 Project – North Carolina State University

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 is one UNC System institution that has requested a total of one capital improvement project: one new project for authority. The UNC System institution requesting approval is NC State.

I. NEW PROJECT

Institution/Project Title	Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina State University				
1. Lake Wheeler Main Distribution Frame	\$800,000	\$0	\$800,000	Trust Funds
<i>NC State Subtotal</i>	<i>\$800,000</i>	<i>\$0</i>	<i>\$800,000</i>	
Grand Total	\$800,000	\$0	\$800,000	

RECOMMENDATION

The project and its associated funding source is in compliance with G.S. 143C-8-12 (State Budget Act).

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



AGENDA ITEM

A-9. Sale of Special Obligation Bonds – East Carolina University Jennifer Haygood

Situation: East Carolina University (“ECU”) requests that the Board issue special obligation bonds (the “2020 Bonds”) in an aggregate principal amount not to exceed \$20,000,000 for the purpose of refunding the callable maturities of ECU’s Taxable General Revenue Bonds (Build America Bonds), Series 2010B and paying costs of issuance related to the 2020 Bonds.

Background: The Board of Governors 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 of Governors and the General Assembly and have been approved for financing. This request is for the refinancing the previously issued bonds.

Assessment: Due to the favorable interest rate environment, \$18,605,000 of outstanding special obligation bonds issued in 2010 on behalf of ECU may be refinanced for debt service savings. ECU conservatively estimates that it can achieve approximately \$3.4 million in net present value savings by refunding the 2010B Bonds, representing 18% of the par amount refunded.

ECU currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investor Service, and an issuer credit rating of “AA-” with a stable outlook by Standard & Poor’s. ECU is currently not rated by Fitch 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 – East Carolina University

ISSUE OVERVIEW

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

East Carolina University (“ECU”) requests that the Board issue special obligation bonds in one or more series of tax-exempt in an aggregate principal amount not to exceed \$20,000,000 for the purpose of refinancing up to \$18,605,000 of outstanding special obligation bonds issued in 2010 (the “2010B Bonds”). ECU estimates that it can achieve approximately \$3.4 million in net present value savings by refunding the 2010B Bonds, representing roughly 18% of the par amount refunded.

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

The 2020 Bonds will be sold in the public market through a competitive sale process.

ECU currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investor Service, and an issuer credit rating of “AA-” with a stable outlook by Standard & Poor’s. ECU is currently not rated by Fitch Ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon 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 TO REFINANCE SPECIAL OBLIGATION BOND PROJECTS
FOR EAST CAROLINA UNIVERSITY**

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

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

WHEREAS, East Carolina University ("*ECU*") and its financial advisor have advised the Board that it may be able to achieve debt service savings by refunding some or all of the East Carolina University Taxable General Revenue Bonds (Build America Bonds), Series 2010B (the "*2010B Bonds*"), the proceeds of which were used by ECU to finance the construction and renovation of housing, dining and athletic facilities;

WHEREAS, if debt service savings can be achieved, the Board has determined to issue East Carolina University General Revenue Refunding Bonds (with appropriate descriptions and series designations) in one or more series (the "*Bonds*") in an aggregate principal amount not to exceed \$20,000,000 to (1) refund all or a portion of the 2010B Bonds maturing on and after October 1, 2021 (the "*Refunded Bonds*") and (2) pay the costs of issuing the Bonds; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of June 1, 2003 (the "*General Indenture*") between the Board and Wachovia Bank, National Association, the successor to which is U.S. Bank National Association, as trustee (the "*Trustee*"), and a Series Indenture, Number 17 (the "*Series Indenture*") between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of ECU, or of the Board held for ECU, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by ECU 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 the Bonds through a competitive sale to the bidder or bidders whose bid or bids result in the lowest true interest cost to ECU; and

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

1. the Series Indenture;
2. 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;
3. the form of the Notice of Sale for the Bonds (the "*Notice of Sale*"); and
4. the Bonds in the form set forth in the Series Indenture; and

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

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

Section 1. **Authorization of Bonds.** That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$20,000,000 under the General Indenture and the Series Indenture to pay the costs of refunding the Refunded Bonds and costs incurred in connection with the issuance of the Bonds. The Bonds may be issued in one or more series of bonds, as the Senior Vice President for Finance and Administration and CFO of the UNC System (the "*SVP-Finance*"), or her designee, in consultation with the appropriate officers at ECU, determine to be in ECU's best interest to achieve debt service savings on the Refunded Bonds.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds and to provide for the maintenance and operation of the facilities at ECU to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** That the Board authorizes the SVP-Finance and the Vice Chancellor for Administration and Finance of ECU to select any 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 Chair of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the "*Authorized Officers*"), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Board Documents, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 5. **Authorization of Competitive Sale of Bonds.** That the Chair of the Board, the President of the UNC System and the SVP-Finance and the Vice Chancellor for Administration and

Finance at ECU, individually or collectively, be and they hereby are each authorized, empowered and directed to sell the Bonds through a competitive sale to the bidder or bidders whose bid or bids result in the lowest true interest cost to ECU and the Authorized Officers and the Vice Chancellor for Administration and Finance at ECU 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 such sale of the Bonds.

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

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

Section 8. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

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

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

STATE OF NORTH CAROLINA)
)
COUNTY OF ORANGE)

SECRETARY'S CERTIFICATE
OF AUTHENTICATION

SS:

I, Meredith R. McCullen, 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 September 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 September 17, 2020 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 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



AGENDA ITEM

A-10. 2019-20 Annual Report of the Committee on Budget and Finance.....Jennifer Haygood

- Situation:** Each standing committee submits an annual report of its activities to the Board of Governors.
- Background:** Under the UNC Policy Manual, Section 302 E of *The Code*, “Each standing committee shall make a written report to the Board of Governors at least annually, reviewing the work of the committee during the preceding year.”
- Assessment:** The Annual Report on the activities of the Committee on Budget and Finance for fiscal year 2019-20 is ready for review and submission.
- Action:** This item requires a vote by the committee to accept the report for submission to the Board of Governors.

DUTIES AND MEMBERSHIP

The Committee on Budget and Finance advises and consults with the president and the chair of the UNC Board of Governors concerning budget policy and preparation; considers the budget proposed by the president, recommends modifications if needed, and approves the budget for consideration by the Board; makes recommendations to the Board for allocation of funds appropriated by the General Assembly; works with the Committee on Educational Planning, Policies, and Programs to ensure the proper funding of strategic objectives; and submits recommendations to the Board with respect to capital improvement projects, institutional borrowings, and property transactions, as well as other budgetary and financial matters within the jurisdiction of the Board of Governors. This report summarizes the work of the committee from July 2019 through June 2020.

The Committee on Budget and Finance was comprised of the following members: Darrell Allison, Carolyn Coward, W. Marty Kotis, III, R. Doyle Parrish, Robert Rucho, and Temple Sloan. Mr. Sloan served as chair, Mr. R. Doyle Parrish served as vice chair, and Mrs. Coward served as secretary.

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

ACTIONS

The Committee on Budget and Finance met nine times between July 1, 2019 and June 30, 2020, including two special meetings, and a joint meeting with the Committee on Public Affairs. Also, the committee held a Tuition and Fees Workshop. The major actions of the committee are summarized as follows:

BUDGETS and ALLOCATIONS/TUITION and FEES

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

2019-20 Operating Budget Allocations:

Since the 2019 General Assembly did not pass a budget, there were no appropriations to allocate for the 2019-20 fiscal year. Session Law 2019-242 (House Bill 111) enacted the base budget for the 2019-2021 biennium, which provided the basis for each university's General Fund appropriation in lieu of a budget bill.

2019-20 Enrollment Funding Allocation:

No appropriations were requested for enrollment growth funding in 2019-20. The UNC System changed the basis of its enrollment funding request to actual credit hours completed in arrears instead of projections, and 2019-20 was the transition year. Unlike in the past when funding arrived in the same semester as incremental growth, institutions are now required to support increased enrollment for up to a year and a half with existing resources before they receive appropriation for these new students. However, this move allows for more

accuracy and transparency in the enrollment funding request as well as efficiency gains in the process to determine the funding amounts.

