



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance

December 17, 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 November 18, 2020 Minutes.....James L. Holmes, Jr.
  - a. Joint Meeting of the Committee on Budget and Finance and the Committee on Public Affairs
  - b. Regular Meeting of the Committee on Budget and Finance
- A-2. Discussion: Student Activities Fee .....Jennifer Haygood
- A-3. Recommendation to Establish a Standard Per-Credit Method to Prorate Tuition.....Jennifer Haygood and Wendy Floyd Murphy
- A-4. Sale of Special Obligation Bonds – UNC Charlotte .....Jennifer Haygood
- A-5. Capital Improvement Project..... Katherine Lynn
- A-6. Disposition of Property by Reallocation – NC State University ..... Katherine Lynn
- A-7. Disposition of Property by Ground Lease – NC State University ..... Katherine Lynn
- A-8. Acquisition of Property by Deed – UNC Charlotte..... Katherine Lynn
- A-9. Authorization of Amendment to Ground Lease – Appalachian State University..... Jennifer Haygood and Paul Forte
- A-10. Other Business .....James L. Holmes, Jr.
- A-11. Adjourn

### Additional Information Available:

A-2. 2018-19 Student Activities Fee Allocation to Student Organizations



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

## DRAFT MINUTES

November 18, 2020

University of North Carolina System Office

Center for School Leadership Development, Board Room

Chapel Hill, North Carolina

This joint meeting of the Committee on Budget and Finance and the Committee on Public Affairs was presided over by Chairs James L. Holmes, Jr. and C. Philip Byers. The following members of the Committee on Budget and Finance members, constituting a quorum, were also present in person, by video, or phone: J. Alex Mitchell, Michael Williford, W. Marty Kotis, III, and Wendy Floyd Murphy. The following members of the Committee on Public Affairs, constituting a quorum, were also present in person or by video: Dwight D. Stone, Steven B. Long, N. Leo Daughtry, and Temple Sloan.

*N. Leo Daughtry joined the meeting at 1:30 p.m.*

Chancellors participating in the videoconference were Sheri Everts, Kevin Guskiewicz, Randy Woodson, Peggy Valentine, and Robin Cummings.

Staff members present included Drew Moretz, Jennifer Haygood, and others from the UNC System Office.

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**Chair Byers called the meeting to order at 1:20 p.m. on Wednesday, November 18, 2020.**

### **1. 2021-23 Budget Priorities (Item A-1)**

Senior Vice President for Finance and Administration Jennifer Haygood presented the 2021-23 Budget Priorities to the committee for consideration. The proposed budget priorities include UNC System Enrollment Funding, the NC Promise Program, Building Reserves, and Faculty and Staff Salaries. The total increases for 2021-22 would be \$105-\$115M and \$146-\$166M for 2022-23. The total request includes the conversion of 2020-21 nonrecurring funds to recurring funds, as well as new funding for the biennium. Final numbers will be reported back to the Committee on Budget and Finance in January.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the 2021-23 Budget Priorities and recommend them to the full Board of the Governors for a vote.

**Motion:** J. Alex Mitchell

**Motion carried**

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

## 2. 2021 Legislative Proposals (Item A-2)

Vice President for State Government Relations Drew Moretz presented the 2021 Legislative Proposals to the committees. The COVID response items included an HR flexibilities request, an amendment of the authorized uses of carryforward dollars, and the extension of the waiver of interest charges on student balances. The non-COVID items included consolidation and simplification of financial aid programs, exemption of certain business/audit officers from the NC HR Act, and consolidation or elimination of various reports provided to the legislature.

**MOTION:** Resolved, that the Committee on Public Affairs approve the 2021 Legislative Proposals and recommend them to the full Board of the Governors for a vote.

**Motion:** N. Leo Daughtry

**Motion carried**

Roll Call Vote	
Byers	Yes
Stone	Yes
Long	Yes
Daughtry	Yes
Sloan	Yes

## 3. Adjourn

There being no further business, the meeting adjourned at 2:05 p.m.

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Michael Williford, Secretary

**DRAFT MINUTES**

November 18, 2020 at 2:00 p.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

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 in person, by video, or phone: W. Marty Kotis, III, J. Alex Mitchell, Wendy Floyd Murphy, and Michael Williford.

Chancellors participating via videoconference were Sheri Everts, Kevin Guskiewicz, and Randy Woodson. Staff members present included Jennifer Haygood, Katherine Lynn, and others from the UNC System Office.

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**1. Call to Order and Approval of the October 21, 2020 (Item A-1)**

Chair James L. Holmes, Jr. called the meeting to order at 2:03 p.m. on November 18, 2020, and called for a motion to approve the minutes of October 21, 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 October 21, 2020, for the regular meeting of the Committee on Budget and Finance, as distributed.

**Motion:** Wendy Floyd Murphy

**Motion: Carried**

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

Chair Holmes took a few moments to thank everyone who participated in the Student Fee Workshop held on November 17, 2020. In addition, he thanked Ms. Haygood and her team for their hard work. During the workshop, the committee received an in-depth overview of how institutions use fee revenues, including three panel discussions focused on Health Services, Student Activities, and Athletics fees. In the coming months, the committee will follow up on a number of issues identified during the workshop.

Chair Holmes requested a motion to amend the policy regarding student fees, but after a committee discussion, it was withdrawn.

## 2. General Fund Update (Item A-2)

Senior Vice President for Finance and Administration Jennifer Haygood presented a General Fund Update to the committee. She explained that the updated data was through October 31, 2020 and included revenues of \$158.6 million, 7.5 percent above October 2019 levels. It was noted that individual income, sales and use tax revenues, and various other tax revenues were up over October 2019 levels. This was an informational item.

## 3. Capital Improvement Project – North Carolina State University (Item A-3)

Senior Associate Vice President for Finance and Capital Planning Katherine Lynn presented a request by NC State University for a capital improvement project. North Carolina State University requested approval of a \$3 million increase in authorization for structural repairs for Mann Hall.

**MOTION:** Resolved, the Committee on Budget and Finance approve the request for a capital improvement project at NC State and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Wendy Floyd Murphy

**Motion carried**

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

## 4. Acquisition of Property by Deed and Disposition of by Demolition – N.C. A&T State University (A-4)

Ms. Lynn presented North Carolina A&T State University's request for approval to acquire by deed 19 properties on Banks Street, Boyd Street, and Stewart Street and to demolish the existing structures for future campus expansion, including the construction of new student housing.

**MOTION:** Resolved, the Committee on Budget and Finance approve N.C. A&T State University's request for acquisition of property by deed and disposition by demolition and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion** Wendy Floyd Murphy

**Motion: carried**

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

## 5. Acquisition of Property by Transfer of Deed – N.C. A&T State University (A-5)

Ms. Lynn presented North Carolina A&T State University's request for approval to acquire by transfer of deed the World War Memorial Stadium property. The stadium property is approximately 14 acres and includes the historic stadium, tennis courts, outbuildings, and parking lots. The property will be transferred by the City of Greensboro to the university, and the city will provide \$1.5 million for renovation of the historic structure. Further renovations of the stadium will be supported by donations, grants, or other third-party fund sources.

**MOTION:** Resolved, the Committee on Budget and Finance approve N.C. A&T State University's request for acquisition of property by transfer of deed and recommend it to the full Board of Governors for a vote through the consent agenda.

**MOTION:** Resolved, the Committee on Budget and Finance approve N.C. A&T's request for acquisition of property by transfer of deed and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion** Wendy Floyd Murphy

**Motion:** carried

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

## 6. Task Force Updates (Item A-6)

Mr. Kotis, chair of the Capital Construction Task Force, reported that the task force met informally to discuss, prioritize, and continue the work of the previous task force's recommendations, as well as identify additional objectives. Mrs. Murphy, chair of the Task Force on Pricing, Flexibility, and Affordability, reminded the committee that the task force was scheduled to meet after the full Board meeting on Thursday, November 19, 2020, and she would give a full report at the December committee meeting.

There being no further business, the meeting adjourned at 2:57 p.m.

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Michael Williford, Secretary

**AGENDA ITEM**

A-2. Discussion: Student Activities Fee .....Jennifer Haygood

**Situation:** In November, the Board of Governors convened a student fee workshop that resulted in several requests for additional information. These requests will be addressed over the next several Committee on Budget and Finance meetings, beginning with information related to the Student Activities fee. Particular items of interest included detail on utilization of facilities supported by the Student Activities fee and allocation of Student Activities fee funding to student organizations.

**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. In preparation for review of the 2021-22 tuition and fee proposals, a workshop was held to allow for additional discussion on the use of mandatory student fee revenues.

**Assessment:** Recreation facilities and student unions across the UNC System receive a significant number of visitors throughout the year. Information collected for 2018-19 indicates that there were more than 4.6 million visits to recreation facilities and more than 15 million visits to student unions.

In addition to support for facilities, the Student Activities fee funds a number of student organizations, including student government, music ensembles, Greek organizations, honors societies, theater and dance, club and intramural sports, and other pre-professional and special interest groups. Systemwide, there are nearly 2,400 organizations, or an average of 150 per institution. Of campuses that had information readily available related to allocation of funding, eligible student groups received an average of \$1,777 per organization. 93% of organizations received \$5,000 or less in 2018-19.

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



# ***FEE WORKSHOP FOLLOW-UP STUDENT ACTIVITIES FEE***

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

**December 17, 2020**



# 2018-19 Facility Utilization

Campus	Recreation Facilities Visits	Student Union		
		Events	Event Attendance	Total Visits
ASU	327,010	9,604	392,775	
ECU	700,245	8,062	492,789	1,329,259
ECSU	10,780	530		
FSU	48,859	889		400,051
N.C. A&T	37,545		135,157	
NCCU	46,049	1,073	73,490	
NC State	1,121,466	19,500	800,000	5,000,000
UNCA	53,533	2,750	16,964	44,608
UNC-CH	595,560	17,934		1,825,000
UNCC	292,421	12,802	461,032	2,588,515
UNCG	374,413	8,277		1,320,857
UNCP	37,248	3,850		818,649
UNCW	570,475		954,887	1,747,010
UNCSA	17,577			
WCU	332,882	7,859		573,994
WSSU	77,580		160,140	
<b>Total</b>	<b>4,643,643</b>	<b>93,130</b>	<b>3,487,234</b>	<b>15,647,943</b>

# ***Fee Allocation to Student Organizations***

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- 2,376 student organizations were reported, which averages to about 150 per campus.
- Not all institutions had information readily available on allocation of funding to student organizations, but for those who did:
  - Funding allocation for 1,083 organizations was reported.
  - Average funding per organization was \$1,777.
  - Over half were allocated less than \$1,000.
  - 93% were allocated \$5,000 or less.
  - Only 15 organizations received more than \$10,000 and no organization received more than \$20,000.

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## AGENDA ITEM

### A-3. Recommendation to Establish a Standard Per-Credit Method to Prorate Tuition .....Jennifer Haygood and Wendy Floyd Murphy

**Situation:** At its November meeting, the Task Force on Pricing, Flexibility, and Affordability voted unanimously to recommend that the Committee on Budget and Finance align tuition-pricing practices for on-campus and distance education degree-credit courses.

**Background:** Each year, the Board of Governors approves an authorization of tuition that adopts annual tuition rates for each university. That authorization also directs campuses as to the method by which they should determine a per-credit rate for distance education students. However, this document has not historically outlined a method for prorating tuition for on-campus students, and current practice is inconsistent with the method used for distance education.

The instructions for prorating distance education tuition were written in 1998 and have not been updated since. The growth of online learning has highlighted the fact that using different strategies to prorate tuition for on-campus and distance education courses is unnecessarily complex, especially as students increasingly enroll in a mix of online and on-campus courses.

**Assessment:** The proposed method has been designed to be revenue neutral, to minimize the impact on students, to maintain strong incentives for student success, and to simplify tuition pricing by moving from different practices across modes of instruction and institutions to a uniform per-credit approach.

It is recommended that the Committee on Budget and Finance direct System Office staff to replace the standard language in the 2021-22 authorization of tuition that will be considered by the committee in February with new instructions that reflect the recommendation of the Task Force on Pricing, Flexibility, and Affordability.

