



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

July 20, 2022 at 10:30 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
140 Friday Center Drive, Board Room
Chapel Hill, North Carolina

AGENDA

- A-1. Approval of the Open and Closed Session Minutes of May 25, 2022James L. Holmes, Jr.
- A-2. 2022-23 Operating Budget Allocations.....Jennifer Haygood
- A-3. Report on Need-Based Aid from Tuition 2022-23Jennifer Haygood
- A-4. Authorization of Innovation District P3 Projects –
Appalachian State University Jennifer Haygood and Dan Layzell
- A-5. Capital Improvement Projects Katherine Lynn
- A-6. Disposition of Property by Demolition – Elizabeth City State University Katherine Lynn
- A-7. Acquisition of Property by Reallocation – NC State University Katherine Lynn
- A-8. Acquisition of Property by Lease – NC School of Science and Mathematics..... Katherine Lynn
- A-9. Disposition of Property by Demolition – UNC Pembroke Katherine Lynn
- A-10. Sale of Special Obligation Bonds – Appalachian State UniversityJennifer Haygood
- A-11. Adjourn

DRAFT MINUTES

May 25, 2022
Via Videoconference and PBS North Carolina Livestream
The UNC System Office
140 Friday Center Drive, 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: Jimmy D. Clark, J. Alex Mitchell, Wendy Floyd Murphy, Lee Roberts, and Michael Williford.

Chancellors participating were Robin Cummings, Sheri Everts, and Randy Woodson. Faculty Assembly advisors participating were Dr. Carol Cain (Winston-Salem State University), Dr. Susan Harden (UNC Charlotte), and Dr. Jim Westerman (Appalachian State University).

Staff members present included Jennifer Haygood, Lindsay Farling, Katherine Lynn, and others from the UNC System Office.

1. Call to Order and Approval of the Minutes (Item A-1)

The chair called the meeting to order at 11:06 a.m., on Wednesday, May 25, 2022, and called for a motion to approve the regular meeting minutes from April 6, 2022, and the joint meeting with the Committee on Military and Public Affairs minutes on April 6, 2022.

MOTION: Resolved, that the Committee on Budget and Finance approve the regular meeting minutes of April 6, 2022, and the joint meeting minutes of April 6, 2022, as distributed.

Motion: J. Alex Mitchell

Motion: carried

2. FY23 UNC System All-Funds Budget (Item A-2)

The chair began by thanking fellow Board members, System Office staff, and campus colleagues for their participation and work on this process. He called on Ms. Haygood to present the summary of the FY23 UNC System All-Funds Budget.

Senior Vice President Jennifer Haygood stated that as non-General Funds have become a larger revenue source for the institution, these funds require increased budgeting processes to better reflect the health of the

institution as a whole. Following the guidance issued by the Board of Governors in September 2021, institutions completed a budget template of their General Fund, Auxiliary & Other Trust Funds, Overhead Receipts, and Restricted Trust Funds. Each institution was required to budget for a standard set of organizational units, though Ms. Haygood explained that the departments that comprise these units are not consistent across institutions. She went on to present the UNC System Office and PBS North Carolina's budget template as an example. She ended by thanking the numerous stakeholders and campus leaders that have participated in this process and shared that she looks forward to refining the process moving forward. She stated that the financial health of auxiliary enterprises, particularly athletics, is an area that merits System-level attention given the impacts of the pandemic on these units.

This item was information only.

3. Report on the FY 2021 UNC System Debt Capacity Study (Item A-3)

Ms. Haygood provided a presentation of the five-year study on the UNC System's debt capacity. She stated that all 16 institutions maintained or increased their debt capacity over the five-year study period, 11 institutions have increased their debt capacity compared to last year, and all 16 institutions have improved or maintained at least one of their primary financial ratios since the 2020 study. Chair Holmes thanked Ms. Haygood for a timely presentation and congratulated the institutions for their work in ensuring their financial health despite market and pandemic volatility.

MOTION: Resolved, that the Committee on Budget and Finance approve the Report on the FY 2021 UNC System Debt Capacity Study and recommend the item to the full Board of Governors for a vote through the consent agenda.