2020-21 Budget Priorities:

The Committee on Budget and Finance approved operating and capital budget priorities for the legislative short session at the March meeting; however, the committee chair elected to defer final approval until an emergency funding request related to COVID-19 could be incorporated. Since the original budget priorities were compiled, the state revenue outlook shifted dramatically. In response, the State Budget Director asked that budget requests be limited to “must do” items. The 2020-21 budget priorities were amended to include only critical items that are needed to address immediate issues, including emergency funding relief for expenses and lost revenue related to COVID-19. The committee recommended approval of the following amended 2020-21 Budget Priorities:

Amended UNC System Budget Priorities	2020-21
Base Budget (excludes Aid to Private Institutions)	2,911,183,451
Top Strategic Priorities	
Faculty Recruitment and Retention	2,000,000
Other Targeted Priorities	
Employee Compensation Increase	equity with state agencies
NCSSM Western Campus Operations	3,340,591
Doctoral Research Funding for N.C. A&T	2,000,000
Manuf. Biopharmaceuticals at NC State	4,000,000 NR
College of Health Sciences at UNCP	1,000,000
Lab School Operations	1,000,000
Tuition Grant for NCSSM	3,389,820
N.C. A&T Ag. Research & Coop. Extension	1,640,710
	1,640,710 NR
Enrollment Change Funding	
Enrollment Growth - Regular	29,392,231
Emergency Reserve	3,000,000
NC Promise Buy Down	15,000,000
Building Reserves	
	14,832,007
	4,408,768 NR
Total Recurring Operating Changes	
	76,595,359
Total Nonrecurring Operating Changes	
	10,049,478
Total Recommended UNC Budget Changes	
	86,644,837
Total Recommended UNC Budget	
	2,997,828,288
Total Percent Change	
	3.0%

Note: All items are recurring unless specified as nonrecurring.

2020-21 Budget Priorities (continued):

UNC SYSTEM		
Preliminary Financial Impact Estimate of COVID-19 Emergency State Budget Request		
Category	Estimated Financial Impact to UNC System	Emergency State Funding Request
Student Housing <u>Student Reimbursement</u> - provide prorated housing reimbursement to students who have been required to vacate on-campus housing	(\$76,997,015)	\$0
Student Dining Services <u>Student Reimbursement</u> - provide prorated meal plan reimbursement to students who have been required to leave campus	(\$41,981,629)	
Funding Relief for Costs Already Incurred Costs related to the transition to online instruction, facility sanitation, and other emergency expenses (capped at \$1M per institution)	(\$7,271,841)	\$37,394,600
Funding Relief for Estimated Additional Costs Anticipated costs related to online instruction for the remainder of the semester, facility sanitation prior to reopening, and other emergency needs (capped at \$1M per institution)	(\$9,936,448)	
Assist Receipt-Supported Activities Assist Receipt-Supported Activities - due to the cancellation of conferences, performances, and closure of campus facilities, receipt-supported activities have lost a significant portion, if not their entire revenue stream. This funding will provide emergency assistance to support employees and other critical functions normally funded through receipts (capped at \$2M per institution).	(\$20,186,311)	
CARES Act - Institutional Funding Estimated federal funding from the CARES Act that can be used to partially offset costs associated with COVID-19.	\$86,821,943	\$0
Digital Learning Enhancements		\$3,096,000 R \$5,000,000 NR
Total State Funding Request		\$45,490,600
<p>Student Housing and Dining Refunds:</p> <ul style="list-style-type: none"> UNC institutions have made the decision to require students to vacate student housing with the exception of a small number that have been granted a waiver. Similarly, dining halls have been transitioned to take-out only and operations significantly reduced. In order to maintain a unified approach to refund policies across the System, all students who have vacated on-campus housing will be granted a prorated refund of housing and dining fees for the remainder of the semester. This is consistent with the actions of public universities across the country. Although the federal funding will likely not be sufficient to cover the full cost of housing and dining refunds, campuses will use their housing and dining reserves balances to cover the difference. <p>CARES Act Funding: Based on estimates of UNC distributions from the APLU, there will be \$174M of federal funding allocated to UNC System institutions. Of this funding, at least \$87M is required to be distributed to students in emergency financial aid grants, and the remainder can be used to partially offset costs associated with COVID-19.</p> <p>Flexibility: The UNC System requests flexibility in allocating these funds to institutions. As there is uncertainty around where the virus may be worst, discretion for the President to determine where the need is greatest would allow for efficient distribution.</p>		

Authorization of Tuition and Fees for 2020-21:

G.S. 116-143 requires that the Board of Governors of The University of North Carolina System fix the tuition and fees, not inconsistent with the actions of the General Assembly, at the constituent institutions of the UNC System. The 2020-21 tuition and fees proposals originally submitted by the constituent institutions for consideration were amended due to the COVID-19 pandemic. No tuition increases were recommended; however, rates were approved for new degree programs that will begin in Fall 2020. No fee increases were recommended; however, UNCP and UNCW requested decreases to two fees. The tuition and fee rates will remain unchanged from the 2019-20 academic year (with exceptions noted above).

2020 COVID-19 Recovery Act Funding Allocations:

On May 4, 2020, the Governor signed into law the 2020 COVID-19 Recovery Act [S.L. 2020-4 (House Bill 1043)] to provide aid to North Carolinians in response to the COVID-19 crisis. This act directed the distribution of federal emergency funding received from the Coronavirus Relief Fund created under the CARES Act. Included in the bill was funding for the Board of Governors to allocate to the UNC System institutions. The Board allocated funds to cover increased costs related to moving classwork online, implementing a Digital Learning Accelerator, providing facility sanitization, and providing assistance for students and employees. The General Assembly also made a number of other appropriations for designated programs related to research, development of countermeasures for COVID-19, and to the North Carolina State Education Assistance Authority (NCSEAA) to distribute to eligible private postsecondary institutions to support the transition to online education. The Committee recommended approval of the following:

	Costs Incurred (100% of Requested)	Estimated Costs through Dec. 2020 (Pro Rata up to Cap)	Total
Appalachian State University	\$ 841,890	\$ 2,787,750	\$ 3,629,640
East Carolina University	2,141,506	2,154,380	4,295,886
Elizabeth City State University	224,285	547,723	772,008
Fayetteville State University	428,200	523,153	951,353
N.C. A&T State University	501,446	1,558,880	2,060,326
North Carolina Central University	749,246	814,474	1,563,720
North Carolina State University	4,432,781	67,219	4,500,000
UNC Asheville	550,194	427,084	977,278
UNC-Chapel Hill	3,768,189	731,811	4,500,000
UNC Charlotte	1,825,446	2,674,554	4,500,000
UNC Greensboro	249,626	1,467,677	1,717,303
UNC Pembroke	163,365	1,495,989	1,659,354
UNC Wilmington	483,432	3,533,240	4,016,672
UNC School of the Arts	338,580	290,367	628,947
Western Carolina University	166,962	1,116,388	1,283,350
Winston-Salem State University	792,409	495,660	1,288,069
NC School of Science & Mathematics	105,603	657,524	763,127
NC Arboretum	64,152	73,427	137,579
UNC System Office*	115,554	39,834	155,388
Digital Learning Enhancements			5,000,000
Total	\$17,942,866	\$21,457,134	\$44,400,000

CAPITAL IMPROVEMENT ALLOCATIONS

2019-20 Capital Budget Allocations:

Since the 2019 General Assembly did not pass a budget, there were no appropriations for capital projects allocated for the 2019-20 fiscal year.

2019-20 Allocations from the Reserve for Repairs and Renovations:

Since the 2019 General Assembly did not pass a budget, there were no appropriations to the reserve for repairs and renovations for capital projects allocated for the 2019-20 fiscal year.

2020-21 Capital Budget Allocations:

The 2019 General Assembly passed several bills that were enacted to provide capital funding for fiscal year 2020-21. The capital projects that were funded include the following:

FY20-21 Approved Capital Projects

Institution	Project	Amount Funded	Contingent Funding	Statute
ECSU	HVAC Replacement	\$4,000,000		S.L. 2020-33
ECSU	Chiller	\$2,000,000		S.L. 2020-33
FSU	Dormitory Demolition and Removal	\$2,500,000		S.L. 2020-81
NC State	STEM Building	\$7,000,000	\$7,000,000	S.L. 2020-81
UNC-CH	Business Building	\$7,000,000	\$7,000,000	S.L. 2020-81
UNC-CH	Carrington Hall Renovation	\$2,500,000	\$2,500,000	S.L. 2020-81
WCU	Steam Plant – Phase 2	\$16,500,000		S.L. 2020-57
	TOTAL	\$41,500,000	\$16,500,000	

2020-21 Allocations from the Reserve for Repairs and Renovations:

S.L. 2020-81 includes an initial allocation of \$33,100,000 to the reserve for repairs and renovations for The University of North Carolina and additional contingent funding of \$6,000,000. Funding for the dormitory demolition and removal project at Fayetteville State University (listed above) will be funded from the reserve for repairs and renovations prior to distribution of any funding.