The proposed language is included in the item.

**Action:** This item requires a vote by the committee.

## **Tuition for Students Enrolled in Degree-Credit Courses**

It is proposed that, effective with the fall term of 2021, resident students and nonresident students taking courses within North Carolina be charged the regular-term tuition rates established by the Board and that tuition rates for these students be implemented on a per-credit-hour basis to be calculated as follows:

- Undergraduate students shall be charged tuition per credit hour, at a rate equal to the annual undergraduate tuition rate at their institution divided by 24. The per-credit rate shall be capped at 12 credits per semester for fall and spring semesters, meaning undergraduate students shall not be charged for additional credits beyond 12 in a fall or spring semester.
- Graduate students shall be charged tuition per credit hour, at a rate equal to the annual graduate tuition rate divided by 18. The per-credit rate shall be capped at nine credits for fall and spring semesters, meaning graduate students shall not be charged for additional credits beyond nine per semester in a fall or spring semester.

It is further proposed that the Board continue to delegate to the president the authority to set tuition rates for nonresident students taking courses outside North Carolina and to approve tuition rates for self-supported summer enrollment.

**AGENDA ITEM**

## A-4. Sale of Special Obligation Bonds – University of North Carolina Charlotte.....Jennifer Haygood

**Situation:** The University of North Carolina at Charlotte (“UNC Charlotte”) requests that the Board of Governors issue special obligation bonds (the “2021 Bonds”) in an aggregate principal amount not to exceed \$98,000,000 for the purpose of (1) advance refunding of the callable maturities of UNC Charlotte’s Series 2013B Bonds (“2013B Bonds”), (2) advance refunding of the callable maturities of Series 2014 Bonds (“2014 Bonds”), (3) advance refunding of all of the Limited Obligation Series 2015 Bonds (“2015 Bonds”), and (4) paying the costs of issuance of the 2021 Bonds.

**Background:** The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board of Governors and the General Assembly and have been approved for financing. The Greek Village project was approved by the General Assembly under S.L. 2004-181. This request is for refinancing the previously issued bonds.

**Assessment:** UNC Charlotte is seeking authority to refund the 2013B Bonds, the 2014 Bonds, and the 2015 Bonds to take advantage of prevailing market conditions. UNCC estimates that it can achieve approximately \$5.7 million in total net present value savings, representing over 6.5% of the par amount refunded. Proceeds from the 2021 Bonds will be partially used by UNC Charlotte to exercise the option to purchase the Greek Village housing facilities from the UNC Charlotte Facilities Development Corporation (“FDC”), an affiliate that financed the construction with the 2015 Bonds. As a condition to closing the 2021 Bonds, FDC will warrant that the proceeds from the purchase price will be used to redeem the 2015 Bonds. Refunding the 2015 Bonds will remove the rate covenant requirement, simplify the university’s debt structure, and save annual administrative costs associated with this debt. UNC Charlotte will not pursue the refunding if such refunding fails to produce net present value savings in excess of five percent of the par amount refunded.

UNC Charlotte currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service, and an issuer credit rating of “A+” with a stable outlook by Standard & Poor’s. UNC Charlotte is currently not rated by Fitch Ratings. This transaction is expected to have no impact on UNCC’s credit rating.

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

## **Sale of Special Obligation Bonds – University of North Carolina at Charlotte**

### **ISSUE OVERVIEW**

The Board of Governors is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues, excluding tuition, state appropriations, and restricted reserves. This request is for refinancing previously issued bonds. The Greek Village project was approved by the General Assembly under S.L. 2004-181.

UNC Charlotte is requesting that the Board of Governors issue special obligation bonds (“2021 Bonds”), not to exceed \$98,000,000, for the purpose of refunding the callable portion of the taxable Series 2013B Bonds (“2013B Bonds”), tax-exempt Series 2014 Bonds (“2014 Bonds”), and all the currently outstanding taxable Limited Obligation Series 2015 Bonds (“2015 Bonds”). The 2021 Bonds will be payable from all campus revenues excluding tuition, state appropriations, and restricted reserves.

UNC Charlotte has \$29,735,000 outstanding of the 2013B Bonds, \$53,220,000 outstanding of the 2014 Bonds, and \$11,030,000 outstanding of the 2015 Bonds. The 2021 Bonds will be used to refund the 2013B Bonds and the 2014 Bonds, and all of the outstanding 2015 Bonds, all of which were issued to finance capital projects previously approved by the UNC Charlotte Board of Trustees, the Board of Governors, and the General Assembly.

The UNC Charlotte Facilities Development Corporation (“FDC”) was organized in 2004 to aid UNC Charlotte in the funding and development of capital projects to meet the growing needs of the university. FDC’s initial project was the construction of student housing, designed with a village concept, on 16.3 acres on the UNC Charlotte campus. Under the Land and Use Agreement, UNC Charlotte agreed to make rental payments to FDC and to operate and maintain the project in exchange for a lease of the buildings constructed and financed through FDC. The project was originally financed by tax-exempt bonds, Series 2005 Certificates of Participation (“COPs”), which was subsequently refunded by the 2015 Bonds in April 2015.

Proceeds of the 2021 Bonds will be partially used by UNC Charlotte to exercise the option to purchase the Greek Village housing facilities from FDC. As a condition to closing the 2021 Bonds, FDC will warrant that the proceeds from the purchase price will be used to redeem the 2015 Bonds. Refunding the 2015 Bonds would remove the rate covenant requirement, simplify the university’s debt structure, and save annual administrative costs associated with this debt.

UNC Charlotte will complete a comprehensive Request for Proposal (RFP) process to select underwriter(s) for the transaction. Due to the favorable interest rate environment, UNC Charlotte estimates that, based on indicative interest rates as of October 27, 2020, it can realize debt service savings of approximately \$5.7 million on a total net present value basis (6.73% of refunded par).

UNC Charlotte currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service, and an issuer credit rating of “A+” with a stable outlook by Standard & Poor’s. UNC Charlotte is currently not rated by Fitch Ratings. This transaction is expected to have no impact on UNC Charlotte’s credit rating.

Robinson, Bradshaw & Hinson is serving as bond counsel and disclosure counsel, and Hilltop Securities is serving as financial advisor for the transaction.

### **RECOMMENDATION**

It is recommended that the Board of Governors authorize the sale and issuance of the revenue refunding 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 FINANCE AND REFINANCE SPECIAL OBLIGATION  
BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE**

**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 bond projects and (2) refunding bonds for the purpose of refunding any bonds by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

**WHEREAS**, the University of North Carolina at Charlotte (“UNC Charlotte”) and its financial advisor have advised the Board that it may be able to achieve debt service savings by refunding the callable maturities of The University of North Carolina at Charlotte Taxable General Revenue Bonds, Series 2013B (the “2013B Bonds”) and The University of North Carolina at Charlotte General Revenue Bonds, Series 2014 (the “2014 Bonds”) previously issued by the Board on behalf of UNC Charlotte to finance and refinance various special obligation bond projects at UNC Charlotte; and

**WHEREAS**, UNC Charlotte has determined that it may achieve significant operational benefits from financing with special obligation bond proceeds the purchase of the Greek Village Housing facilities (authorized by S.L. 2004-181 of the 2003 Session Laws) from its affiliate The University of North Carolina at Charlotte Facilities Development Corporation, Inc., which affiliate will use the purchase price to redeem all its currently outstanding Taxable Refunding Limited Obligation Bonds (The University of North Carolina at Charlotte Student Housing Project), Series 2015 (the “Acquisition Refunding”); and

**WHEREAS**, to achieve the goals set forth above, the Board has determined to authorize the issuance of The University of North Carolina at Charlotte General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) to (1) refund all or a portion of the 2013B Bonds and the 2014 Bonds (together, the “Refunded Bonds”), (2) accomplish the Acquisition Refunding and (3) 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 July 1, 2006 (the “General Indenture”) between the Board and U.S. Bank National Association as trustee (the “Trustee”), and a Series Indenture, Number 13 (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 UNC Charlotte, or of the Board held for UNC Charlotte, in each Fiscal Year remaining after satisfying obligations of UNC Charlotte or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to UNC Charlotte existing prior to January 10, 2002, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by UNC Charlotte students,

(3) funds whose purpose has been restricted by the gift, grant or payee thereof, and (4) revenues generated by Special Facilities, as defined in the General Indenture (the “*Available Funds*”); and

**WHEREAS**, an underwriter or underwriters (the “*Underwriters*”) will be selected through a competitive process and will agree to purchase all of the Bonds pursuant to the terms of a bond purchase agreement (the “*Purchase Agreement*”) between the Board and the Underwriters; and

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

1. the General Indenture;
2. the Series Indenture;
3. the Purchase Agreement;
4. the Preliminary Official Statement (the “*Preliminary Official Statement*”) relating to the Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the Bonds; and
5. the Bonds in the form 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 \$98,000,000 under the General Indenture and the Series Indenture to pay the cost of refunding the 2013 Bonds, the 2014 Bonds, the 2015 Bonds, plus not to exceed an additional 5% of such principal amount to pay the costs incurred in connection with the issuance of the Bonds. The Bonds may be issued in one or more series of bonds in any combination of tax-exempt and taxable bonds for any or all of the purposes set forth herein, 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 UNC Charlotte, determine to be in UNC Charlotte’s best interest to achieve the goals set forth herein.

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 UNC Charlotte to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** That the Board authorizes the Vice Chancellor for Business Affairs of UNC Charlotte 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 Purchase Agreement.** That the Chair of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreement, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed.

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

Section 9. **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 and otherwise contemplated by this Resolution. 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 Finance and Operations at UNC Charlotte, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents and take such

actions as may be necessary to the issuance and on-going administration of the Bonds and otherwise contemplated by this Resolution on behalf of UNC Charlotte.

Section 10. ***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 11. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

*PASSED, ADOPTED, AND APPROVED* this 17<sup>th</sup> day of December 2020.

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

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

[SEAL]

---

Meredith McCullen, Secretary of the University  
of North Carolina System

**AGENDA ITEM**

A-5. Capital Improvement Project – University of North Carolina at Asheville..... Katherine Lynn

- Situation:** UNC Asheville has requested increased authorization for one capital improvement project.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** The University of North Carolina at Asheville has requested a project that meets the statutory requirement, and it is recommended that the Board of Governors approve the project and the 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 – University of North Carolina at Asheville

### 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.

UNC Asheville has requested increased authorization for one capital improvement project.

### I. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
University of North Carolina at Asheville					
1.	Completion of NC Connect Bond Project Owen and Carmichael Halls Renovations	\$29,333,000	\$26,978,826	\$2,354,174	Donations & Gifts, Other Aux. Trust Funds
UNCA Subtotal		\$29,333,000	\$26,978,826	\$2,354,174	
Grand Total		\$29,333,000	\$26,978,826	\$2,354,174	

### RECOMMENDATION

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

It is recommended that the 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-6. Disposition of Property by Reallocation – North Carolina State University ..... Katherine Lynn

**Situation:** The North Carolina State University Board of Trustees requests permission to dispose of property by reallocation to the NC Department of Transportation to support the I-440 expansion project.

**Background:** NC State University owns two parcels that will be reallocated to the North Carolina Department of Transportation for permanent rights of way, permanent easements, and temporary easements. The first parcel, identified as a portion of the College of Veterinary Medicine Campus, is located near the corner of Hillsborough Street and Blue Ridge Road. The second parcel, identified as the North Carolina State University Club, is located near the intersection of Hillsborough Street and I-440. The total amount of property to be reallocated is approximately 5.989 acres and the total value of the two properties is \$3,460,000. An amount of \$1,057,000 will be paid directly to the University Club, and the remaining amount of \$2,403,000 will be paid to NC State University. Pursuant to Section 34.4, S.B. 99, 2017 Regular Session (NC 2017), the compensation to NC State University shall be deposited in the university's account and shall be used to remedy the impact from the I-440 expansion project.

**Assessment:** The disposition of the two properties by reallocation is required to support the I-440 expansion project.