Motion: Michael Williford

Motion carried

4. Expansion of the Millennial Campus – The UNC System Office (Item A-4)

Chief Operating Officer Michael Vollmer and Ms. Haygood provided a presentation on the requested expansion of the UNC System Office millennial campus to include the eight acres accompanying the Spangler Center located in Chapel Hill. The Spangler Complex has been vacant since November 2021. They requested that both Item A-4 and Item A-5 be approved by the Board of Governors to ensure the property is put to its highest and best use.

MOTION: Resolved, that the Committee on Budget and Finance approve the expansion of the millennial campus for the UNC System Office and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alex Mitchell

Motion carried

5. Disposition of Property by Ground Lease – The UNC System Office (Item A-5)

Mr. Vollmer requested the disposition of the Spangler Complex and the associated eight acres included in the requested millennial campus expansion of Item A-4. He stated that the Board of Governors would still retain capital oversight of the complex given recent changes to the policy on millennial campuses.

MOTION: Resolved, that the Committee on Budget and Finance approve the disposition of property by ground lease for the UNC System Office and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Jimmy D. Clark

Motion carried

6. 2022-23 Additional Non-Appropriated Capital Improvement Projects (Item A-6)

Senior Associate Vice President Katherine Lynn requested that the Board provide additional authority for three institutions to acquire \$253.5 million in debt for non-appropriated capital improvement projects. The three projects are the construction of the 445-bed Bluford Street Residence Hall for \$58 million at North Carolina Agricultural and Technical State University, the acquisition of the 1800-bed P3 Housing Project for \$167 million at the University of North Carolina Wilmington, and the acquisition of the P3 Housing Project for \$28.5 million at Western Carolina University. Upon approval, these three projects will be forwarded to the General Assembly for authorization during the 2022-23 legislative session.

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

Motion: Michael Williford

Motion carried

7. 2021-2023 Engineering NC's Future Capital Projects (Item A-7)

Ms. Lynn stated the 2021 Appropriations Act (S.L. 2021-180) authorized \$45 million for the biennium specifically for capital improvements to support key engineering programs at North Carolina Agricultural and Technical State University, North Carolina State University, and the University of North Carolina at Charlotte. She requested the Board of Governors approve the allocation of Engineering NC's Future SCIF funds for the FY 2021-23 for the submitted projects at the three constituent institutions. These projects are the \$20M renovation and modernization of engineering labs and \$10M creation of new interdisciplinary engineering labs at North Carolina Agricultural and Technical State University; the \$30M renovation of Research Buildings II and IV, Engineering Buildings I, II, and III, and Mann Hall at North Carolina State University; and the \$30M for the renovation and expansion of the Burson Building at the University of North Carolina at Charlotte.

MOTION: Resolved, that the Committee on Budget and Finance approve allocation of the Engineering NC's Future SCIF funds for the FY 2021-23 to the three constituent institutions for these specific capital projects and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Jimmy D. Clark

Motion carried

8. 2022-23 State Capital and Infrastructure Fund (SCIF) R&R Allocations (Item A-8)

Ms. Lynn reminded the committee that the 2021 Appropriations Act (S.L. 2021-180) authorized repairs and renovations (R&R) projects totaling \$978,877,433 and appropriated \$250 million for each fiscal year of the biennium with allocation control to the Board of Governors. She then requested that the Board approve the initial 2022-23 SCIF R&R allocation of \$69,433,596 for specific capital projects. This allocation includes \$39,433,596 for the initial construction funding for Major R&R / comprehensive renovation project at three institutions and \$30M for Dabney Hall at North Carolina State University.

MOTION: Resolved, that the Committee on Budget and Finance approve the initial allocation of the 2022-23 R&R funds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Jimmy D. Clark

Motion carried

9. Capital Improvement Projects (Item A-9)

Ms. Lynn stated that eight UNC System institutions requested authority to proceed with 19 new or increased authorization capital improvement projects for a total of \$27,565,445. Fayetteville State University, North Carolina Agricultural and Technical State University, University of North Carolina at Chapel Hill, and University of North Carolina at Charlotte requested new authorizations for nine capital improvement projects, and North Carolina A&T State University, North Carolina Central University, North Carolina School of Science and Mathematics, University of North Carolina at Charlotte, The University of North Carolina at Pembroke, and Winston-Salem State University requested increased authorization or a fund source change for 10 capital improvement projects.