2020-21 Non-Appropriated Capital Improvement Projects:

Non-appropriated capital projects are financed by the University and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings. Legislative approval is required for the issuance of debt for these “self-liquidating” capital projects. The legislature authorized debt issuance (S.L. 2020-66) for the following projects:

Institution	Project	Total (\$)	Debt (\$)	Other Funds	Source of Funds
UNC-CH	Morehead Chemistry Laboratory – HVAC Upgrades	\$22,000,000	\$22,000,000	\$0	Institutional Trust Funds
UNC-CH	Campus-wide Life Safety Upgrades – Phase I	\$6,500,000	\$6,500,000	\$0	Institutional Trust Funds
WCU	Lower Campus Residence Halls*	\$20,000,000	\$20,000,000	\$0	Housing Receipts
	TOTAL	\$48,500,000	\$48,500,000	\$0	

* The committee recommended approval of an additional \$20M in debt authority in April for consideration in the 2020 legislative session, which would result in a total debt amount of \$80,000,000.

CAPITAL IMPROVEMENT AUTHORIZATIONS

Capital Improvement Projects Not Requiring Action by the General Assembly:

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

There are 15 UNC System institutions and affiliates that requested a total of 73 capital improvement projects: 16 projects for advanced planning, 34 new projects for authority, and 23 projects for increased authorization. The institutions requesting authority and a summary of the approved projects is listed below. A detailed list of approved capital projects is included in Attachment 1.

UNC Non-appropriated Capital Projects Authorized by the Board of Governors

Institution	Total # of Projects	Advanced Planning Authorization		New Project Authorization		Increased Authorization		Total Authorization
		#	Amount	#	Amount	#	Amount	
Appalachian	6	2	\$370,691	2	\$4,492,433	2	\$9,805,348	\$14,668,472
ECU	8	0		6	\$14,457,470	2	\$2,350,400	\$16,807,870
ECSU	0			0		0		\$0
FSU	2					2	\$3,000,000	\$3,000,000
N.C. A&T	1			1	\$1,200,000			\$1,200,000
NCCU	2			2	\$4,500,000			\$4,500,000
NC State	15	5	\$3,259,000	6	\$77,110,000	4	\$1,672,205	\$82,041,205
UNCA	0							\$0
UNC-CH	11	5	\$7,800,000			6	\$5,839,408	\$13,639,408
UNCC	11	1	\$200,000	8	\$25,860,581	2	\$8,330,000	\$34,390,581
UNCG	2			1	\$1,581,000	1	\$250,000	\$1,831,000
UNCP	1					1	\$2,300,000	\$2,300,000
UNCW	3			3	\$22,952,655			\$22,952,655
UNCSA	1			1	\$46,000,000			\$46,000,000
WCU	6	1	\$175,000	4	\$67,946,400	1	\$210,000	\$68,331,400
WSSU	0							\$0
NCSSM	3	2	\$2,000,000			1	\$8,367,000	\$10,367,000
NC Arb.	0							\$0
UNC-TV	1					1	\$1,443,480	\$1,443,480
TOTAL	73	16	\$13,804,691	34	\$266,100,539	23	\$43,567,841	\$323,473,071

Effective July 1, 2019, the Board of Governors delegated authority to university Boards of Trustees to authorize capital projects under \$750,000 in value at the institutional level and, with additional capital project delegation, up to \$1,000,000. Under the \$750,000 delegation, 10 UNC System institutions and affiliates authorized a total of 48 capital improvement projects to be funded from non-appropriated funds, summarized in the table below. These projects are also reported to OSBM as non-appropriated projects that do not require any additional debt or burden on state appropriations. There were no institutions authorizing projects under the additional capital project delegation. A detailed list of approved delegated capital projects is included in Attachment 1.

UNC Non-appropriated Capital Projects Authorized under Delegation to University Boards of Trustees

Institution	Total # of Projects	New Project Authorization		Increased Authorization		Total Authorization
		#	Amount	#	Amount	
Appalachian	4	3	\$1,963,330	1	\$50,000	\$2,013,330
ECU	3	2	\$1,140,000	1	\$265,000	\$1,405,000
ECSU	0					
FSU	0					
N.C. A&T	1	1	\$701,413			\$701,413
NCCU	1			1	\$77,467	\$77,467
NC State	11	11	\$5,512,000			\$5,512,000
UNCA	0					
UNC-CH	14	11	\$5,674,584	3	\$948,041	\$6,622,625
UNCC	1	1	\$700,000			\$700,000
UNCG	7	7	\$2,942,150			\$2,942,150
UNCP	2	1	\$369,608	1	\$445,837	\$815,445
UNCW	0					
UNCSA	0					
WCU	4	4	\$2,130,500			\$2,130,500
WSSU	0					
NCSSM	0					
NC Arb.	0					
UNC-TV	0					
TOTAL	48	41	\$21,133,585	7	\$1,786,345	\$22,919,930

The Board of Governors authorized a total of 73 projects for \$323,473,071. An additional 48 projects for \$22,919,930 were authorized under the capital project authority delegated to the university boards of trustees. A total of 121 projects were authorized for \$346,393,001. Total capital project requests declined about 16% since last year (121 projects compared to 144). Projects requiring Board action declined approximately 49%, which is accounted for in part by the increased authorization university delegation.

Capital Projects Approved under Emergency Procedures:

Chancellors informed the president of the need to invoke emergency procedures, as allowed by G.S. 143-129, to provide for new capital improvement projects. In accordance with emergency procedures, copies of the emergency declarations were sent to the State Construction Office.

Institution	Project	Date Requested	Amount	Fund Source
ECU	Warren Life Sciences BSL-3 Research Lab	6/11/2020	\$1,500,000	General Fund Appropriation
ECSU	Bedell Cafeteria – Environmental Remediation & Repairs	1/30/2020	\$380,259	General Fund Appropriation/R&R
		TOTAL	\$1,880,259	

PROPERTY TRANSACTIONS

All property transactions, other than leases, of \$750,000 or more, require approval of the Board and, therefore, action by the Committee on Budget and Finance unless approved under other authorized delegation. Upon approval by the Board, the committee staff forwards such items to the Council of State for final action. The following property transactions were recommended for approval. The reduced number of transactions, approximately one-third of last year’s volume, are attributable, in part, to the increase in delegation dollar value from \$250,000 to \$750,000 effective July 1, 2019.

UNC Property Transactions Authorized by the Board of Governors

Institution	Transaction Type	Transaction Description	Terms
Appalachian	Demolition	Demolition of Justice Residence Hall for the construction of new student housing.	
ECU	Disposition by Deed (Estate for Years)	Disposition of three properties by deed to a private developer. 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 an additional 19 years.	\$2,684,000 for initial sale; ground lease rate set in Year 70
ECU	Disposition by Ground Lease	Disposition of real property by ground lease to develop a 125-room hotel.	65 years, option to renew for 34 additional years
N.C. A&T	Demolition	Disposition of property by demolition of structure located at 913 Bluford Street to support future development.	N/A
NC State	Disposition by Deed	Dispose of property by deed to the Department of Transportation of four properties located on Brickhaven Drive for the I-440 Expansion project.	\$6,500,000
NC State	Exchange by Transfer of Deeds	Transfer of deeds for multiple properties (approx. 9.2 acres) that will result in equal exchange of acreage and support future development at the Centennial Campus	N/A
NC State	Acquisition by Deed	Acquisition of approximately 41 acres for expansion of the Central Crops Research Station.	\$1,390,000
NC State	Acquisition by Deed	Acquisition of approximately 12 acres for expansion of Lake Wheeler Field Lab in Wake County, NC.	\$1,000,000
NC State	Acquisition by Lease	Acquisition by lease at of three floors at University Towers Residence Hall for student housing for FY2020-21 academic year	\$2,489,184 for 10 months
WCU	Disposition by Demolition	Demolition of Scott and Walker Halls to accommodate construction of the new lower campus residence halls.	N/A
WCU	Disposition by Ground Lease	Disposition of three properties totaling approximately 375 acres by amendment to existing 99-year ground lease.	N/A
UNCSCO	Disposition by Deed	Disposition to NCDOT of 0.601 acres for the ROW and 0.354 acres for a temporary construction easement to support improved access to Gateway Research Park – North Campus.	\$46,675

Expansion of Horace Williams Campus – UNC-Chapel Hill

The committee recommended approval to expand the Horace Williams Campus from the existing 228 acres to 410 acres total. The expansion includes 103 acres on Central Campus and 79 acres of off-campus parcels, for a total expansion of 182 acres. The expansion will increase opportunities for public-private partnerships; enhance the university’s research, teaching, and service missions; and promote economic development of the region served by the institution. The expansion includes the following areas: (1) Campus South Hub – 86

acres, (2) Mid-Campus Housing District – 16 acres, (3) Porthole Alley, and (4) other strategic parcels immediately adjacent to campus and scattered across Chapel Hill and parts of Orange County (79 acres).

Approval of Additional Delegated Property Authority – Western Carolina University

The committee recommended approval for additional delegated property authority for Western Carolina University. This authority permits the university to acquire and dispose of real property by lease if the lease term is not more than 10 years with an annual lease value less than \$750,000, and to authorize real property transactions other than leases for transactions valued less than \$1,000,000. The other universities with additional delegated property authority are NC State University, UNC-Chapel Hill, East Carolina University, UNC Wilmington, and UNC Charlotte.