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



## **Disposition of Property by Reallocation – North Carolina State University**

### **ISSUE OVERVIEW**

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

The North Carolina State University Board of Trustees is requesting authorization to dispose of property by reallocation to the North Carolina Department of Transportation to support the I-440 widening project. The two parcels are located on the College of Veterinary Medicine Campus and the NC State University Club.

On October 22, 2020, the Board of Governors approved the reallocation of two properties located east and west of Ligon Street to the North Carolina Department of Transportation. In September 2019, the Board of Governors previously approved the disposition of four properties on Brickhaven Drive to support the widening of I-440. The two properties located at the College of Veterinary Medicine Campus and NC State University Club are additional dispositions to support the I-440 expansion project.

The request includes disposition of the two parcels listed below:

#### Parcel #1

Portion of College of Veterinary Medicine Campus:

Location: Hillsborough Street and Blue Ridge Road  
Disposition: Permanent Right of Way – 0.077 acres (approximately)  
Permanent Easements – 0.209 acres (approximately)  
Temporary Easement – 0.341 acres (approximately)  
Dual Utility Easements – 0.037 acres (approximately)  
Estimated Value: \$310,000

#### Parcel #2

NC State University Club:

Location: Hillsborough Street and I-440  
Disposition: Permanent Right of Way – 3.099 acres (approximately)  
Permanent Easements – 1.177 acres (approximately)  
Temporary Easement – 1.049 acres (approximately)  
Estimated Value: \$3,150,000

The total acreage is approximately 5.989 acres, and the total value is \$3,460,000. An amount of \$1,057,000 will be paid directly to the University Club. The remaining \$2,403,000 will be paid directly to NC State.

Pursuant to Section 34.4, S.B. 99, 2017 Regular Session (NC 2017), compensation to NC State University shall be deposited in the university's account and shall be used to remedy the impact from the I-440 Expansion project.

### **RECOMMENDATION**

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

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

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

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

**Date:** November 12, 2020

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

Assent to reallocation

**This disposition is recommended for the following reasons:**

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

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

The subject property, identified as a portion of the College of Veterinary Medicine Campus, is located near the corner of Hillsborough Street and Blue Ridge Road. The final quantity, description and exact location of the reallocated property will be determined by survey and is expected to include +/- 0.077 acres of Permanent Right of Way, +/- 0.209 acres of Permanent Easements, +/- 0.341 acres of Temporary Easements, and +/- 0.037 Dual Utility Easements.

**Estimated value:** \$310,000.00

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

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

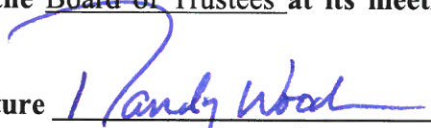
**Rental income, if applicable, and suggested terms:** N/A

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

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

**Action recommending this transaction was taken by the Board of Trustees at its meeting held on** November 13th, 2020.

Signature

  
Chancellor

**DISPOSITION  
OF REAL PROPERTY**

**ASSENT TO REALLOCATION**

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

**GRANTEE** State of North Carolina

**LOCATION** Hillsborough Street and Blue Ridge Road (Portion of the College of Veterinary Medicine Campus)

**SIZE** +/- 0.077 acres of Permanent Right of Way  
+/- 0.209 acres of Permanent Easements  
+/- 0.341 acres of Temporary Easements  
+/- 0.037 acres of Dual Utility Easements

**RATE** \$310,000.00

**TERM** Permanent

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

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

**Form**

**Number:** PO-2

**Preparation**

**Date:** 11/12/2020

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

**Institution** NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

  
(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON  
BUILDINGS AND PROPERTY

DocuSigned by:  
Ed Stack  
(Chairman's Signature)

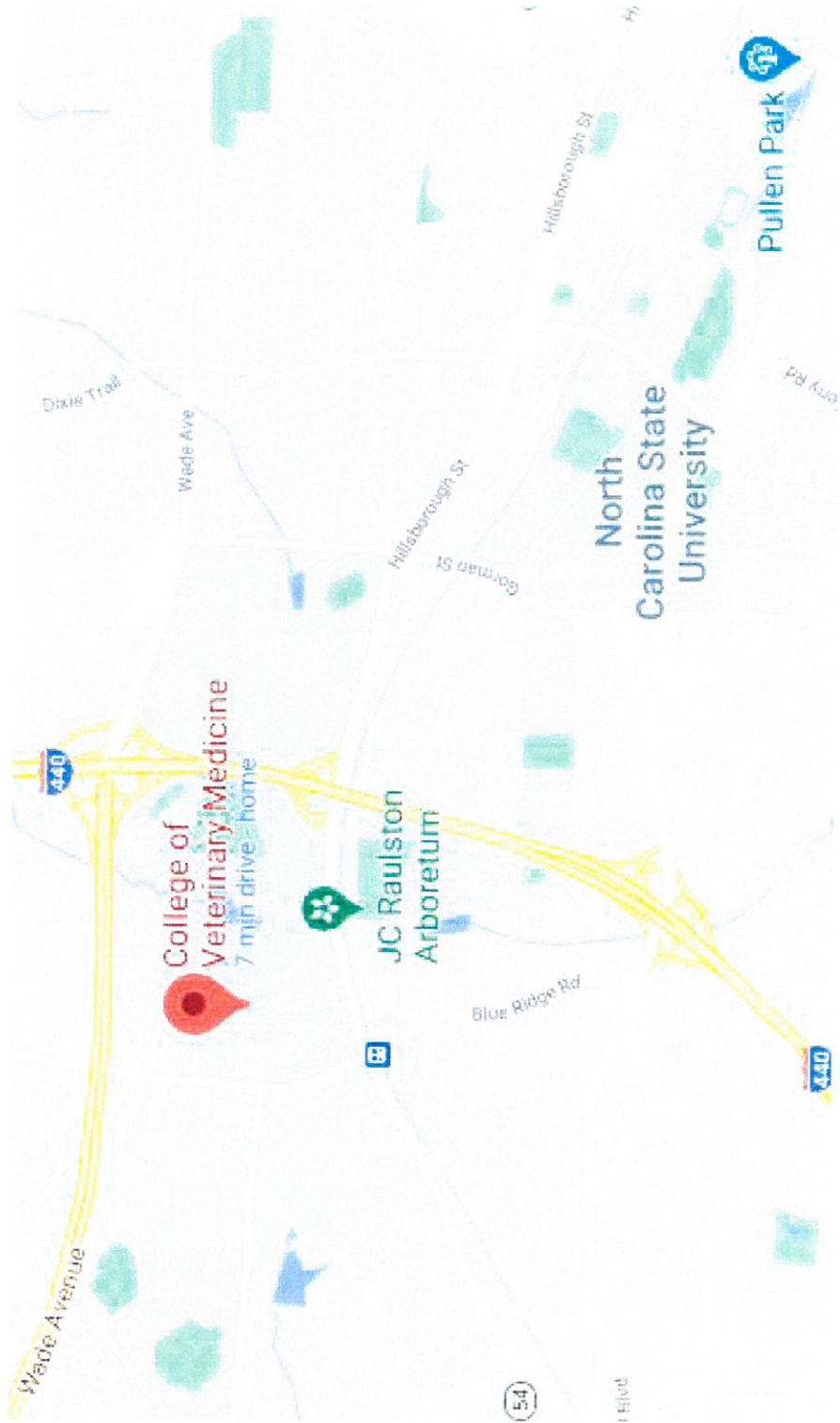
RECOMMENDED BY BOARD OF TRUSTEES,  
NCSU

  
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

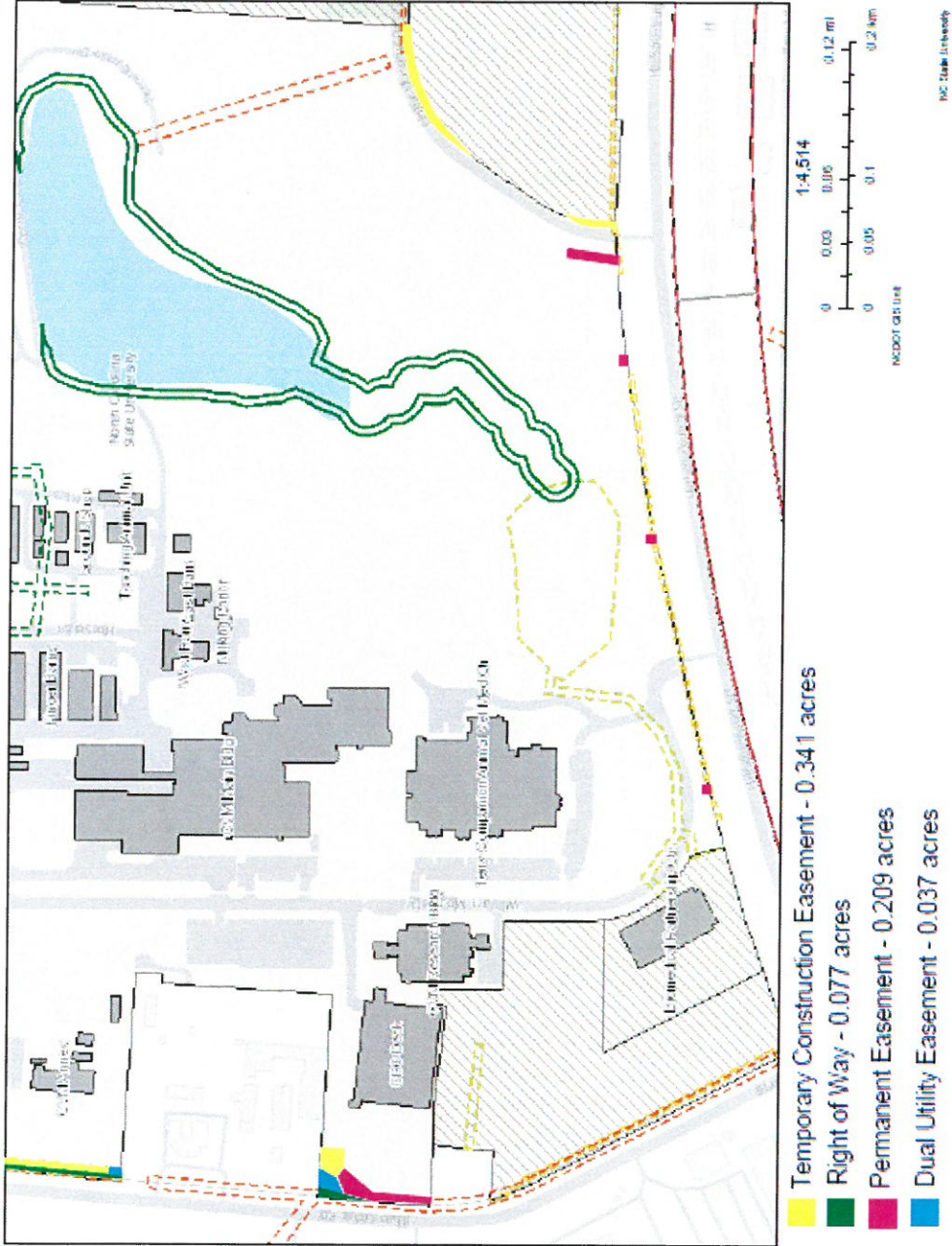
(Secretary's Signature)

PO2 for Hillsborough Street and Blue Ridge Road (College of Veterinary Medicine Campus)  
Vicinity Map





PO2 for Hillsborough Street and Blue Ridge Road (College of Veterinary Medicine Campus)



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

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

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

**Date:** November 12, 2020

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

Assent to reallocation

**This disposition is recommended for the following reasons:**

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

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

The subject property, identified as the North Carolina State University Club, is located near the intersection of Hillsborough Street and I-440. The final quantity, description and exact location of the reallocated property will be determined by survey and is expected to include +/- 3.099 acres of Permanent Right of Way, +/- 1.177 acres of Permanent Easements, and +/- 1.049 acres of Temporary Easements.