MOTION: Resolved, that the Committee on Budget and Finance approve the proposed capital construction projects at the forementioned UNC System institutions using available funds and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Jimmy D. Clark

Motion carried

10. Remarketing of Special Obligation Bounds – UNC Chapel Hill (Item A-10)

Ms. Haygood presented the University of North Carolina at Chapel Hill's request for remarketing of special obligation bonds due to the phase out of the London Interbank Offered Rate (LIBOR) index. She stated that this request is expected to have no impact on UNC-Chapel Hill's credit rating.

MOTION: Resolved, that the Committee on Budget and Finance approve the remarketing of special obligation bounds at UNC-Chapel Hill and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Michael Williford

Motion carried

11. Closed Session

MOTION: Resolved, that the Committee on Budget and Finance move into closed session to establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease pursuant to Chapter 143-318.11(a)(5) of the North Carolina General Statutes.

Motion: J. Alex Mitchell

Motion carried

THE MEETING MOVED INTO CLOSED SESSION AT 11:54 A.M.

(The complete minutes of the closed session are recorded separately.)

THE MEETING RESUMED IN OPEN SESSION AT 12:37 P.M.

12. Acquisition of Real Property by Lease – The UNC System Office (Item A-12)

Chair Holmes restated that the System Office requested approval to execute a lease to acquire office space in Raleigh consistent with the material terms discussed in closed session.

MOTION: Resolved, that the Committee on Budget and Finance approve the acquisition of real property by lease at the UNC System Office for the lease terms allowable under the 2021 Appropriations Act and recommend it to the full Board of Governors for a full board vote.

Motion: Michael Williford

Motion carried

13. Adjourn (Item A-13)

There being no further business and without objection, the meeting adjourned at 12:40 p.m.

Jimmy D. Clark, Secretary

AGENDA ITEM

A-2. 2022-23 Operating Budget AllocationsJennifer Haygood

- Situation:** One of the principal responsibilities of the Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for the constituent institutions of the University of North Carolina” [G.S. 116-11(9)a]. In odd numbered years, the governor recommends, and the General Assembly enacts a biennial (two-year) budget. In even-numbered years, adjustments are made to the budget for the second fiscal year of the biennium.
- Background:** During the Short Session, the General Assembly approved adjustments to the 2021-23 budget already enacted through the 2021 Appropriations Act (S.L. 2021-180).
- Assessment:** The 2021 Appropriations Act (S.L. 2021-180) included significant investments in the UNC System. Delivery and execution on each of these investments will be the primary focus for the immediate future. The System-wide priorities focus on budget adjustments critical to the core operations: funding for enrollment change and building reserves. Additional funds were also requested to support UNC K-12 programs and for HMSI security. Campus-specific requests will also be made available in the event the state has excess revenue.
- Action:** This item requires a vote by the Committee on Budget and Finance and a vote by the full Board of Governors.

THE UNIVERSITY OF NORTH CAROLINA

2022-23 Operating Budget Allocations

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2022-23 Operating Budget Allocations

This document includes recommended allocations for operating funding, as well as additional information about the 2022-23 budget. A comparison of the final enacted budget to the Board of Governors budget priorities can be found in Appendix A.

It is recommended that the following proposed allocations for 2022-23 be approved and that the president be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the president be authorized to seek such concurrence as may be required of the director of the budget in the allocation of budget priorities.

A. Recommended Allocations for Items Requiring Board Approval

Table 1 summarizes the operating allocations requiring Board of Governors approval. Following the table is a summary of the methodology for each allocation.