Transactions by Delegated Authority

In 2012, G.S. 116-31.12 delegated to the Board of Governors of the University of North Carolina System the power to authorize the constituent institutions of the UNC System to acquire and dispose of real property by lease if the lease was for a term of not more than ten years. The Board had further delegated that authority at two levels; general and additional delegated property authority. Effective July 1, 2019, authority levels were increased under both delegations. Institutions with general delegated property authority are permitted to authorize leases less than \$500,000 in value with terms of ten years or less and property transactions (acquisitions in fee simple, dispositions, easements, licenses, demolitions) involving values less than \$500,000. Institutions with additional delegated property authority are permitted to authorize leases less than \$750,000 in value with terms of ten years or less and property transactions (acquisitions in fee simple, dispositions, easements, licenses, demolitions) involving values less than \$1,000,000.

The following property transactions were approved under delegated property authority. The increased number of transactions reported, approximately eight times last year’s volume, is attributable in part to the increase in dollar delegation value, and more timely data availability. A detailed list of approved property transactions authorized under delegated property authority is included in Attachment 2.

UNC Property Transactions Authorized Under Delegation to University Board of Trustees

Institution	Number of Transactions	Transaction Type
East Carolina	1	Lease Acquisition
N.C. A&T	7	Acquisition by Deed
	2	Disposition by Easement
NCCU	1	Lease Acquisition
	1	Severance by Demolition
	2	Acquisition by Deed
NC State	1	Lease Amendment
	15	Disposition by Lease
	18	Lease Acquisition
	1	License Agreement
	1	Lease Termination
	4	Severance by Demolition
	4	Disposition by Easement
	1	Acquisition by Dead

UNC Property Transactions Authorized Under Delegation to University Board of Trustees (cont.)

Institution	Number of Transactions	Transaction Type
UNC-Chapel Hill	2	Disposition by Easement
UNC Charlotte	1	Disposition by Easement
UNC Greensboro	2	Lease Acquisition
	1	Disposition by Easement
UNC Pembroke	6	Lease Acquisition
	2	Acquisition by Deed
UNC Wilmington	3	Lease Acquisition
	1	Disposition by Easement
UNC School of the Arts	1	Severance by Demolition
Western Carolina	1	Lease Revision
	1	Severance by Demolition
UNCTV	1	Lease Revision

INSTITUTIONAL BORROWING

Special Obligation Bonds:

The Board of Governors is authorized to issue special obligation bonds for capital improvement projects approved by the General Assembly. Although a specific source of funding is used by an institution when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, state appropriations, and restricted reserves. The committee recommended that the president of the University, or his/her designee, be authorized to sell the following special obligation bonds.

Institution	Special Obligation Bonds	Amount
Appalachian	Millennial Campus revenue bonds for the purpose of acquiring and installing a field turf system for Kidd Brewer Stadium and paying costs incurred related to the issuance of the 2020 Bond.	\$2,650,000
Appalachian	Special obligation bonds for the purpose of refunding of the 2010 bonds and paying costs of issuance with respect to the Bond	\$2,160,000
NC State	Special obligation bonds for the purpose of financing the remaining \$42,000,000 for the construction, equipping, and furnishing of the Carmichael Gymnasium renovation project, a new Plant Sciences Building, and the new Fitts-Woolard Hall; refinancing NC State’s outstanding Commercial Paper payables and converting to long-term debt; refinancing its outstanding series 2010B Bonds and 2013A Bonds and funding associated costs related to the bond issuance	\$42,000,000
UNCA	Special obligation bonds for the purpose of advance refunding the callable maturities of the Board’s Taxable General Revenue Bonds (Build America Bonds), Series 2010 and paying costs of issuance related to the 2019 Bonds	\$25,500,000
UNCC	Special obligation bond to finance the demolition of Moore and Sanford Residence Halls; the construction and equipping of a replacement residence hall; and refinancing of the various special obligation bonds for debt service savings	\$34,000,000
UNCG	Special obligation bond for the purpose of refunding of the 2010 bonds (“2010B Bonds”) and paying costs of issuance related to the bond	\$9,475,000
UNCSA	Special obligation bond for the purpose of constructing, equipping, and furnishing a new residence hall and paying costs of issuance related to the bond	\$46,000,000

Institution	Special Obligation Bonds	Amount
UNCW	Special obligation bond to finance a portion of the costs (\$14,000,000) of the Southeast Dining Facility, refinance (\$36,000,000) two series of taxable special obligation bonds issued in 2010 (the "2010 BABs"), and refinance (\$13,000,000) special obligation bonds issued in 2010 (the "2010C Bonds").	\$63,000,000
UNCW	Special obligation bonds for the purpose of refunding of the 2011 and 2012 bonds and pay costs of issuance related to the issuance of the bond.	\$16,000,000
UNC Hospitals	Revenue bonds for the purpose of completing construction of the new UNC Hospitals Surgical Pavilion and related infrastructure at its main campus	\$150,000,000
TOTAL		\$390,785,000

The committee approved an amendment to the use agreement related to the financing of student housing facilities at UNC Pembroke that were constructed through The UNC Pembroke Student Housing Foundation, LLC. The committee approved an amendment to change each use agreement among the Board, UNC Pembroke and the Foundation to memorialize the terms of the financing and refinancing of the Taxable Limited Obligation Bonds, Series 2010B (Build America Bonds) and a Limited Obligation Bond, Series 2017.

OTHER ACTIONS

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

- 2018-19 Annual Report:** The Annual Report of the Committee on Budget and Finance to the Board of Governors of the University of North Carolina for July 1, 2018 through June 30, 2019 was recommended for approval.
- 2018-19 UNC Consolidated Financial Report:** The UNC System Financial Report was prepared to provide additional information on the current financial status of the University. This report includes a consolidation UNC System financial statements as a whole, a side-by-side comparison of institutional financial statements, selected disclosures, and other financially related information. In FY 2018-19, total UNC System revenue was \$12.7 billion and total expenses were \$11.1 billion.
- Report of Facilities and Administrative (F&A) Receipts, 2018-19:** The UNC System has depended heavily on obtaining competitive grants and contracts to support research efforts. In recognition that research carries costs above and beyond the direct costs of the projects, federal agencies have included overhead funds in research grants and contracts. This report detailed the total facilities and administrative (F&A) funds received as well as the use of the funds. In 2018-19, the UNC System earned a total of \$280.1 million in facilities and administrative receipts and expended a total of \$267.3 million. Of the total, \$60 million was expended to operate or maintain facilities constructed with or operated by general fund appropriations.
- FY 2019 UNC System Debt Capacity Study:** The 2015 Appropriations Act required the UNC System to annually estimate the debt capacity of each of the UNC System institutions for the upcoming five fiscal years. The current study found that 15 out of 16 institutions maintained or increased their debt capacity over the five-year study period, seven institutions have increased their debt capacity compared to last year, and all 16 institutions have improved at least one of their primary financial ratios since the FY 2018 study. Moreover, in light of the impact of the coronavirus, the Study also provides revised credit rating outlooks for three UNC System institutions as of April 2020.

5. **2018 Facilities Inventory and Utilization Study:** The annually published report provides the basis for a comparative assessment of space utilization for instructional purposes. The primary purpose of the Facilities Inventory and Utilization Study is to provide higher education administrators with a detailed statistical profile of the facilities of their own campuses and of the other colleges and universities in North Carolina.
6. **Data Modernization and Integration Program Report:** The program originated from the Appropriations Act of 2017, Sections 10.6.(a) and 10.6.(b). The report focused on key financial performance indicators (KPIs) and their utility in assessing financial health of the UNC System. The production of these metrics by using the UNC System institutions' data was a project supported by the Data Modernization and Integration (DMI) program. An update on the contents and timeline of the DMI Program was also included.

Additional Topics Discussed: The following topics were presented to the committee for information or approval:

1. **2019-2021 Repairs and Renovations (R&R) Allocation Model:** The Committee on Budget and Finance appointed a subcommittee to review options for the allocation of appropriated funds to support a suitable distribution model. The factors considered in development of the allocation model included: (1) gross square footage, (2) total number of buildings, (3) building condition, (4) number of full-time enrolled (FTE) students, and (5) availability of other resources. The allocation model considered the availability of other resources for capital projects, including carry-forward funds, F&A fund balances, infrastructure fees, and other funding for R&R earmarked projects and negatively weighted the ability to pay. The allocation model also included a minimum funding level, identified as a "floor," and reserve funds for R&R projects at the UNC System Office buildings or other affiliates (NC Arboretum and UNC-TV).