**Estimated value:**      \$3,150,000.00  
\$1,057,000.00 to be paid directly to the University Club  
\$2,093,000.00 to be paid to NCSU

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

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

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

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

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

**Action recommending this transaction was taken by the Board of Trustees at its meeting held on** November 13th, 2020.

Signature

  
Chancellor

**DISPOSITION  
OF REAL PROPERTY**

**ASSENT TO REALLOCATION**

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

**GRANTEE** State of North Carolina

**LOCATION** North Carolina State University Club

**SIZE**            +/- 3.099 acres of Permanent Right of Way  
                     +/- 1.177 acres of Permanent Easements  
                     +/- 1.049 acres of Temporary Easements

**RATE**            \$3,150,000.00

\$1,057,000.00 paid directly to the University Club as compensation for damages to the improvements.

\$2,093,000.00 paid to NCSU as compensation for real property losses. NCSU has agreed to direct these funds to the University Club to off-set a portion of the costs of replacement facilities on the property.

**TERM**            Permanent

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



TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

Form

Number: PO-2

Preparation

Date: 11/12/2020

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

Institution NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

  
(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON  
BUILDINGS AND PROPERTY

DocuSigned by:  
  
F4E0D95567E1402...  
(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,  
NCSU

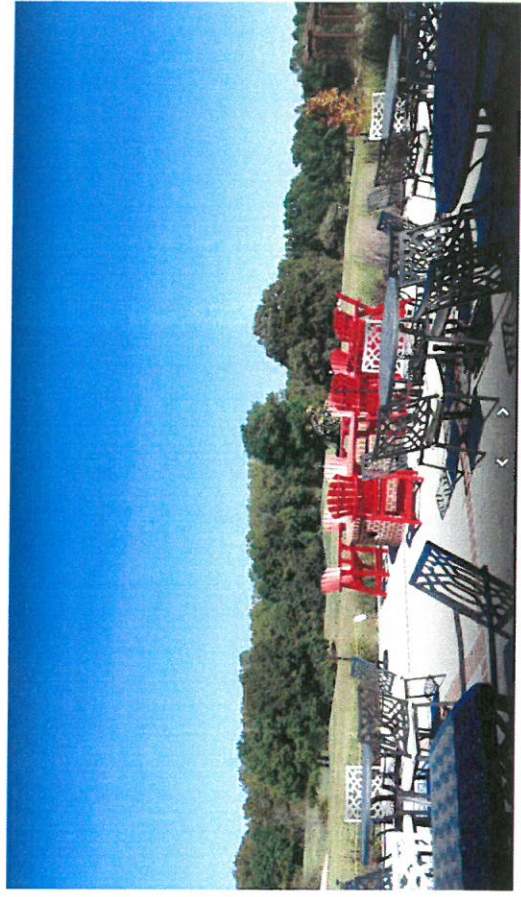
  
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

\_\_\_\_\_  
(Secretary's Signature)

## A map of the North Carolina State University campus area. The map shows the Centennial Biomedical Campus on the left, with a red pin marking the 'University Club' and a note '6 min drive - home'. To the right is the JC Raulston Arboretum, marked with a green pin. Further right is the NC State Wellness and Recreation center, marked with a blue pin, and Pullen Park, marked with a blue pin. The map includes major roads like Wade Avenue, Hillsborough St, and Blue Ridge Rd. A yellow route is highlighted, starting from the bottom left and going towards the top right. The map also shows the Court of North Carolina and the Hillsborough St. area.





PO2 for University Club Property



**AGENDA ITEM**

A-7. Disposition of Property by Ground Lease – North Carolina State University ..... Katherine Lynn

- Situation:** The North Carolina State University Board of Trustees requests permission to enter into a ground lease with the United States Department of Agriculture, Agriculture Research Service (USDA ARS) for the purpose of constructing a new field research facility.
- Background:** NC State University requests approval to ground lease up to fifteen acres of property at the Lake Wheeler Field Lab to USDA ARS for the purpose of constructing a new field research building, two greenhouses, and associated access and parking. The location of the new buildings will be at the intersection of Lake Wheeler Road and Inwood Road, and the final acreage will be determined by survey. USDA ARS will construct the new buildings at its own expense. The ground lease term is for twenty years at a nominal rate of \$1.00, with an option to extend for an additional twenty years.
- Assessment:** The ground lease is required to support construction of the new USDA Agricultural Research Service building, which will be used by USDA and NC State personnel.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda, and approval by the Council of State.

## **Disposition of Property by Ground Lease – North Carolina State University**

### **ISSUE OVERVIEW**

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

The North Carolina State University Board of Trustees is requesting authorization to enter into a ground lease with the United States Department of Agriculture, Agriculture Research Service (USDA ARS) for property located at Lake Wheeler Field Lab for the purpose of constructing a new field research building. The new facility will include a 50,000 GSF field research building, two 7,000 GSF greenhouses, and associated drive and parking areas. USDA will construct the new facilities, which will be subject to review and approval through NC State's standard design approval process. The parcel to be ground leased will be between twelve and fifteen acres, located at the intersection of Lake Wheeler Road and Inwood Road, and the final acreage will be determined by survey. The ground lease term will be for twenty years for a nominal one-time payment of \$1.00, with an option to extend for an additional twenty years. The lease may be terminated by the tenant at any time, following a twelve-months written notice. The building will house USDA and NC State personnel, including faculty from the Biochemistry, Plant and Microbial Biology, and Crop and Soil Science departments. The USDA ARS program has been an important long-term partner and the project will foster and promote greater collaboration between the USDA and NC State on interdisciplinary plant research.

North Carolina State University's Board of Trustees approved the request at the November 13, 2020 meeting.

### **RECOMMENDATION**

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



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

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

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

**Date:** November 12, 2020

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

**This disposition is recommended for the following reasons:**

The subject property is being ground leased to the United States Department of Agriculture, Agriculture Research Service (USDA ARS). The USDA ARS program is an important long-term government partner for the University. The building constructed by the USDA on the land will strengthen NC State's partnership with a federal program that has a close and unique relationship with the faculty in our departments. It is anticipated that several NC State faculty from different departments (Biochemistry, Plant and Microbial Biology, and Crop and Soil Science) will also be housed in this building, which will encourage even greater collaboration in interdisciplinary plant research.

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

Not more than 15 acres, as determined by survey, on land known as Lake Wheeler Field Lab Located at the corner of Lake Wheeler Road and Inwood Road.

**Estimated value:** N/A

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

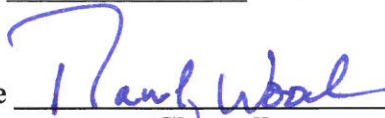
**If deed is in the name of agency other than applicant, state the name:** N/A

**Rental income, if applicable, and suggested terms:** Lease will be for nominal value

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

**Action recommending this transaction was taken by the Board of Trustees at its meeting held on November 13th, 2020.**

Signature

  
Chancellor

**DISPOSITION  
OF REAL PROPERTY**

**GROUND LEASE**

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

**GRANTEE** USDA Agricultural Research Service

**LOCATION** Intersection of Lake Wheeler Road and Inwood Road (Lake Wheeler Field Lab)

**SIZE** Not to exceed 15 acres

**RATE** \$1.00

**TERM** 20 years, with Grantee option to extend for an additional 20 years

**USE** Construction and operation of a new Agricultural Research Services building which would house USDA and NCSU personnel.

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

**Form**

**Number:** PO-2

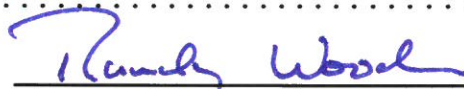
**Preparation**

**Date:** 11/12/2020

**Request:** Assent to ground lease of up to 15 acres of property at Lake Wheeler Field Lab located at the intersection of Lake Wheeler Road and Inwood Road being acquired by the USDA Agricultural Research Service.

**Institution** NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

  
(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON  
BUILDINGS AND PROPERTY

DocuSigned by:  
  