Table 1: 2022-23 Recommended Allocations Requiring Board Approval

Institution	Enrollment Change Funding	Building Reserves	HMSI Cybersecurity Preparedness
ASU	\$ 7,250,127	\$ –	\$ –
ECU	2,773,318	–	–
ECSU	894,938	–	595,204
FSU	190,781	–	785,868
N.C. A&T	4,376,596	–	1,135,393
NCCU	(400,153)	1,494,629	869,736
NC State	10,806,785	2,528,441	–
UNCA	(655,397)	349,553	–
UNC-CH	11,455,366	1,807,372	–
UNCC	5,531,213	–	–
UNCG	(2,225,326)	550,973	–
UNCP	2,128,141	76,747	866,915
UNCW	4,334,992	53,200	–
UNCSA	(187,660)	–	–
WCU	180,272	241,683	–
WSSU	696,496	79,248	746,884
NCSSM	297,069	2,402,247	–
System Office*	(9,300,762)	–	–
Total	\$38,146,796	\$9,584,093	\$5,000,000

**Funding for nonresident veterans tuition waivers is now included in the enrollment funding model. Funding previously appropriated for this purpose will be used as an offset to the total enrollment funding.*

The amounts shown for Building Reserves include both recurring and nonrecurring dollars. See Table 2 for more detail, including project names.

2022-23 Operating Budget Allocations

1. Enrollment Change Funding

The General Assembly appropriated \$38,146,796 in recurring funds in response to the Board's request for enrollment change funding. The General Assembly made the appropriation to the UNC System Office, Institutional Programs (BOG Reserve). The UNC System has based its enrollment funding request on actual credit hours completed in arrears using the new formula adopted by the Board of Governors in April with approved transition year adjustments. It is recommended that the enrollment change funding be allocated as shown in Table 1.

2. UNC Building Reserves

The General Assembly provided recurring funds of \$8,249,114 and nonrecurring funds of \$1,334,979 for 2022-23 to be used for operation and maintenance of building projects. These funds were transferred to the UNC System Office, Institutional Programs (Board Reserve) and will be allocated, per House Bill 103 (S.L. 2022-74), as shown in Table 2.

Table 2: FY 2022-23 Building Reserves

	2022-23	
Institution/Building	Recurring	Nonrecurring
NC Central University Business School	\$1,138,767	\$355,862
NC State University Plant Sciences Building	2,528,441	–
UNC Asheville Carmichael Hall Renovation Owen Hall Renovation	174,704 174,849	– –
UNC Chapel Hill Medical Education Building	921,004	886,368
UNC Greensboro South Chiller Plant	550,973	–
UNC Pembroke West Hall Renovations	76,747	–
UNC Wilmington Allied Health (Veteran's Hall)	53,200	–
Western Carolina University Steam Plant	188,065	53,618
Winston-Salem State University 1602 Lowery Street Renovation	79,248	–
NCSSM NCSSM Morganton NCSSM Morganton – Barn	2,233,102 130,014	– 39,131
TOTAL	\$8,249,114	\$1,334,979

2022-23 Operating Budget Allocations

3. HMSI Cybersecurity and Bomb Threat Preparedness

The General Assembly appropriated \$5,000,000 in nonrecurring funds in response to the Board's request. The General Assembly made the appropriation to the UNC System Office, Institutional Programs (BOG Reserve). The funds will be used to support costs associated with security camera and communication systems, access control and lockdown capabilities, integrated security systems, and cybersecurity. It is recommended that the HMSI Bomb Threat Preparedness funding be allocated as shown in Table 1. Each institution received a base allotment of \$500,000 and the remainder is allocated pro-rata based on full-time equivalent enrollment.

B. Additional Budget Actions

1. Compensation Increase Reserve

The General Assembly appropriated \$32,884,497 in recurring funds for 2022-23 for a one percent across-the-board salary increase for UNC System employees both subject to and exempt from the State Human Resources Act (SHRA and EHRA), in addition to the 2.5% salary increase appropriated in the 2021-23 budget. Although funding for compensation was appropriated directly to the UNC System budget, the allocation will be approved by the Office of State Budget and Management based on actual employee salary data as of June 30, 2022. The recurring funds will impact the employee's base salary and retirement contributions.

2. Labor Market Adjustment Salary Reserve

The General Assembly provided \$32,884,497 in recurring funds for 2022-23 to adjust salaries for specific staffing issues by providing targeted increases to recruit and retain employees. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations based on the amount equivalent to the funds each institution receives for the one percent salary increase. See Section 39.2 in Appendix D for more information.