The committee approved an allocation model that equally weighted the physical building factors with the FTE and availability of other funding, included a minimum floor of \$2 million, and reserve funds of 2.5% of the total R&R funding allocation for the UNC System Office buildings. Future funds appropriated in the 2019-21 state budget will be distributed in accordance with the approved allocation model. It was also recommended that chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and submit those projects to the president who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

2. **Internal Bank Presentation:** The committee heard presentations on the internal bank concept. The UNC System Internal Bank (SIB) would serve as an internal lender, exclusively to 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 at a fixed rate for a five-, seven-, or ten-year term. 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. The internal bank concept 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 also streamline current approval

processes, significantly decrease time required to access funds, and provide for more predictable interest rates.

3. **Capital Construction Task Force:** The Capital Construction Task Force was formed on November 14, 2019, to review the capital project delivery process and to make recommendations to improve efficiency and ensure value. The members of the task force included: R. Doyle Parrish (Chair); Robert Rucho (Vice Chair); W. Marty Kotis, III; James L. Holmes, Jr.; Chancellor Randy Woodson, NC State University; Chancellor Sheri Everts, Appalachian State University; Jonathan Pruitt, CFO, UNC–Chapel Hill; Mike Byers, CFO, Western Carolina University; Virginia Teachey, CFO, UNC Pembroke; and Mark Edwards, NC Department of Administration.

The task force agreed that the general areas to be studied would include: (1) improving the project cost estimating and budgeting process, including the use of the OC-25 form, (2) improving the efficiency of the project construction process, and (3) improving the bid market by increasing bid participation and bid outcomes.

The task force held several meetings, including an informal meeting with the State Construction Office to better understand the capital project approval process, and a meeting with a panel of construction contractors who shared their observations based on their experience working on UNC System projects. The task force members were formulating a list of recommendations to submit to the committee.

The proposed recommendations of the Capital Construction Task Force are included in Attachment 3.

ATTACHMENT 1

2019-20 BOG APPROVED CAPITAL PROJECTS						
Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
Appalachian	Rivers Street (at Roess Dining Facility) and Trivette Hall Dining Renovations	AP	\$ -	\$ 203,591	\$ 203,591	Dining Receipts
Appalachian	University Bookstore	AP	\$ -	\$ 167,100	\$ 167,100	Trust Funds
Appalachian	Career Development Center Relocation	New	\$ -	\$ 1,953,553	\$ 1,953,553	Debt Service Fee
Appalachian	Kidd Brewer Stadium Turf Replacement	New	\$ -	\$ 2,538,880	\$ 2,538,880	Debt Service Fee
Appalachian	Appalachian Heights HVAC Upgrades	Increase	\$ 1,650,000	\$ 4,805,348	\$ 6,455,348	Housing receipts
Appalachian	End Zone Facility	Increase	\$ 45,000,000	\$ 5,000,000	\$ 50,000,000	Athletic Reserves/Dining Receipts
			\$ 46,650,000	\$ 14,668,472	\$ 61,318,472	
ECU	Innovation Hub (formerly Building 43 Renovation)	New	\$ 6,999,998	\$ 4,900,000	\$ 4,900,000	Carry-forward/Gifts
ECU	Legacy and Jones Residence Halls Make-up Air	New	\$ 170,000	\$ 2,133,000	\$ 2,303,000	Housing Receipts
ECU	Electrical Renovations at Brody Building & Central Plant	New	\$ -	\$ 1,574,470	\$ 1,574,470	Carry-forward
ECU	MC College Hill Drive Steam - Phase 2 (Jones Manhole to Scott Manhole)	New	\$ -	\$ 2,000,000	\$ 2,000,000	Carry-forward
ECU	MC Steam & Condensate -South and West of Building 43	New	\$ -	\$ 2,250,000	\$ 2,250,000	Carry-forward
ECU	McGinnis to Wright-Chilled Water Infrastructure Extension	New	\$ 85,487	\$ 1,600,000	\$ 1,685,487	Carry-forward
ECU	College Hill Drive - Steam Replacement - Phase 1	Increase	\$ 1,800,000	\$ 2,230,400	\$ 4,030,400	Carry-forward
ECU	Main Campus – Replacement Condensate Line Between Manholes RC-10 and RC-45	Increase	\$ 1,707,774	\$ 120,000	\$ 1,827,774	Carry-forward
			\$ 10,763,259	\$ 16,807,870	\$ 20,571,131	
ECSU			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
FSU	Health and Wellness Facility	Increase	\$ 5,500,000	\$ 2,000,000	\$ 7,500,000	City of Fayetteville
FSU	Lyons Science Comprehensive Renovation	Increase	\$ 11,000,000	\$ 1,000,000	\$ 12,000,000	R&R
			\$ 16,500,000	\$ 3,000,000	\$ 19,500,000	
N.C. A&T	University Farm Amphitheater	New	\$ -	\$ 1,200,000	\$ 1,200,000	Grant
			\$ -	\$ 1,200,000	\$ 1,200,000	
NCCU	Farrison Newton Building - Radio Studio Renovation	New	\$ -	\$ 1,500,000	\$ 1,500,000	Title III
NCCU	New Collaborative Learning Center	New	\$ -	\$ 3,000,000	\$ 3,000,000	50% Title III, 50% Dining Receipts
			\$ -	\$ 4,500,000	\$ 4,500,000	
NC State	Renovations to Data Center II	AP	\$ -	\$ 550,000	\$ 550,000	Trust Funds
NC State	Restroom Renovations at McKimmon Center	AP	\$ -	\$ 110,000	\$ 110,000	Endowment Funds
NC State	Don Ellis Building Renovations	AP	\$ -	\$ 49,000	\$ 49,000	F&A (69%)/Security & Technology Trust Funds (31%)
NC State	Varsity Drive Parking Lot Expansion	AP	\$ -	\$ 550,000	\$ 550,000	Transportation Receipts
NC State	Physical Master Plan	AP	\$ -	\$ 2,000,000	\$ 2,000,000	Carry-forward
NC State	Electrical Distribution Upgrade	New	\$ -	\$ 58,800,000	\$ 58,800,000	F&A/Trust funds
NC State	Parking Lot Replacement - 512 Brickhaven Drive	New	\$ -	\$ 800,000	\$ 800,000	DOT Receipts
NC State	Ricks Hall 2nd Floor Renovation	New	\$ -	\$ 5,500,000	\$ 5,500,000	DOT Receipts
NC State	Tenant Space Renovations – Centennial Campus	New	\$ -	\$ 4,000,000	\$ 4,000,000	Trust funds
NC State	Elevator Addition - Tucker & Owen Residence Halls	New	\$ 140,000	\$ 2,260,000	\$ 2,400,000	Housing Receipts
NC State	Page Hall Partial Renovation	New	\$ -	\$ 5,750,000	\$ 5,750,000	28% F&A, 72% Carry-forward