(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,  
NCSU

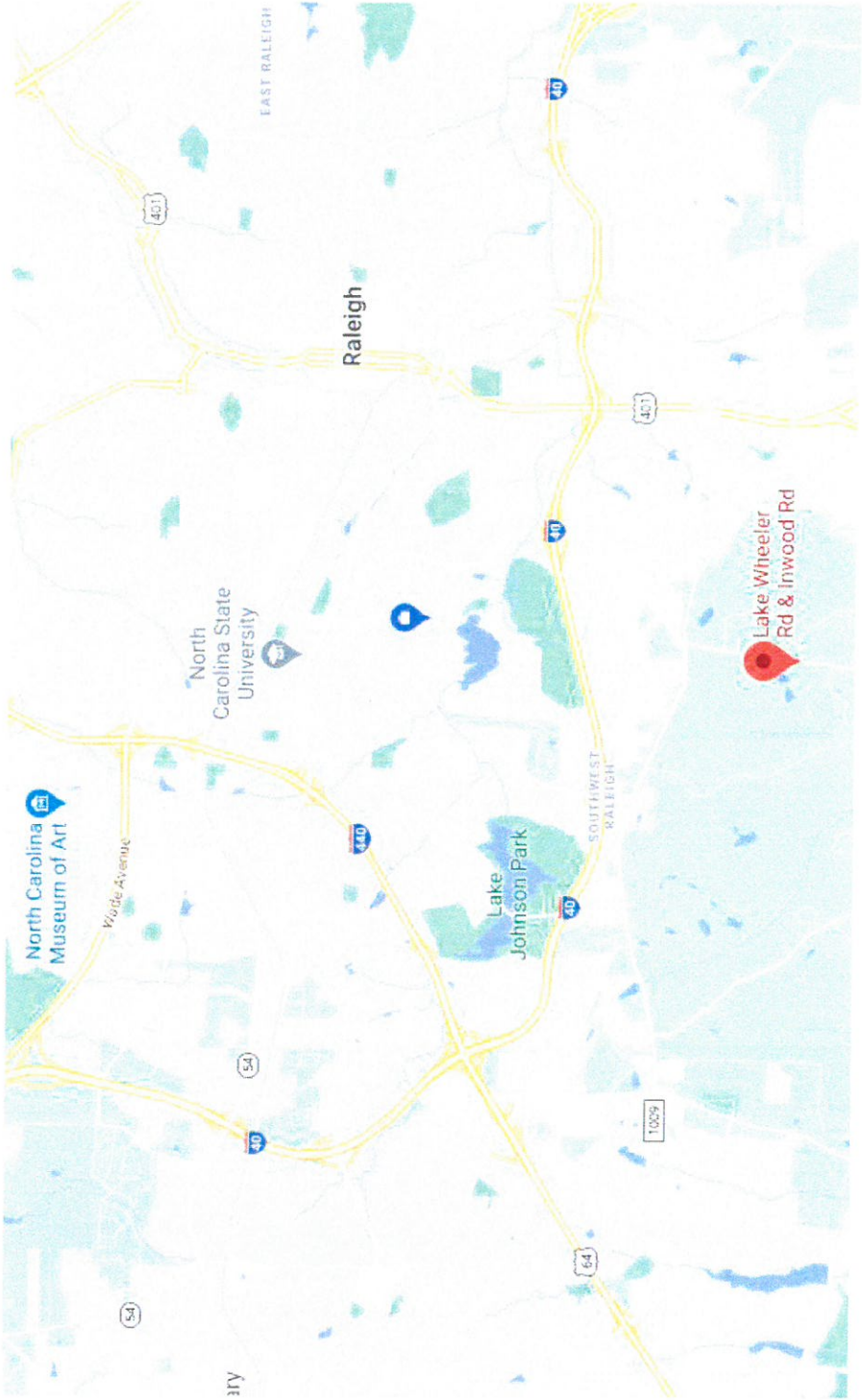
  
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

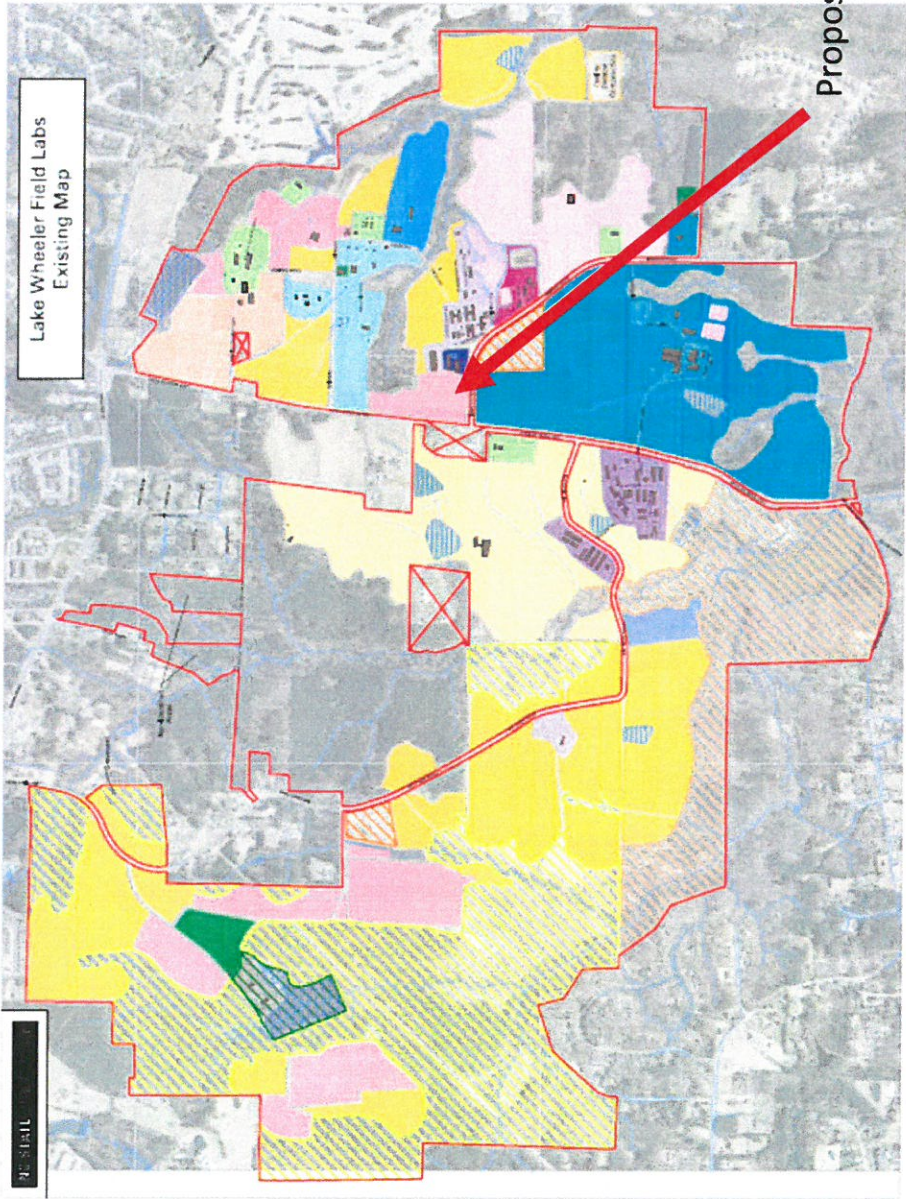
(Secretary's Signature)



PO2 for USDA ARS Facility at Lake Wheeler Field Lab  
Vicinity Map



Lake Wheeler Field Lab



Interdisciplinary Programs		Plant Programs	
Lake Wheeler Maintenance Ops		Crop Science	
Irrigation		Agro Ecology Teaching	
Stormwater		Crop Science Teaching	
Animal Programs		Interdisciplinary Turfgrass Teaching & Research	
Animal & Poultry Waste Research		Research Fields (Rotational)	
Animal Feed		Soil Science Research & Extension	
Animal Science Beef Teaching		USDA	
Animal Science Swine Research		Yates Mill Historic Park	
Animal Waste Management Area		NCSU - Former DHHS Temporarily assigned to CALS Space Request 13-18	
Applied Ecology Research		NCSU - Former NCDA Temporarily assigned to CALS Space Request 13-19	
Entomology Research			
Food Science Dairy Teaching & Research			
Poultry Science Research			
Poultry Science Teaching			

Proposed Location for USDA ARS Facility



PO2 for USDA ARS Facility at Lake Wheeler Field Lab





Office of Finance and Administration  
University Real Estate & Development

realestate.ncsu.edu

Campus Box 7408  
Raleigh, NC 27695-7408  
P: 919.513.7961  
F: 919.513.7985

October \_\_, 2020

David Marshall  
USDA Agriculture Research Service (ARS)  
3411 Gardner Hall – Campus Box 7613  
Raleigh, NC 27695  
Via Email: david.marshall@usda.gov

Re: Lease Proposal at Lake Wheeler Field Lab

Dear David,

On behalf of North Carolina State University, I am pleased to present the following for USDA to consider leasing the above referenced property based on the following terms and conditions:

Landlord: The State of North Carolina by and for North Carolina State University

Tenant: USDA Agriculture Research Service

Premises: 12-15 acres, final acreage to be determined by survey  
Intersection of Lake Wheeler Road and Inwood Road, Raleigh, NC  
Land area may not exceed 15 acres

Rent: One Dollar (\$1), one-time payment

Term: Twenty (20) years, with an option for an additional twenty (20) years

Termination Rights: Tenant may terminate the lease at any time, following twelve (12) months written notice

Construction Plans: Tenant will construct at its own cost and expense:

1. GSF Field Research Building, approximately 50,000 GSF
2. Two (2) greenhouses, each approximately 7,000 GSF
3. Access drive and parking facilities

Construction planned on the site will require review and approval through Landlord's standard design approval process.

**AGENDA ITEM**

A-8. Acquisition of Property by Deed – University of North Carolina at Charlotte ..... Katherine Lynn

**Situation:** The University of North Carolina at Charlotte Board of Trustees requests acquisition of 13 residence halls constructed in the Greek Village pursuant to a ground lease arrangement with UNC Charlotte's associated entity, Facilities Development Corporation (FDC).

**Background:** FDC entered into a ground lease agreement with a P3 developer to construct 13 residence halls on a 16-acre site to create the Greek Village. The residence halls are managed by UNC Charlotte housing services, and include a rate covenant. The acquisition of the Greek Village will remove the rate covenant and achieve cost savings due to current market conditions. The Greek Village project was approved by the General Assembly under S.L. 2004-181.

UNC Charlotte will exercise its option to purchase and will acquire the 13 residence halls, administrative office, and related site improvements for a not-to-exceed cost of \$13 million.

**Assessment:** The acquisition is recommended to support the provision of suitable on-campus housing for UNC Charlotte.

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

## **Acquisition of Property by Deed – University of North Carolina at Charlotte**

### **ISSUE OVERVIEW**

The University of North Carolina at Charlotte Board of Trustees requests approval to exercise its option to purchase, under the ground lease agreement, the Greek Village from the UNC Charlotte Facilities Development Corporation (FDC), an associated entity of UNC Charlotte. The Greek Village project was approved by the General Assembly under S.L. 2004-181.

FDC entered into a ground lease with Firstfloor-UNCC, LLC to develop, construct, furnish, equip, and operate a P3 housing project. The project included the construction of thirteen 10,800 square-foot residence halls, an administrative office, and related site improvements. The ground lease agreement included an option to purchase the property. UNC Charlotte would like to exercise the option to purchase the improvements and to issue new bonds to reduce the remaining debt and to discharge the rate covenants in the P3 agreement. The estimated value of the project is \$13,000,000.

UNC Charlotte's Board of Trustees approved the resolution to exercise the option to purchase the Greek Village on December 8, 2020.

### **RECOMMENDATION**

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



STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION

\*ACQUISITION OF REAL PROPERTY

Institution or Agency: UNC Charlotte

Date: Nov 19, 2020

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

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

On April 5, 2005, the Council of State approved a +/- 16-acre Ground-lease on which the UNC Charlotte's associated entity, Facilities Development Corp. (FDC) constructed (13) thirteen 10,800 square foot residence halls and leased-back to UNC Charlotte, the subject improvements at the rental cost equal to the associated debt service plus \$1.00.

In an effort to achieve savings through a reduction of debt service and other administrative costs, UNC Charlotte intends to exercise its Option to Purchase the improvements and seeks approval to acquire the subject ground-leased building and improvements at an estimated purchase option price in an amount not to exceed \$13,000,000 (defined as: "...the amount then necessary to pay or defease the principal of all Certificates remaining outstanding, any premium thereon and interest accrued or to accrue to the applicable prepayment or maturity date, plus all unpaid fees or expenses payable to the Trustee...")

Name and Address of Present Owner: UNC Charlotte Facilities Development Corp. (FDC)  
Mary Ann Rouse, President (UNC Charlotte Associated Entity)  
9201 University City Blvd  
Charlotte, NC 28032  
(704) 687-0560 (Real Estate POC: Richard LaLiberte)

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

(13) thirteen 10,800 SF, three-story residence halls, (1) Administrative Office; and, related site improvements (i.e. Parking Lot fences, access road, sidewalks, mail boxes etc.)

Estimated value: \$13,000,000.00

Rental price (if applicable): NA

Funds for the acquisition of this property are available in our budget under Code: TBD, Item: 927020  
Other: UNC Charlotte Housing & Dining Services receipts & General Funds

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

None known

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

Action recommending the above request was taken by the Governing Board of Trustees and Board of Governors and are recorded in the minutes thereof on Dec 8, 2020 and Dec 17, 2020, respectively.

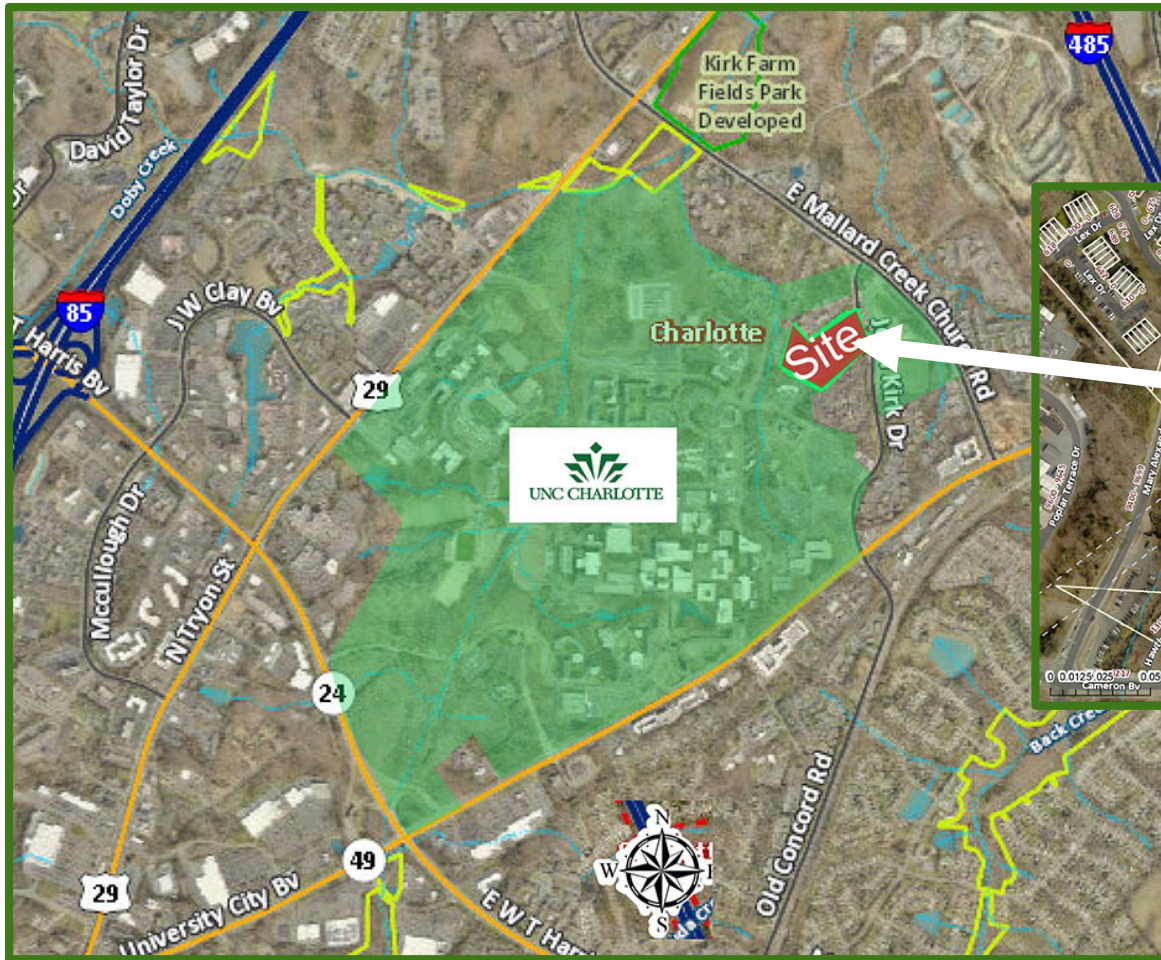
\_\_\_\_\_  
Elizabeth A. Hardin  
Vice Chancellor for  
Business Affairs



# UNC Charlotte

Option to Purchase (Ground-leased) Improvements











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**GREEK VILLAGE MAP  
UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE**



**AGENDA ITEM**

- A-9. Authorization of Amendment to Ground Lease –  
Appalachian State University ..... Jennifer Haygood and Paul Forte

**Situation:** Appalachian State University requests that the Board of Governors authorize an amendment to the existing ground lease and related agreements in connection with Phase III of the development of student housing facilities consisting of roughly 2,100 beds and the construction of a replacement building for Winkler Hall, three other residence halls, and related surface and structured parking facilities (collectively, the “Project”).