3. State Retirement Contributions – TSERS Members

Nonrecurring funds of \$3,983,805 were appropriated to increase the state's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund an additional one-time cost-of-living supplements to retirees of one percent in addition to the three percent already appropriated in S.L. 2021-180. These funds were appropriated from a reserve. Although funding for benefit changes was appropriated directly to the UNC System budget, the allocation will be approved by the Office of State Budget and Management.

4. UNC Laboratory Schools

The General Assembly provided \$1,500,000 in recurring funds in response to the Board's request. These funds will support the operations of the nine UNC Laboratory Schools. The revised net appropriation for this program is \$4.5 million. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

2022-23 Operating Budget Allocations

5. Information Technology Rates

The General Assembly provided \$290,015 in recurring funds for the increase in the Department of Information Technology (DIT) rates based on the 2022-23 approved rate. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

C. *Appropriated Directly to Campuses*

The General Assembly increased appropriations directly to several institutional budgets, which do not require Board allocation. These are described on the following pages, for information only.

1. FAFSA Tracker

The General Assembly provided recurring funds of \$55,000 to SEAA to support the Free Application for Federal Student Aid (FAFSA) Tracker. The tool will help schools monitor the number of high school seniors who have completed the FAFSA. These funds were appropriated to the UNC System Office, Related Educational Programs.

2. Collaboratory Partnership with the Eshelman Institute for Innovation

The General Assembly appropriated \$4,956,203 in nonrecurring funds for 2022-23 to the NC Policy Collaboratory for a research partnership with the Eshelman Institute for Innovation. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs and partially funded from a reserve.

3. Opioid Remediation Research and Development

The General Assembly provided \$1,900,000 in nonrecurring funds from the Opioid Abatement Fund to the NC Policy Collaboratory to implement competitive grants to UNC System constituent institutions for opioid abatement research projects. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

4. Opioid Remediation Outreach

The General Assembly provided \$600,000 in nonrecurring funds from the Opioid Abatement Fund to the NC Policy Collaboratory to support opioid remediation project management and community partnership outreach at NC Central University. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

5. Community Opioid Resources Engine for North Carolina

The General Assembly provided \$400,000 in nonrecurring funds from the Opioid Abatement Fund to the NC Policy Collaboratory to partner with the UNC Injury Prevention Research Center to expand resources to counties, municipalities, and the public on the use of opioid settlement funds. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

6. Research Grants for Historically Minority-Serving Institutions

The General Assembly provided recurring funds of \$1,000,000 for 2022-23 to the NC Policy Collaboratory to award competitive research grants to constituent institutions of the University of North Carolina System identified as historically minority-serving institutions. The revised net appropriation for this purpose is \$1.5 million. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

2022-23 Operating Budget Allocations

7. UNC School of Medicine Class Size Expansion

The General Assembly appropriated \$8,000,000 in recurring funds for 2022-23 for the UNC School of Medicine to increase the size of each medical class by 40 students. These funds were appropriated directly to UNC-Chapel Hill, Health Affairs.

8. Innovation in Manufacturing Biopharmaceuticals

The General Assembly appropriated nonrecurring funds of \$2,000,000 for 2022-23 for NC State's participation in a collaborative effort to accelerate the development of innovative manufacturing processes for biopharmaceutical products. Funds will support the Biomanufacturing Training and Education Center at NC State University and serve as matching funds for a federal grant from the National Institute of Standards and Technology. These funds were appropriated directly to North Carolina State University, Academic Affairs.

9. NC Clean Energy Technology Center

The General Assembly provided \$400,000 in recurring funds for 2022-23 for the NC Clean Energy Technology Center at NC State University. These funds were appropriated directly to North Carolina State University, Academic Affairs.

10. N.C. A&T Agricultural Research and Cooperative Extension

The General Assembly appropriated recurring funds of \$1,600,000 in 2022-23 to support the agricultural research and cooperative extension activities by matching federal funds awarded to N.C. A&T as a land-grant university. These funds were appropriated directly to N.C. A&T State University.

11. N.C. A&T Center for Energy Research and Technology

The General Assembly provided \$200,000 recurring funds for 2022-23 to the N.C. A&T Center for Energy Research and Technology. These funds were appropriated directly to N.C. A&T State University.