2019-20 BOG APPROVED CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
NC State	Creamery Café & Education Center	Increase	\$ 1,250,000	\$ 300,000	\$ 1,550,000	Gifts
NC State	Bureau of Mines Renovations	Increase	\$ 6,000,000	\$ 500,000	\$ 6,500,000	F&A
NC State	Centennial Campus Substation Expansion	Increase	\$ 7,693,511	\$ 272,205	\$ 7,965,716	Utility Trust Funds
NC State	Cates Avenue Water, Steam, and Condensate Replacement	Increase	\$ 366,523	\$ 600,000	\$ 966,523	F&A
			\$ 15,450,034	\$ 82,041,205	\$ 97,491,239	
UNCA			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
UNC-CH	Parking Deck & Lot Camera Upgrades	AP	\$ -	\$ 300,000	\$ 300,000	Parking receipts
UNC-CH	Avery Residence Hall Renovations	AP	\$ -	\$ 1,300,000	\$ 1,300,000	Housing Receipts
UNC-CH	House Undergraduate Library Renovations	AP	\$ -	\$ 600,000	\$ 600,000	Donations & Gifts
UNC-CH	Women's Basketball Renovations - Phase III	AP	\$ -	\$ 400,000	\$ 400,000	Athletic Reserves
UNC-CH	McColl Addition & Renovation	AP	\$ 1,000,000	\$ 5,200,000	\$ 6,200,000	Donations and Gifts
UNC-CH	UNC Parking Decks – LED Lighting Safety Upgrades	Increase	\$ 1,100,000	\$ 400,000	\$ 1,500,000	Parking receipts
UNC-CH	Burnett Womack Conference Center	Increase	\$ 1,720,000	\$ 208,000	\$ 1,928,000	Clinical receipts
UNC-CH	Morehead Chemistry Teaching Labs	Increase	\$ 1,000,000	\$ 600,000	\$ 1,600,000	Education & Technology Fee
UNC-CH	National Pan-Hellenic Council Garden	Increase	\$ 750,000	\$ 650,000	\$ 1,400,000	77% Utility Trust Funds 23% Donations & Gifts
UNC-CH	School of Media & Journalism Media & Communication Studio	Increase	\$ 7,200,000	\$ 3,200,000	\$ 10,400,000	Donations & Gifts
UNC-CH	Demolition of Odum Village Units	Increase	\$ 5,138,592	\$ 781,408	\$ 5,920,000	Housing Receipts
			\$ 17,908,592	\$ 13,639,408	\$ 31,548,000	
UNCC	Remembrance Memorial	AP	\$ -	\$ 200,000	\$ 200,000	Donations & Gifts
UNCC	Lot 5A	New	\$ -	\$ 1,000,000	\$ 1,000,000	Parking Receipts
UNCC	McEniry HVAC Upgrades	New	\$ -	\$ 7,700,000	\$ 7,700,000	Carry-forward /F&A /R&R
UNCC	New Charlotte Research Institute Entrance Road	New	\$ -	\$ 1,500,000	\$ 1,500,000	Campus Infrastructure Debt Fee
UNCC	Fretwell Café Renovation	New	\$ -	\$ 900,000	\$ 900,000	Dining Receipts
UNCC	Popp Martin Student Union Building	New	\$ -	\$ 11,498,950	\$ 11,498,950	Dining Receipts
UNCC	Science Café	New	\$ -	\$ 1,461,631	\$ 1,461,631	Dining Receipts
UNCC	J.W. Clay Boulevard and Robert D. Snyder Road Modifications	New	\$ -	\$ 1,000,000	\$ 1,000,000	Campus Infrastructure Debt Fee
UNCC	Union Deck Elevator Replacement	New	\$ -	\$ 800,000	\$ 800,000	Parking and Transportation Receipts
UNCC	Residence Hall XVI	Increase	\$ 58,500,000	\$ 6,000,000	\$ 64,500,000	Housing Reserves
UNCC	Campus Infrastructure Development Phase 2 - East Village Infrastructure	Increase	\$ 49,555,037	\$ 2,330,000	\$ 51,885,037	Donations and Gifts
			\$ 108,055,037	\$ 34,390,581	\$ 142,445,618	
UNCG	Spring Garden Apartments - Elevators Replacement and New Emergency Generator	New	\$ -	\$ 1,581,000	\$ 1,581,000	Housing Receipts
UNCG	Coleman Athletics Weight Room Alterations (Room 123)	Increase	\$ 1,000,000	\$ 250,000	\$ 1,250,000	Gifts
			\$ 1,000,000	\$ 1,831,000	\$ 2,831,000	
UNCP	West Hall Comprehensive Renovation	Increase	\$ 11,368,065	\$ 2,300,000	\$ 13,668,065	Carry-forward /Hurricane Relief Funds
			\$ 11,368,065	\$ 2,300,000	\$ 13,668,065	
UNCW	Southeast Dining Facility	New	\$ -	\$ 14,000,000	\$ 14,000,000	Non-appropriated
UNCW	CIS Building Improvements - Congdon Gift	New	\$ -	\$ 2,922,270	\$ 2,922,270	Gifts

2019-20 BOG APPROVED CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
UNCW	Coastal Engineering Laboratory Facility	New	\$ -	\$ 6,030,385	\$ 6,030,385	Trust funds
			\$ -	\$ 22,952,655	\$ 22,952,655	
UNCSA	New Residence Hall	New	\$ -	\$ 46,000,000	\$ 46,000,000	Non-appropriated
			\$ -	\$ 46,000,000	\$ 46,000,000	
WCU	Moore Building	AP	\$ -	\$ 175,000	\$ 175,000	Carry-forward
WCU	Lower Campus Residence Halls	New	\$ 3,980,329	\$ 60,000,000	\$ 63,980,329	Non-appropriated
WCU	Track Resurfacing	New	\$ -	\$ 750,000	\$ 750,000	Carry-forward /Athletic Reserves
WCU	Demolition of Scott and Walker Residence Halls	New	\$ -	\$ 6,100,000	\$ 6,100,000	Carry-forward/Housing Receipts
WCU	Whitmire Stadium – Turf Replacement	New	\$ -	\$ 1,096,400	\$ 1,096,400	Donations & Gifts/Athletic Receipts
WCU	Hinds UC 1st Floor Renovations	Increase	\$ 773,000	\$ 210,000	\$ 983,000	Trust Funds
			\$ 4,753,329	\$ 68,331,400	\$ 73,084,729	
WSSU			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
NCSSM	Residence Hall Renovations	AP	\$ -	\$ 800,000	\$ 800,000	Donations & Gifts
NCSSM	Academic Commons Renovations	AP	\$ -	\$ 1,200,000	\$ 1,200,000	Donations & Gifts
NCSSM	NC School of Science and Math - Western Campus	Increase	\$ 73,000,000	\$ 8,367,000	\$ 81,367,000	Donations and Gifts
			\$ 73,000,000	\$ 10,367,000	\$ 83,367,000	
UNCTV	WUNC-TV FCC Mandated Transmitter Re-Channel	Increase	\$ 34,649,364	\$ 1,443,480	\$ 36,092,844	Trust funds
			\$ 34,649,364	\$ 1,443,480	\$ 36,092,844	
Total			\$ 340,097,680	\$ 323,473,071	\$ 656,570,753	

FUNDING BREAKDOWN - BOARD APPROVED PROJECTS		
\$ 23,071,870	7.13%	Carry Forward
\$ 4,850,000	1.50%	R&R
\$ 89,496,838	27.67%	Receipts/Fees
\$ 78,256,930	24.19%	Trust Funds/Foundation/Gifts/Grants
\$ 126,992,433	39.26%	Debt Service
\$ 805,000	0.25%	Other
\$ 323,473,071	100.00%	

2019-20 BOG DELEGATED AUTHORITY CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
Appalachian	Quinn Hardwood Sports Floor	New	\$ -	\$ 730,128	\$ 730,128	Athletic, Student Affairs, and Academic Affairs
Appalachian	University Parking - Access Control Replacement	New	\$ -	\$ 738,202	\$ 738,202	Transportation and Parking Receipts
Appalachian	Jerry Moore Plaza at the New End Zone Facility	New	\$ -	\$ 495,000	\$ 495,000	Donations and Gifts
Appalachian	Panhellenic Hall Elevator Modernization	Increase	\$ 700,000	\$ 50,000	\$ 750,000	Carry-forward
			\$ 700,000	\$ 2,013,330	\$ 2,713,330	
ECU	LED Lighting Upgrades in Jenkins Art - East Wing, Carol Belk and Wright Auditorium	New	\$ -	\$ 550,000	\$ 550,000	Carry-forward
ECU	HVAC Controls Upgrade & Optimization in Brewster Area C and in Science & Technology	New	\$ -	\$ 590,000	\$ 590,000	Carry-forward
ECU	Leo Jenkins Cancer Center - Sprinkler 1st Floor	Increase	\$ 374,975	\$ 265,000	\$ 639,975	Carry-forward/R&R
			\$ 374,975	\$ 1,405,000	\$ 1,140,000	
ECSU			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
FSU			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
N.C. A&T	Benbow Elevator Addition	New	\$ -	\$ 701,413	\$ 701,413	Federal Grant
			\$ -	\$ 701,413	\$ 701,413	
NCCU	Outdoor Track Resurfacing	Increase	\$ 550,000	\$ 77,467	\$ 627,467	Athletics Receipts
			\$ 550,000	\$ 77,467	\$ 627,467	
NC State	Equipment Storage Facility at Lake Wheeler	New	\$ -	\$ 400,000	\$ 400,000	DOT
NC State	Flooring Renovation at Carroll Residence Hall	New	\$ -	\$ 450,000	\$ 450,000	Housing Receipts
NC State	Rifle Training Facility Renovation	New	\$ -	\$ 450,000	\$ 450,000	Athletic Receipts
NC State	Roof Replacement - Partners II	New	\$ -	\$ 700,000	\$ 700,000	Trust Funds
NC State	Water Line Modifications at Ligon Street Bridge	New	\$ -	\$ 550,000	\$ 550,000	I-440 Widening Project Compensation
NC State	Repairs to Coliseum Parking Deck	New	\$ -	\$ 498,000	\$ 498,000	Transportation Receipts
NC State	Chiller Replacement - Lee Residence Hall	New	\$ -	\$ 600,000	\$ 600,000	Housing Receipts
NC State	Sterilization Core Renovation – Scott Hall	New	\$ -	\$ 489,000	\$ 489,000	Gifts
NC State	Chiller Replacement - CMAST	New	\$ -	\$ 500,000	\$ 500,000	Carry-forward (67%)/F&A (33%)
NC State	Culinary Lab Renovations - Schaub Hall	New	\$ -	\$ 380,000	\$ 380,000	F&A (79%)/Gifts (21%)
NC State	Secure Computing Institute Renovations – Engineering Building II	New	\$ -	\$ 495,000	\$ 495,000	F&A
			\$ -	\$ 5,512,000	\$ 5,512,000	
UNCA			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
UNC-CH	Quail Hill HVAC Upgrades	New	\$ -	\$ 490,875	\$ 490,875	Facilities Funds
UNC-CH	Peabody Hall Graduate Student Hub	New	\$ -	\$ 497,067	\$ 497,067	Departmental Reserves
UNC-CH	Peabody Hall Lobby	New	\$ -	\$ 498,864	\$ 498,864	Departmental Reserves
UNC-CH	Womens Basketball Renovations Phase II	New	\$ -	\$ 750,000	\$ 750,000	Departmental Reserves
UNC-CH	Fetzer Gym- Partial Renovation for Exercise and Sports Science	Increase	\$ 349,103	\$ 200,320	\$ 549,423	F&A
UNC-CH	Peabody Hall Lobby Upgrade	New	\$ -	\$ 551,143	\$ 551,143	Departmental Reserves
UNC-CH	Craige Residence Hall – Renovation of Ground Floor Student Lounge	New	\$ -	\$ 547,800	\$ 547,800	Housing Receipts
UNC-CH	Carmichael Arena Womens Basketball Locker Room Renovation	New	\$ -	\$ 485,100	\$ 485,100	Athletics Receipts
UNC-CH	Craige North Residence Hall - Renovation of Seminar Rooms into a Student Lounge	New	\$ -	\$ 418,185	\$ 418,185	Housing Receipts