**Background:** The Board of Governors previously approved Millennial Campus designation for the portion of Appalachian’s campus on which the Project will be located and authorized the university to enter into a predevelopment agreement with RISE Development, LLC (“RISE”). The Board also authorized Appalachian (1) to ground lease the Project site to Beyond Boone, LLC, (“Beyond”), whose sole member is the Beyond Owners Group, a national not-for-profit 501(c)(3) organization; and (2) to authorize Appalachian officials to take all necessary or appropriate steps to develop the Project and consummate the transactions contemplated by the ground lease and predevelopment agreement. The Board approved a term sheet for the ground lease and the Project, which contained material terms.

Appalachian now seeks the Board’s authorization to amend the existing ground lease to change the financing of Phase III to an alternate financing structure. Under the amendment to the ground lease, the Appalachian Housing Corporation will fund Phase III through a private bank-placed loan. Appalachian State University will enter into a master lease not to exceed ten years with Appalachian Transformation, LLC, a subsidiary of the Appalachian State Housing Corporation. The alternate financing arrangement will result in an overall savings of approximately \$17.7 million. The changes to the material terms of the ground lease are provided in the amended term sheet.

**Assessment:** The alternate financing arrangement will significantly reduce the costs associated with Phase III and will not impact the previous bond financing or ground lease agreement provided by the Beyond Boone, LLC, for Phases I and II.

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



## Housing Project – Phase III

December 17, 2020

# Appalachian's Housing Stock – Phase III Impact

## Phase III Highlights

Max. New Beds\*

750

Beds Taken Offline

1,485

Completion Date

Fall 2022

Fall 2019 (Before Phase I)

Housing Facilities

20

Fall 2021 (After Phase II)

Housing Facilities

22

Fall 2022 (After Phase III)

Housing Facilities

18

Max. Bed Capacity\*

5,679

Max. Bed Capacity\*

6,919

Max. Bed Capacity\*

6,184

Estimated Demand\*\*

6,785

Estimated Demand\*\*

7,176

\*Bed numbers are based on design capacity and may differ slightly from actual number of beds made available.

\*\*Estimated demand for both FY2019 and FY2022 is based on MGT Consulting's report issued January 9, 2020.

# Revisiting App State's Rationale for the P3 Project

Original Goals & Objectives	What's Changed for Phase III?	Comments
Protect student affordability and accessibility	<ul style="list-style-type: none"> <li>▪ Market more sensitive to demand risk for nonrecourse financings</li> <li>▪ Bond insurance more expensive</li> <li>▪ Credit spreads wider (i.e, bond yields now higher)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Phase III no longer viable under original structure given higher costs</li> <li>▪ Proposed lease structure would reduce debt service by \$1.65mm, reducing pressure on occupancy &amp; rental rates</li> </ul>
Limit the project's credit impact to the University and preserve debt capacity	<ul style="list-style-type: none"> <li>▪ Using original structure for Phase III would have required App State to accept risks not contemplated by the Board's original approval</li> <li>▪ <u><i>Changes would have applied to all three phases, not just Phase III</i></u></li> </ul>	<ul style="list-style-type: none"> <li>▪ Moody's views P3 structure as direct debt of App State</li> <li>▪ Proposed lease structure would reduce total borrowing, accelerate amortization, and improve liquidity, reducing credit impact over time</li> </ul>
Develop comprehensive, multi-phased approach	<ul style="list-style-type: none"> <li>▪ No change</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preserves efficiencies of original, multi-phased plan</li> </ul>
Accelerate delivery	<ul style="list-style-type: none"> <li>▪ No change</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preserves original timeline &amp; avoids remobilization costs/risks</li> </ul>
Leverage private sector expertise and efficiencies	<ul style="list-style-type: none"> <li>▪ No change</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preserves benefits of competitive procurement process &amp; transfer of delivery risk</li> </ul>

# Snapshot Comparison – Phases I & II vs. Proposed Phase III

	Phase I & II Structure	Proposed Phase III Structure
<b><u>Generally</u></b>		
Owner, Ground Lease Tenant & Borrower	Beyond Boone, LLC (sub. of unaffiliated 501(c)(3) org.)	Appalachian Transformation, LLC (sub. of Appalachian Student Housing Corp.)
Development Team	Rise & Choate	Same
Operator	Appalachian State University	Same
Real Estate Security	Leasehold Deed of Trust	Same
Recourse to App State	None	Limited (Master Lease to App State)
Source of Repayment	Project Revenue	Project Revenue, ASHC Support Payments & Housing System Revenues
Ground Lease Term	50 Years	35 Years
Development Risk	Assumed by Rise & Choate	Same
<b><u>Financing Comparison</u></b>		
Rating	BBB- (Underlying)	A1 (Implied)
Total Financing Budget	Approximately \$89.1 Million	Approximately \$75 Million
Effective Interest Rate	Approximately 4.75%	Less than 2.10%
Average Ann. D/S	Approximately \$5.1 Million	Approximately \$3.4 Million
Financing Term	40 Years	30 Years (Initial Committed Term of 7 Years)
Debt Service Reserve	Approximately \$5 Million	None
Purchase Price (2028)	Approximately \$80 Million	Approximately \$64 Million



## Proposed Structural Changes to Phase III – Final Considerations

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**Broader Source of Repayment under Master Lease Leads to Stronger Credit, Lower Debt Service & More Favorable Covenants**

**Master Lease for Phase III Avoids Renegotiating and Assuming Similar Risks for Phases I & II**

**Lower Debt Service Will Provide More Operating Margin to Absorb Disruptions, Meet Covenants & Help Preserve Cash**

**Even If Demand Flattens, Phase III Will Improve Operating Efficiency, Limit Long-Term CapEx Liabilities & Optimize Bed Mix**

Appalachian State University  
Development of Student Commons  
~~501(c)(3) Tax Exempt Bond Model~~ Term Sheet

October 2018, Amended December 2020

Appalachian State University (“Appalachian”) is requesting authority to negotiate and enter into ~~a~~-Ground Lease Agreement(s) to facilitate the development of student housing facilities, structured and surface parking, and related infrastructure, as described herein, on substantially the terms set forth in this Term Sheet.

I. Project Overview	
1. Project	<p>An on-campus student housing development consisting of approximately 2,100 beds of student housing, parking, dining, and related infrastructure (“the Project”). <del>The Project will be financed and owned by Beyond Boone, LLC (“Beyond”), which is a non-profit subsidiary of Beyond Owners Group, Inc., a Pennsylvania-based 501(c)(3) non-profit corporation whose purpose is to support other charitable organizations, by, among other things, owning and managing student housing.</del> The Project will be developed in three phases:</p> <p><u>Phase I:</u> Approximately 600 student housing beds, approximately 475 parking spaces in a structured parking garage, approximately 100 surface parking spaces, <del>a convenience-oriented dining facility,</del> and related <del>demolition and</del> infrastructure construction to be available Fall 2020. Concurrent development of approximately <del>320</del><u>322</u> beds replacing Winkler Hall.</p> <p><u>Phase II:</u> Approximately <del>500</del><u>640</u> student housing beds, approximately <del>160</del><u>47</u> surface parking spaces, <del>the demolition of 312 beds,</del> and related <del>demolition and</del> infrastructure construction to be available Fall 2021.</p> <p><u>Phase III:</u> Approximately <del>680</del><u>750</u> student housing beds, approximately <del>185</del><u>275</u> surface parking spaces, and related demolition and infrastructure construction to be available Fall 2022.</p> <p><u>Phases I &amp; II of the Project are owned and have been financed by Beyond Boone, LLC (“Beyond”), which is a non-profit subsidiary of Beyond Owners Group, Inc., a Pennsylvania-based 501(c)(3) non-profit corporation whose purpose is to support other charitable organizations, by, among other things, owning and managing student housing.</u></p> <p><u>Phase III will be financed and owned by Appalachian Transformation LLC, a single-purpose, North Carolina limited liability company (the “Company”), the sole manager of which is Appalachian Student Housing Corporation (“ASHC”), a nonprofit corporation formed in August 1999 to develop, finance, prepare, provide, and supervise residential housing facilities for Appalachian.</u></p> <p>The number of beds, number and phasing of parking spaces, and square footage may change slightly as project design is finalized.</p>
2. Project Participants	<p>The developer will be RISE Boone, LLC, an affiliated entity of RISE Development, LLC which specializes in the development of higher education facilities and has developed in excess of 50,000 student beds (the “Developer”).</p>

	<p>The Developer’s project team, including designers, contractors, engineers, and consultants, will include the following firms, as represented in its response to Appalachian’s request for proposals:</p> <ul style="list-style-type: none"> <li>- General Contractor: Choate Construction</li> <li>- Design Architect: Niles Bolton Associates</li> <li>- Design Consultant: Jenkins Peer Architects</li> <li>- Civil Engineer: Stanley D. Lindsey and Associates, Ltd.</li> </ul> <p>The ground lessee <u>for Phases I and II</u> will be Beyond Boone, LLC (<del>“Beyond”</del>)-whose sole member will be Beyond Owner’s Group (<del>“Beyond”</del>). <u>The ground lessee for Phase III will be the Company.</u></p>
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II. Ground Lease	
3. Ground Lease Agreement	<p>A Ground Lease Agreement <del>will be</del><u>for Phases I &amp; II was</u> entered into between Appalachian and Beyond at the financial closing for <u>each</u> Phase<del>I</del>. Leased property<del>will</del> includes building and parking garage footprints, plus non-exclusive easements for common areas and temporary construction easements (the “Leased Property”). <del>Appalachian and Beyond intend to amend the Ground Lease Agreement at the financial closings for Phase II and Phase III to add sites for the Phase II and Phase III improvements.</del><u>Phases I and II”).</u></p> <p><del>The</del><u>A</u> Ground Lease Agreement will <del>obligate</del><u>be entered into between Appalachian and the Company at the financial closing for Phase III (the “Phase III Ground Lease Agreement”).</u> The Lease property will include <u>building and parking space footprints, plus non-exclusive easements for common areas and temporary construction easements (collectively, the “Leased Property-Phase III”)</u></p> <p><u>The Ground Lease Agreement for Phases I and II obligates</u> Beyond to finance the development of <u>Phases I &amp; II of</u> the Project, own <u>Phases I &amp; II of</u> the Project, and enter into agreements providing for the design, construction, and management of <u>Phases I &amp; II of</u> the Project.</p> <p>Concurrent with Phase I of the Project, Appalachian <del>plans to pursue</del><u>pursued</u> the construction of an approximately 320-bed residence hall to replace the former Winkler Hall (the “Winkler Hall Replacement”) under the Ground Lease Agreement. Beyond <del>will be</del><u>is</u> obligated to construct and initially own the Winkler Hall Replacement. Once constructed, the Winkler Hall Replacement will be acquired by Appalachian, subject to the terms of set forth in the following paragraph.</p> <p>The Ground Lease Agreement <del>will establish</del><u>established</u> terms under which Appalachian will accept and purchase the Winkler Hall Replacement from Beyond following the completion of the Winkler Hall Replacement. After acquisition by Appalachian, the Winkler Hall Replacement will be released from the Ground Lease Agreement and the associated portion of the Leased</p>