12. Blue Cross NC Institute for Health and Human Services at ASU

The General Assembly provided \$225,000 in nonrecurring funds for 2022-23 from the Local Project Reserve for the Blue Cross NC Institute at ASU. These funds were appropriated directly to Appalachian State University.

13. Appalachian Energy Center at ASU

The General Assembly appropriated \$200,000 in recurring funds for 2022-23 for the Appalachian Energy Center. These funds were appropriated directly to Appalachian State University.

14. UNCP College of Health Sciences

The General Assembly provided \$1,000,000 in nonrecurring funds for 2022-23 from the Local Project Reserve to the College of Health Sciences at UNCP for program development. These funds were appropriated directly to UNC Pembroke.

15. ECSU Aviation Program

The General Assembly provided \$1,700,000 in recurring funds for 2022-23 to support costs associated with providing hands-on flight instruction at ECSU, including aircraft maintenance, flight instructors, and insurance. Funds provided are intended to help prevent an increase in flight lab fees charged to students. These funds were appropriated directly to Elizabeth City State University.

2022-23 Operating Budget Allocations

16. FSU Sexual Assault Nurse Examiner Training Program

The General Assembly provided \$1,500,000 in nonrecurring funds for 2022-23 from the State Capital Infrastructure Fund (SCIF) to establish a pilot training program. These funds were appropriated directly to Fayetteville State University.

17. FSU Innovation and Entrepreneurship Hub

The General Assembly provided \$1,000,000 in nonrecurring funds for 2022-23 from the State Capital Infrastructure Fund (SCIF) to support the Innovation and Entrepreneurship Hub. These funds were appropriated directly to Fayetteville State University.

18. UNC School of the Arts High School Program

The General Assembly provided \$1,000,000 in recurring funds for 2022-23 in response to the Board's request. These funds will support personnel and purchased services in the high school program. These funds were allocated directly to UNC School of the Arts.


19. NCSSM – Morganton Campus Operating Funds

The General Assembly provided recurring funds of \$1,638,794 in 2022-23 for faculty, staff, and services to support the second cohort of students at the NCSSM – Morganton campus. These funds were appropriated directly to NC School of Science and Mathematics.

20. Aid to Private Institutions

The General Assembly appropriated funds to programs for private institutions. The funds for these programs were appropriated directly to Aid to Private Institutions. Descriptions of these items can be found in Appendix C.

Appendix A: 2022-23 Operating Budget Comparison

 THE UNIVERSITY OF NORTH CAROLINA SYSTEM	UNC Budget Priorities	Conference Budget
Enacted Budget (excludes aid to private institutions)	3,377,373,487	3,377,373,487
UNC System Priorities Enrollment Change Funding Building Reserves NCSSM - Morganton Campus UNC School of the Arts High School Program Laboratory School Support HMSI Cybersecurity and Bomb Threat Preparedness	38,146,796 8,249,114 1,334,979 NR 1,638,794 1,000,000 1,500,000 5,000,000 NR	38,146,796 8,249,114 1,334,979 NR 1,638,794 1,000,000 1,500,000 5,000,000 NR
Total Recommended UNC System Priority Budget Changes	56,869,683	56,869,683
Faculty and Staff Salaries 3.5% increase (from 2.5%), additional 1% if employee is paid on an experience-based salary schedule or has salary set in law Labor Market Adjustment Salary Reserve Retiree Cost of Living Increases	– – –	32,884,497 32,884,497 3,983,805 NR*
UNC Institution-Specific Requests ECSU Aviation Program N.C. A&T Agriculture Research and Extension Match NCSU Innovation in Manufacturing Biopharmaceuticals	1,700,000 1,600,000 2,000,000 NR	1,700,000 1,600,000 2,000,000 NR
Other UNC Items (not requested) Information Technology Rates UNC-CH Collaboratory Partnership with Eshelman Institute for Innovation UNC-CH Opioid Remediation Research and Development UNC-CH Opioid Remediation Outreach UNC-CH Community Opioid Resources Engine for NC UNC-CH Research Grants for HMSIs UNC-CH School of Medicine Class Size Expansion NCSU NC Clean Energy Technology Center N.C. A&T Center for Energy Research and Technology ASU Blue Cross NC Institute for Health and Human Services ASU Appalachian Energy Center UNCP College of Health Sciences FSU Sexual Assault Nurse Examiner Training Program Pilot FSU Innovation and Entrepreneurship Hub	– – – – – – – – – – – – –	290,015 4,956,203 NR* 1,900,000 NR* 600,000 NR* 400,000 NR* 1,000,000 8,000,000 400,000 200,000 225,000 NR* 200,000 1,000,000 NR* 1,500,000 NR* 1,000,000 NR*
Financial Aid and SEAA FAFSA Tracker	–	55,000
Total Recurring Operating Changes	53,834,704	129,748,713
Total Nonrecurring Operating Changes	8,334,979	23,899,987
Total Recommended FY 22-23 UNC Budget	3,439,543,170	3,531,022,187
Total Percent Change	1.8%	4.5%