2019-20 BOG DELEGATED AUTHORITY CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
UNC-CH	Cardinal-Cobb-Dogwood Parking Deck Repairs	New	\$ -	\$ 485,550	\$ 485,550	Transportation and Parking Receipts
UNC-CH	Kenan Center- Replace Flat Roof Sections	New	\$ -	\$ 460,000	\$ 460,000	F&A
UNC-CH	Health Sciences Library Fourth Floor Collaboration Space	New	\$ -	\$ 490,000	\$ 490,000	F&A
UNC-CH	UNC Visitors Center	Increase	\$ 24,378	\$ 347,721	\$ 372,099	Endowment Funds
UNC-CH	Friday Center Bus Loop Repairs	Increase	\$ 95,040	\$ 400,000	\$ 495,040	Transportation and Parking Receipts
			\$ 468,521	\$ 6,622,625	\$ 7,091,146	
UNCC	Starbucks Renovation	New	\$ -	\$ 700,000	\$ 700,000	Dining Receipts
			\$ -	\$ 700,000	\$ 700,000	
UNCG	Bryan 137 Renovations	New	\$ -	\$ 410,000	\$ 410,000	Private Sources/Foundations Endowment
UNCG	Campus Master Plan Update and Space Assessment	New	\$ -	\$ 450,000	\$ 450,000	Auxiliary Admin/Facilities Fee
UNCG	Sullivan Teaching Greenhouse Renovation	New	\$ -	\$ 700,000	\$ 700,000	Carry-forward
UNCG	Coleman Athletics - Men's Basketball Team Lounge	New	\$ -	\$ 392,150	\$ 392,150	Auxiliary Trust Funds
UNCG	Moore-Strong Residence Hall Roof Replacement	New	\$ -	\$ 380,000	\$ 380,000	Housing Receipts
UNCG	Phillips-Hawkins Residence Roof Replacement	Increase	\$ 370,000	\$ 110,000	\$ 480,000	Housing Receipts
UNCG	Steam Plant Control Systems Upgrade	New	\$ -	\$ 500,000	\$ 500,000	Carry-forward
			\$ 370,000	\$ 2,942,150	\$ 3,312,150	
UNCP	Chavis Hall Food Service Renovations	New	\$ -	\$ 369,608	\$ 369,608	Dining Receipts
UNCP	Campus Gateway	Increase	\$ 154,000	\$ 445,837	\$ 599,837	Carry-forward/F&A
			\$ 154,000	\$ 815,445	\$ 969,445	
UNCSA			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
UNCW			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
WCU	Facilities Management - Parking Repair and Resurfacing	New	\$ -	\$ 750,000	\$ 750,000	Carry-forward
WCU	Reid Building Partial Renovation (Phase I)	New	\$ -	\$ 504,300	\$ 504,300	Carry-forward
WCU	Roof Replacement – Buchanan Hall	New	\$ -	\$ 435,000	\$ 435,000	Housing Receipts
WCU	Reid Gymnasium - Phase 2 - Classroom Conversion	New	\$ -	\$ 441,200	\$ 441,200	Carry-forward
			\$ -	\$ 2,130,500	\$ 2,130,500	
WSSU			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
Total			\$ 2,617,496	\$ 22,919,930	\$ 24,897,451	

FUNDING BREAKDOWN - BOARD DELEGATED AUTHORITY		
\$ 4,835,278	21.10%	Carry Forward
\$ 73,140	0.32%	R&R
\$ 10,433,479	45.52%	Receipts/Fees
\$ 4,240,084	18.50%	Trust Funds/Foundation/Gifts/Grants
\$ -	0.00%	Debt Service
\$ 3,337,949	14.56%	Other
\$ 22,919,930	100.00%	

ATTACHMENT 2
UNC SYSTEM PROPERTY TRANSACTIONS AUTHORIZED UNDER
BOG DELEGATED PROPERTY AUTHORITY

Institution	Transaction Type	Transaction Description
ECU	Lease Acquisition	CSI Residential Lease by Acquisition for Student Housing
N.C. A&T	Acquisition by Deed	Acquisition of 414 Stewart St. for future campus expansion
N.C. A&T	Acquisition by Deed	Acquisition for construction of a new 430-bed student residence facility, 402 Boyd St.
N.C. A&T	Acquisition by Deed	Acquisition for construction of a new 430-bed student residence facility, 1011 Bluford St.
N.C. A&T	Acquisition by Deed	Acquisition of 502 Stewart St. for future campus expansion
N.C. A&T	Acquisition by Deed	Acquisition of 482 Stewart St. for future campus expansion
N.C. A&T	Acquisition by Deed	Acquisition for construction of a new 430-bed student residence facility, 1204 Salem St.
N.C. A&T	Acquisition by Deed	Acquisition for construction of a new 430-bed student residence facility, 1009 Bluford St.
N.C. A&T	Disposition by Easement	Utility easement to support new Engineering Research & Innovation Complex
N.C. A&T	Disposition by Easement	Utility easement for new Engineering Research & Innovation Complex
NCCU	Lease Acquisition	Relocation and reduction of an existing lease for 22,500 sq. ft., 6221 Westgate Rd.
NCCU	Severance by Demolition	Demolition of 1710 Fayetteville St. to allow for future expansion
NCCU	Acquisition by Deed	Acquisition to support the construction of a new School of Business, 908 Dupree St.
NCCU	Acquisition by Deed	Acquisition to support construction of the new School of Business, 906 Dupree St.
NC State	Lease Amendment	Residential dwelling, 2403 Hillsborough St.
NC State	Disposition by Lease	Greek life student housing building, 2511 Fraternity Court
NC State	Lease Acquisition	Approximately 65,906 acres land, 830 Roberts Chapel Rd., Stem, NC
NC State	Disposition by Lease	700 sq.ft. home on ~360 acres of wooded land, 915 State Forest Rd., Bahama, NC
NC State	Disposition by Lease	Flex Space Rider sqft addition of temp suite 3800 in Partners I
NC State	Disposition by Lease	Termination of 1346 sq.ft. office space, 1017 Main Campus Dr.
NC State	Lease Acquisition	1589 sq.ft. office space, 46 Haywood St., Asheville
NC State	Disposition by Lease	2134 sq.ft. building space w/ land and facilities, 2010 Hillsborough St.
NC State	Disposition by Lease	Greek life student housing building, Zeta Beta
NC State	Disposition by Lease	Greek life student housing building, Gamma Phi
NC State	Disposition by Lease	Greek life student housing building, Zeta Tau Alpha
NC State	Lease Acquisition	5050 sqft of office space on the 6th floor, Five West Hargett St.
NC State	Lease Acquisition	Office space #2303, 1017 Main Campus Dr.
NC State	Lease Acquisition	~1.25 acres, 2744 W NC 24, Warsaw, NC
NC State	Lease Acquisition	Residential dwelling on ~4 acre, 53 Ridgecrest Lane, Spruce Pine
NC State	Lease Acquisition	Residential dwelling on 1 acre, 7867 NC 705, Eagle Spring
NC State	Lease Acquisition	Renewal of approx. 9275 sq.ft. office/classroom/lab space, 620-104 Hutton St.
NC State	Lease Acquisition	1442 sqft of office space, 1033 Wade Ave.
NC State	Lease Acquisition	Residential dwelling on ~0.21 acres, 2304 Hillsborough St., Unit 302
NC State	Lease Acquisition	Residential dwelling on 0.21 acres, 2304 Hillsborough St., Unit 303
NC State	Disposition by Lease	Expansion of premises, one lab space suite 3520, 840 Main Campus Dr.
NC State	License Agreement	Office, classroom, and student makerspace, 1017 Main Campus Dr.
NC State	Lease Acquisition	3800 sq.ft. office space, 2526 Hillsborough St.
NC State	Lease Termination	909 Capability Dr.
NC State	Disposition by Lease	4598 RSF of Lab space at Partners I
NC State	Lease Acquisition	Residential building and ~4753 acres forest, 214AB Seed Orchard Rd., Hawkinsville, GA
NC State	Disposition by Lease	2065 sq. ft. building, 2010 Hillsborough St.
NC State	Disposition by Lease	Greek life student housing building, Theta Chi
NC State	Lease Acquisition	1045 sq. ft. office space, 2900 Wesleyan Blvd., Rocky Mount