	<p>Property will revert to Appalachian. <del>Collectively, the Project and the Winkler Hall Replacement are referred to as the “Projects.”</del></p> <p><u>The Phase III Ground Lease Agreement will obligate the Company to finance the development of Phase III, own Phase III, and enter into agreements providing for its design and construction and Appalachian’s management of Phase III.</u></p>
4. Financing	<p>100% of Project costs <del>are to be</del> <u>for Phases I and II were</u> financed with the proceeds of long-term debt issued for the benefit of Beyond.</p> <p>Appalachian shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of Beyond under the bond documents for <u>Phases I &amp; II of</u> the Project, including without limitation, the payment of any portion of the principal of, interest on, or redemption premium, if any, of the bonds.</p> <p>Appalachian will not guarantee or otherwise be obligated to financially support Beyond’s repayment obligations on the bonds <u>for Phases I &amp; II.</u></p> <p>Construction of the Winkler Hall Replacement <del>will be</del> <u>was</u> financed by Beyond through a bank loan. Once the Winkler Hall Replacement has been completed and accepted by the State, Appalachian will purchase the Winkler Hall Replacement from Beyond using proceeds of Appalachian’s General Revenue Bonds, Series 2016C, which were previously authorized and issued to finance the Winkler Hall Replacement.</p> <p><u>100% of Phase III project costs are to be financed with the proceeds of a tax-exempt advance to the Company (the “2020 Loan”).</u></p> <p><u>To support the 2020 Loan, Appalachian, on behalf of the State, will lease the Phase III improvements from the Company for a term of 10 years (the “Master Lease”). Base rental payments under the Master Lease will equal the Company’s debt service requirements under the 2020 Loan, and the Company will collaterally assign its rights to receive such payments to the institution providing the 2020 Loan (the “2020 Lender”).</u></p> <p><u>Appalachian’s payment obligations under the Master Lease will be limited and will be payable solely from a defined basket of revenues, including (1) net revenues of Phase III, (2) support payments made by ASHC under a support agreement between ASHC and Appalachian, (3) ground lease payments made to Appalachian by Beyond in connection with Phases I &amp; II, and (4) Appalachian’s housing system revenues after payment of Appalachian’s senior, general revenue bond debt. Appalachian will have the right to terminate the Master Lease if those funds are insufficient to meet its lease payment obligations.</u></p> <p><u>The 2020 Loan and the Master Lease will be structured with terms and documentation consistent with other affiliate foundation financings used across the UNC System.</u></p>
5. Ground Lease Term	<p>The Ground Lease Agreement <del>will provide</del> <u>for Phases I and II provides</u> that Appalachian will lease the Leased Property <del>-Phases I &amp; II</del> to Beyond to build <u>Phases I &amp; II of</u> the Project and own <del>the Project</del> <u>those Phases</u> for a</p>

	<p>term not to exceed 50 years or until the date on which the bonds <u>for those Phases</u> have been paid in full, whichever comes first.</p> <p><u>The Phase III Ground Lease Agreement will provide that Appalachian will lease the Lease Property-Phase III to the Company to build and own Phase III of the Project for a term not to exceed 35 years or until the date on which the 2020 Loan has been paid in full, whichever comes first.</u></p>
6. Ownership of Improvements	<p>Beyond will own the improvements comprising <u>Phases I &amp; II of</u> the Project for the duration of the Ground Lease Agreement except that the Winkler Hall Replacement will be owned by Beyond until acceptance by the State and purchase by Appalachian.</p> <p><u>The Company will own the improvements comprising Phase III of the Project for the duration of the Phase III Ground Lease Agreement.</u></p> <p>At the expiration or earlier termination of <del>the each</del> Ground Lease Agreement, the <u>applicable</u> Leased Property will revert to Appalachian and ownership <u>of that portion</u> of the Project will be transferred to Appalachian free and clear of all liens and encumbrances, without any contribution or compensation. At the expiration or termination of <del>the each</del> Ground Lease Agreement, <u>the applicable portion of</u> the Project must be in good and operable condition, subject to the age and reasonable wear and tear of the buildings. <u>In each instance, the reversion of the Project to Appalachian will be conditioned on the State's approval and acceptance of the Projects.</u></p>
7. Anticipated Related Project Agreements	<p><del>Beyond</del><u>Beyond</u> has entered into a development agreement with the Developer regarding the design and construction of Phases I &amp; II of the Project. In addition, Appalachian has entered into a management agreement with Beyond regarding the operation of Phases I and II of the Project.</p> <p><u>The Company</u> will enter into a development agreement with the Developer regarding the design and construction of <u>Phase III of the Projects</u>Project. In addition, Appalachian anticipates entering into <del>ause and</del> management <del>agreement</del><u>agreements</u> with <del>Beyond</del><u>the Company</u> regarding the operation of <u>Phase III of the Project-</u>(the "Use Agreement").</p>
8. Ground Lease Rent to Appalachian	<p><del>The</del><u>For Phases I and II, the</u> Ground Lease Agreement <del>will provide</del><u>provides</u> that Appalachian will be entitled to be paid rent in an amount equal to the surplus cash flow from <u>Phases I &amp; II of</u> the Project, which will equal the amount of project revenue remaining after payment of all expenses, debt service, and reserves related to <u>those Phases of</u> the Project.</p> <p><u>For Phase III, the Company will make nominal ground rent payments to Appalachian.</u></p>
9. Option to Purchase	<p><del>The</del><u>For Phases I and II, the</u> Ground Lease Agreement <del>will provide</del><u>provides</u> Appalachian or its associated entity the option to purchase the Project and terminate the Ground Lease Agreement at a purchase price equal to the amount necessary to pay off the long-term debt issued for the benefit of Beyond and during a period of time that complies with the requirements of the bond documents.</p>

	<p>Upon completion of construction and acceptance of the Winkler Hall Replacement by Appalachian, subject to the terms of the Ground Lease Agreement, Appalachian will purchase the Winkler Hall Replacement from Beyond.</p> <p><u>For Phase III, the Phase III Ground Lease Agreement and Use Agreement (collectively, the “Phase III Lease Documents”) will provide Appalachian the option to purchase Phase III of the Project and terminate the Phase III Ground Lease Agreement at any time at a purchase price equal to the amount necessary to repay the 2020 Loan.</u></p>
10. Advisory Committee Structure and Controls	<p><del>The</del><u>For Phases I &amp; II, the</u> Ground Lease Agreement <del>will provide</del><u>provides</u> that Appalachian and Beyond will establish an Advisory Committee or similar structure made up of representatives of Beyond and Appalachian, to facilitate information exchange and coordination between the parties to support the management, marketing, occupancy, operation, and maintenance of <u>Phases I and II of</u> the Project.</p> <p><u>Under the Phase III Lease Documents and related agreements, Appalachian will assume the obligation to provide for the management, marketing, occupancy, operation and maintenance of Phase III of the Project.</u></p>
11. Operating Budget	<p><del>The</del><u>For Phases I and II, the</u> Ground Lease Agreement will provide that Appalachian will develop an annual operating budget for the Project subject to approval by the Advisory Committee. The Advisory Committee may not unreasonably withhold approval of the operating budget if it meets the debt service coverage ratio required in the bond documents.</p> <p><u>The Phase III Lease Documents will provide that Appalachian will develop an annual operating budget for Phase III of the Project.</u></p>
12. Permitted Use	<p><del>The</del><u>For Phases I and II, the</u> Ground Lease Agreement will provide that the Project can be used solely to serve the institutional purposes of Appalachian by accommodating students, faculty and staff of Appalachian and people attending programs presented by Appalachian or another organization on Appalachian’s campus.</p> <p><u>The Phase III Lease Documents will provide that Appalachian will use Phase III solely to serve its institutional purposes in compliance with all requirements necessary to preserve the 2020 Loan’s tax-exempt treatment.</u></p>
13. Rental Fees	<p><del>The</del><u>For Phases I and II, the</u> Ground Lease Agreement will provide that the student tenants <u>of Phases I &amp; II</u> of the Project will be charged fees approved by Appalachian, provided that such fees will not be less than the amount needed for Beyond to pay all operating expenses, reserves, and debt service on the bonds issued for the benefit of Beyond and to comply with the rate covenant under the financing documents.</p> <p><u>The Phase III Lease Documents will provide that the student tenants of Phase III of the Project will be charged fees approved by Appalachian, provided that such fees will not be less than the amount needed for the Company to pay all operating expenses, reserves, and debt service on the</u></p>

	<p><u>2020 Loan and to comply with the rate covenant under the financing documents.</u></p> <p>Annual increases in rental fees for years beyond the opening year of each phase of the Project are subject to Appalachian's approval and the requirements of the bond documents: <u>(Phases I and II) or loan documents (Phase III)</u>; Appalachian's approval will not be unreasonably withheld if the increase is required in order to meet debt service coverage due to operating expense increase.</p>
14. Preliminary Construction Plans and Contracts	Pursuant to the terms of a Pre-Development Agreement between Appalachian and the Developer, the Developer has provided conceptual plans for the Project.
15. University Review of Final Design and Construction Documents	<p>The Ground Lease Agreement will provide that Appalachian will be entitled to approve the final plans and specifications for the construction of the Project and the terms of all related design and construction contracts and change orders thereto.</p> <p>In accordance with the terms of the Ground Lease Agreement, Appalachian and Beyond <u>(Phases I and II) or the Company (Phase III)</u> will agree upon a plan and schedule for the preparation, delivery, review, comment, revision and finalization of design and construction documents to verify compliance with the requirements of related project agreements, applicable laws and permits, and requirements for design and construction of the Projects consistent with the RFP and the Developer's Best and Final Offer (BAFO). The Developer must design, obtain permits and approvals, and construct the Project to the specifications, standards, and quality acceptable to Appalachian and in accordance with all applicable state and local laws, rules, ordinances and requirements.</p>
16. Failure to Deliver Student Housing Facility <del>On</del> Schedule	If <u>any phase of</u> the Project is not delivered on time, the <u>applicable</u> Ground Lease Agreement will provide that temporary housing will be arranged for the contracted tenants. Responsibility for making such arrangements and making upfront payments, regardless of ultimate responsibility to pay, will be assigned to the Developer.
17. Appalachian Covenants	Appalachian will be asked to treat the Project as part of its student housing program on an equal basis with its other student housing facilities, including the marketing and promotion of the Project and the provision of services to student residents of the Project in the same manner as its other student housing facilities.
18. Default	<del>The</del> <u>Each</u> Ground Lease Agreement will contain specific Events of Default. Appalachian will have, as a remedy for certain material Events of Default, the right to terminate the Ground Lease Agreement and take possession and occupancy of the <u>applicable portion of the</u> Project. Appalachian's rights upon the occurrence of an Event of Default will be subject to reasonable notice and cure periods, and default provisions will be tailored so that termination of the lease is a last resort option. <del>The</del>



	<p><del>For</del> <u>For Phases I &amp; II, the</u> Ground Lease Agreement will <del>also</del> provide the bond trustee with step-in rights to cure a default and protect the bondholders' investment in <u>Phases I and II of</u> the Project.</p> <p><u>The Phase III Lease Documents will also provide the 2020 Lender with similar step-in rights to cure a default and protect the 2020 Lender's interest in Phase III of the Project, subject to the terms and conditions of the Ground Lease Agreement.</u></p>
19. Mortgaging the Leasehold	<p>The Ground Lease Agreement will permit Beyond to mortgage its leasehold interest in <u>Phases I and II of</u> the Project as security for the bonds on terms approved by Appalachian. <u>The Phase III Lease Documents will permit the Company to mortgage its leasehold interest in Phase III of the Project as security for the 2020 Loan on terms approved by Appalachian.</u></p>
20. Mortgages and Other Liens	<p>No liens will encumber the State of North Carolina's fee interest. Beyond may place liens against its leasehold interest solely to secure the initial financing of <del>each phase</del> <u>Phases I and II</u> of the Project and any refinancing of the outstanding principal balance thereof. <u>Similarly, the Company may place liens against its leasehold interest solely to secure the initial financing of Phase III of the Project and any refinancing of the outstanding principal balance thereof.</u> Any refunding/refinance of such initial debt shall be subject to Appalachian's approval.</p>
21. Mortgagee Rights	<p><del>The</del> <u>For Phases I and II, the</u> Ground Lease Agreement will contain provisions giving the bond trustee, as mortgagee of Beyond, sufficient mortgagee protection provisions to allow it to cure Beyond's defaults, to assume title to Beyond's leasehold interest through foreclosure or deed in lieu of foreclosure, and to otherwise reasonably protect its interests, provided that in no event shall the Ground Lease be conveyed during or after foreclosure to a party that is not a tax-exempt entity acceptable to Appalachian and which will maintain the tax-exempt nature of all tax-exempt debt.</p> <p><u>The Phase III Ground Lease Agreement will contain provisions giving the 2020 Lender, as mortgagee of the Company, sufficient mortgagee protection provisions to allow it to cure the Company's defaults, to assume title to the Company's leasehold interest through foreclosure or deed in lieu of foreclosure, and to otherwise reasonably protect its interests, provided that in no event shall the Phase III Ground Lease be conveyed during or after foreclosure to a party that is not a tax-exempt entity acceptable to Appalachian and which will maintain the tax-exempt nature of all tax-exempt debt.</u></p>
22. Other Terms	<p>This Term Sheet does not include all terms contemplated to be in the Ground Lease Agreement, <u>the Phase III Lease Documents,</u> and related <del>Project Agreements.</del> <u>project agreements.</u> Other terms shall be incorporated into the <u>applicable</u> Ground Lease Agreement and/or related project agreements, including rights to be retained by Appalachian and terms stated in the RFP, as modified in the documents consistent with the parties' intentions.</p>

III. Related Project Agreements	
1. Development Agreements	<p>A Development Agreement will be entered into by Developer and Beyond at financial closing for <del>Phase</del><u>Phases I and II</u>.</p> <p><del>The</del><u>A separate</u> Development Agreement <u>will be entered into by Developer and the Company at financial closing for Phase III.</u></p> <p><u>Each Development Agreements</u> will require Appalachian's approval of change orders, construction progress payments, and other material aspects of the <u>applicable portion of the</u> Project. The <del>agreement</del><u>agreements</u> will include Appalachian's participation in regular meetings regarding the progress of the Project and addressing any concerns of Appalachian regarding the Project.</p> <p>All agreements and contracts with the Contractors and Architects will be between the Developer and the respective party. This will include a guaranteed maximum price (GMP) contract between the Developer and the Contractor for the construction of the Project.</p>
2. Management Agreement ( <u>Phases I and II</u> )	<p>Appalachian <del>will contract</del><u>has contracted</u> with Beyond to provide certain operating and management services for <u>Phases I &amp; II of</u> the Project (the "Management Agreement"), for which services Appalachian will be reimbursed from project revenues as an operating expense to the Project.</p> <p>Appalachian's operational and management responsibilities are <del>to be</del> defined in the Management Agreement, and <del>are anticipated to</del> include:</p> <ul style="list-style-type: none"> <li>- Residence life (marketing, assignments, billing, collections, and programming)</li> <li>- Security</li> <li>- Custodial services and trash disposal</li> <li>- Facility maintenance</li> <li>- Grounds and landscaping</li> <li>- Information technology management</li> </ul> <p>Asset management <u>of Phases I &amp; II</u> of the Project will be a responsibility of Beyond, including:</p> <ul style="list-style-type: none"> <li>- Fulfilling reporting requirements and maintaining compliance with covenants defined in financing documents</li> <li>- Overseeing repairs and capital improvements over the lifecycle of the assets</li> </ul> <p>The payment of operating expenses for <u>Phases I &amp; II of</u> the Project will be set out in the Management Agreement.</p>
3. <u>Use Agreement (Phase III)</u>	<p><u>Under the Use Agreement, Appalachian will contract with the Company to provide for all aspects of the operation and management of Phase III of the Project, including maintenance and repair.</u></p> <p><u>Appalachian will be reimbursed for its management services from project revenues as an operating expense to Phase III of the Project, and appropriate reserves will be established and funded from project revenues</u></p>

	<p><u>on an on-going basis to ensure adequate funds to maintain and reinvest in Phase III over its lifecycle.</u></p> <p><u>The payment of operating expenses for Phase III of the Project will be set out in the Use Agreement.</u></p>
3.4. Dining Facility / Convenience Store	<p><del>The</del>Phase I of the Project <del>is anticipated to include</del><u>included</u> approximately 2,874 square feet of space to be used for a dining facility that will be made available to Appalachian or Appalachian's food service provider, subject to restrictions associated with tax exempt debt. <del>The dining facility square footage may change slightly as project design is finalized.</del></p>
4.5. Parking Garage	<p><del>The</del>Phase I of the Project <del>will include</del><u>included</u> a parking garage with approximately 475 spaces that will be leased by Beyond to Appalachian under a triple-net lease for a period of ten years (the "Parking Deck Lease"). Appalachian will operate the parking garage as part of its parking system and will retain all revenues and pay all expenses associated with the parking garage's operation. Appalachian will use revenues from its parking system to pay all amounts due under the Parking Deck Lease. Appalachian's annual lease payments under the Parking Deck Lease <del>will be</del><u>are</u> treated as Project revenue and pledged to secure repayment of the bonds. <del>The number of parking spaces in the garage may change slightly as the project design is finalized.</del></p>

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM DELEGATING THE AUTHORITY TO  
APPALACHIAN STATE UNIVERSITY TO ENTER INTO A GROUND LEASE  
AGREEMENT WITH APPALACHIAN STUDENT HOUSING CORPORATION  
OR ITS AFFILIATE AND RELATED AGREEMENTS WITH RESPECT TO THE  
DEVELOPMENT OF PHASE III OF THE STUDENT HOUSING VILLAGE  
DESCRIBED HEREIN**

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, including Appalachian State University (“Appalachian”);

WHEREAS, the Board is authorized under the Millennial Campuses Financing Act, Article 21B of Chapter 116 of the General Statutes (the “Act”), (1) to designate real property held by a constituent institution as a “Millennial Campus” of the institution, (2) to provide for the acquisition and construction of projects located on the Millennial Campus, and (3) to enter into contracts and agreements related to the acquisition and construction of such projects;

WHEREAS, the Board, pursuant to the Act, by resolution adopted on September 9, 2016, designated an 87.96-acre area of Appalachian as a Millennial Campus (the “Millennial Campus”);

WHEREAS, the Board of Trustees (the “Board of Trustees”) of Appalachian previously approved the use of a public-private partnership to develop an on-campus student housing village consisting of approximately 2,100 beds of student housing, parking, dining, and related infrastructure, to be developed and constructed in three phases (the “Project”) on Appalachian’s Millennial Campus;

WHEREAS, Appalachian subsequently contracted for the Project to be jointly developed in three phases by the development team of RISE Boone, LLC, an affiliated entity of RISE Development, LLC (“RISE”), that specializes in the development of higher education facilities, and financed and owned by Beyond Boone, LLC, whose sole member is the Beyond Group, a national nonprofit organization (“Beyond”) in order to take advantage of tax-exempt financing available for the Project;

WHEREAS, Appalachian entered into a Ground Lease Agreement, as amended, with Beyond pursuant to which Beyond was obligated to construct Phases I and II of the Project;

WHEREAS, RISE and Beyond have successfully developed Phase I of the Project and are currently in the process of completing Phase II of the Project;

WHEREAS, Phase III of the Project will consist of the development and construction of an approximately 750-bed student housing facility and approximately 275 surface parking spaces (collectively, “Phase III”), which will be located on Appalachian’s Millennial campus (the “Phase III Site”);

WHEREAS, Appalachian has requested the Appalachian Student Housing Corporation (“ASHC”) or an affiliate of ASHC to enter into a ground lease with Appalachian and to be the ground lease tenant and owner of Phase III of the Project in order to take advantage of favorable financial terms available to complete Phase III the Project;

WHEREAS, in order to facilitate the financing of Phase III, ASHC intends to create a separate, single purpose limited liability company of which ASCH will be the sole member, to be known as Appalachian Transformation LLC, a North Carolina limited liability company (the "Company");

WHEREAS, Appalachian proposes to enter into a Ground Lease Agreement (the "Ground Lease") with the Company, as lessee, with respect to the Phase III Site pursuant to which the Company will cause to be constructed Phase III of the Project;

WHEREAS, the Company, as lessor, and Appalachian, as lessee, will enter into a Lease Agreement (the "Lease"), whereby the Company will lease to Appalachian, for a term not to exceed ten years, the Phase III Site and all improvements thereon, and whereby Appalachian will agree to pay Base Rentals and any Additional Rentals (as those terms are defined in the Use Agreement, hereinafter defined) to the Company;

WHEREAS, the value of Phase III of the Project being acquired by Appalachian pursuant to the Lease will be approximately \$75,000,000;

WHEREAS, Appalachian will operate and manage Phase III of the Project under the terms of a Use Agreement (the "Use Agreement") between Appalachian and the Company, whereby Appalachian will agree to operate and manage Phase III of the Project as part of its campus operations and whereby Appalachian will agree to make Base Rentals and any Additional Rentals as described in the Use Agreement, to be paid from revenues of Phase III of the Project, all moneys received by Appalachian in connection with or as a result of its ownership and operation of the existing residence halls on the Appalachian campus after payment of any General Revenue Bonds that financed assets in the housing system, and certain support payments made to Appalachian by ASHC;

WHEREAS, Appalachian will cooperate with the Company in its efforts to finance the acquisition, construction, furnishing, and equipping of Phase III of the Project with proceeds of an advance made to the Company by PNC Bank, National Association (the "Lender");

WHEREAS, the Company expects to finance the costs for the acquisition, construction, furnishing, and equipping of Phase III of the Project, and such financing will be repaid from the Base Rentals paid by Appalachian under the Lease and the Use Agreement;

WHEREAS, the Base Rentals will be in an amount of the debt service payments on the financing, and the Company will assign its rights to receive such Base Rentals under the Lease to the Lender; and

WHEREAS, to further secure its obligation under the Assignment, the Company will execute and deliver a Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (the "Deed of Trust") to the deed of trust trustee named therein for the benefit of the Lender, and the Lease will be subordinate to the lien created by the Deed of Trust;

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

**Section 1. Authorization of Ground Lease, Lease and Use Agreement.** The authority to enter into a Ground Lease with the Company is hereby delegated to the Chancellor of Appalachian, or the Chancellor's designee (the "Authorized Officer"). The form and content of such Ground Lease shall be

consistent with the material terms and provisions of the description of the transaction made available to the UNC Board of Governors and shall be in a form acceptable to the Authorized Officer.

**Section 2. General Authorization.** Appalachian, by and through its Authorized Officer, is hereby delegated the authority, to enter into those agreements anticipated by the ground lease that are necessary to bring Phase III of the Project to completion, including the Lease and the Use Agreement (collectively, the “Related Documents”), and the same hereby are in all respects authorized, approved and confirmed, and the Chancellor and the Vice Chancellor for Business Affairs of Appalachian (individually or collectively, the “Authorized Officers”) be and they hereby are authorized, empowered and directed to execute, approve and deliver the Ground Lease and the Related Documents, as applicable, including necessary counterparts, in substantially the form and content as to them seem necessary, desirable or appropriate, and that from and after the execution and delivery of the Ground Lease and the Related Documents, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Ground Lease, the Related Documents and the transactions contemplated thereby, including the financing by the Company of Phase III of the Project.

**Section 3. General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to complete the transaction contemplated by the Ground Lease and the Related Documents and the execution and delivery of the financing for Phase III of the Project.

**Section 4. 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 5. Effective Date.** This Resolution is effective on its adoption.

The foregoing Resolution was duly adopted by the Board at a regular meeting of the Board held on the 17<sup>th</sup> day of December, 2020.

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

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

[SEAL]

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Meredith McCullen, Secretary of the University  
of North Carolina System