Institution	Transaction Type	Transaction Description
NC State	Lease Acquisition	Termination of three suites, 112 Cox Ave.
NC State	Disposition by Lease	1,327 RSF office space, 909 Capability Dr.
NC State	Lease Acquisition	~668 sq. ft. first floor building space, Swannanoa/Buncombe parcels
NC State	Disposition by Lease	Amended to include tenant improvements -2 HVAC units, 1005 Capability Dr.
NC State	Lease Acquisition	1644 RSF Office/Classroom Space, 3400 North Wesleyan Blvd., Rocky Mount
NC State	Lease Acquisition	4960 sqft office space, One Park Dr., RTP
NC State	Disposition by Lease	2134 sqft building, 2020 Hillsborough St.
NC State	Severance by Demolition	Demolition of structure in poor condition, Upper Piedmont Research Station.
NC State	Disposition by Easement	Utility easement for transformer/underground power for Butner Beef Cattle Field Lab.
NC State	Disposition by Easement	Utility easement for fiber optic cable for NCSU Campus Police communications building.
NC State	Disposition by Easement	Utility easement to the City of Raleigh for maintenance of water line to Alumni Center and State View Hotel.
NC State	Acquisition by Deed	Exchange of property, 105 South Ridge Ave., Kannapolis
NC State	Severance by Demolition	Demolition of structures in poor condition at West Campus Research Annex.
NC State	Severance by Demolition	Demolition of vacant structure in poor condition, 2207 Hope St.
NC State	Severance by Demolition	Demolition of structure in poor condition, 1702 Varsity Dr.
NC State	Disposition by Easement	Centennial Campus cross easement agreement for reciprocal access and utility rights
UNC-CH	Disposition by Easement	Utility easement for new transformer and power lines, 123 Mason Farm Rd.
UNC-CH	Disposition by Easement	Utility easement for a new pump station operated by the Orange Water and Sewer Authority (OWASA), 130 University Lake Rd.
UNCC	Disposition by Easement	Right-of-way and utility easement for City of Charlotte road realignment.
UNCG	Lease Acquisition	New lease to house the University's Advancement office, 101 South Elm St.
UNCG	Lease Acquisition	Relocation of an existing 3-year lease for 2,818 sq. ft., 111 East February One Place
UNCG	Disposition by Easement	Utility easement to the City of Greensboro.
UNCP	Lease Acquisition	0.8 acres to be used for displaced parking, 80 Deese Rd.
UNCP	Lease Acquisition	Relocation of parking due to the construction of the new School of Business, Berea Baptist Church.
UNCP	Lease Acquisition	Relocation of parking due to the construction of the new School of Business, Burnt Swamp Baptist Church.
UNCP	Lease Acquisition	Relocation of parking due to the construction of the new School of Business, 800 Deese Rd.
UNCP	Lease Acquisition	Office space for Advancement Division at Lindsay Administration Building, 200A North Odom St.
UNCP	Lease Acquisition	Office Space for Department of Information Technology (DOIT) at WL Carter Building, 200B North Odom St.
UNCP	Acquisition by Deed	Acquisition of adjacent property off Harvard Rd. for future campus expansion
UNCP	Acquisition by Deed	Acquisition of adjacent property to support the renovation of West Hall
UNCW	Lease Acquisition	Lab and office space in the MARBIONC Building located at the UNCW Center for Marine Science on the CREST Millennial Campus, 5598 Marvin Moss Lane, Sea Tox
UNCW	Lease Acquisition	Lab and office space in the MARBIONC Building located at the UNCW Center for Marine Science on the CREST Millennial Campus, 5598 Marvin Moss Lane, Green Compass
UNCW	Lease Acquisition	Lab and office space in the MARBIONC Building located at the UNCW Center for Marine Science on the CREST Millennial Campus, 5598 Marvin Moss Lane, ITI Technologies
UNCW	Disposition by Easement	Utility easement for new student housing and parking deck, Riegel Rd.
UNCSA	Severance by Demolition	Demolition to support the construction of a new 444-Bed Residence Hall.
WCU	Lease Revision	Tower and equipment building space at Mars Hill, Madison County, \$6,000 annually.
WCU	Severance by Demolition	Demolition of Scott and Walker Halls to support the construction of new residence halls
UNC-TV	Lease Revision	Tower and equipment space for regional television broadcast services in Henderson Co.

ATTACHMENT 3

CAPITAL CONSTRUCTION TASK FORCE Proposed Recommendations for Discussion

Goal: To ensure capital resources are being used efficiently and that the value of the final project is equal to the expenditure

Concerns:

- **High Cost per SF** – Construction costs not comparable to private sector (significantly higher) or comparable historical project costs
- **Appropriate Project** – Project scope should be right-sized and demand driven as opposed to bigger is better
- **Appropriate Building Standards** – 50-year life cycle not always compatible with fast-changing program needs
- **Lack of Competition** – Too many bid openings have few or even a single bidder

<u>Potential Actions:</u>	<u>Primary Party</u>
<p>1. Modify BOG capital project approval policies and procedures</p> <ul style="list-style-type: none"> • Delegate advanced planning authority to the campus level, further limited to design & development aspects only • Delay approval of new capital projects and OC-25 cost estimate until design development when project scope and initial project schedules/costs have been defined • Require professional cost estimates and funding verification prior to advertising for bids • Allow cost increases of up to 10% without requiring additional BOG approval; increases of more than 10% must be submitted to BOG for approval and must be justified 	<p>BOG</p> <p>BOG</p> <p>BOG</p> <p>BOG</p>
<p>2. Improve construction cost estimating</p> <ul style="list-style-type: none"> • Establish shared services agreement at System Office for professional cost estimating consultants • Use historical data, cost information from State Construction Office, and cost estimating services to develop a cost reference database (updated annually) for use by universities 	<p>System Office</p> <p>System Office</p>
<p>3. Establish baseline for R&R funding</p> <ul style="list-style-type: none"> • Ensure predictable annual R&R funding at a level that will allow campuses to effectively plan projects; avoid constant use of R&R for overdue deferred maintenance • Establish sinking fund to support R&R needs • Establish building maintenance standards to prevent early building deterioration 	<p>Legislature</p> <p>Legislature SCO</p>

<p>4. Develop appropriate life cycle building standards based on building type</p> <ul style="list-style-type: none"> • Adjust building standards and life cycle to best fit the intended use of the building • Consider impact of lower construction standards on long-term maintenance and operations cost • Consider impact of lower construction standards on DOI insurance premiums 	<p>SCO</p> <p>System Office</p> <p>System Office</p>
<p>5. Improve capital construction project delivery</p> <ul style="list-style-type: none"> • Strategically manage construction market capacity; stagger bidding of major construction projects to avoid market saturation • Streamline prequalification process to maximize participation from qualified bidders • Award projects under a guaranteed maximum price (GMP); discourage use of preliminary GMP and phasing as a way to begin projects before final project costs are established • Review costs of project acceleration to ensure costs are reasonable and justified • Evaluate projects at completion for quality of work, timely completion, and delivery within budget and schedule to ensure quality and value 	<p>System Office</p> <p>SCO</p> <p>SCO</p> <p>System Office</p> <p>System Office</p>
<p>6. Increase value of project and efficient use of project funding</p> <ul style="list-style-type: none"> • Develop alternative insurance programs, such as CCIP (Contractor Controlled Insurance Programs), OCIP (Owner Controlled Insurance Program), to reduce individual project insurance costs • Develop library of common building types and prototypical designs (such as housing) to minimize design time and cost • Review fees for design professionals and CMs to ensure fees are reasonable and comparable to surrounding states and peer institutions • Encourage better project management through peer-to-peer mentoring between universities and additional training opportunities 	<p>BOG</p> <p>System Office</p> <p>SCO</p> <p>System Office</p>