*Includes funding from reserves

Aid to Private Institutions		
Enacted Budget	263,221,921	263,221,921
Wake Forest Institute for Regenerative Medicine	—	(10,000,000)
Opportunity Scholarship Grant Fund Reserve	—	56,000,000
Personal Education Student Accounts for Children with Disabilities Program	—	16,300,000
High Point University Principal Prep Program Support	—	1,000,000 NR
Campbell University Principal Prep Program Support	—	500,000 NR
HBCU Bound Athletics Inc.	—	25,000 NR*
Total Aid to Private Institutions	263,221,921	327,046,921

**Includes funding from reserves*

Note: All items are recurring unless specified as nonrecurring.

Section & Title		Conference Budget
UNC Section		
8.1	Revise UNC Enrollment Change Documentation Requirements	Requires the BOG to provide information concerning any metrics used when requesting changes in enrollment funding if the funding request is based on a metric other than enrollment growth.
8.2	Revise Wake Forest Institute For Regenerative Medicine Report	Replaces the BOG with the Joint Legislative Oversight Committee on Health and Human Services as the recipient of the report.
8.3	Recommendations on Increasing Nursing Graduates	Requires the BOG and State Board of Community Colleges to provide the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services a report on increasing the number of nursing graduates by at least 50%. The report is due by February 1, 2023.
8.4	UNC and ECU Dental School Clinical Operations Personnel Flexibility	Exempts employees of the Adams School of Dentistry at UNC-CH from most of the provisions of the State Human Resources Act. Requires the Board of Trustees at UNC-CH to develop policies and procedures governing the terms of employment for these employees. The Board of Trustees shall submit initial classification and pay plans, and other rules and regulations to the Office of State Human Resources for approval. Subsequent changes to the plans shall be submitted for review. Also provides ECU Dental School Clinical Operations the same employment flexibilities as the ECU Medical Faculty Practice Plan.
UNC/SEAA Section		
8A.1	Increase Funding and Eligibility Threshold for Opportunity Scholarships and Funding for Personal Education Student Accounts	Increases the funding for the Opportunity Scholarships Program and Personal Education Student Accounts for Children with Disabilities Program over the next ten fiscal years. The household income eligibility threshold for the Opportunity Scholarships Program is increased from 175% to 200% of the amount required for the student to qualify for the federal free or reduced-price lunch program.
8A.2	Limit Tuition Grants for Graduates of NCSSM and UNCSCA to Undergraduate Tuition	Limits the tuition grant program to only be used for undergraduate students.
8A.3	Temporarily Waive Compliance with Certain Selective Service Requirements and Report	For the 2022-23 and 2023-24 academic years, removes the requirement that dependents of active duty military comply with the requirements of the Selective Service System in order to qualify for in-state tuition. Allows those who do not comply to be eligible for state-sponsored scholarships, financial assistance, or loans insured by state agencies. SEAA shall report to the Joint Legislative Education Oversight Committee by January 15, 2023 on recommendations on ensuring compliance with G.S. 116-143.3(c) and G.S. 143B-421.1 beginning in the 2024-25 academic year. The report should include the practicality of ensuring compliance, methods, administrative costs, and barriers.

Section & Title		Conference Budget
8A.4	Early Admission to Kindergarten for Students Participating in NCSEAA K-12 Scholarship Programs	Requires SEAA to adopt a rule regarding early admission of four-year-old children that establishes the same factors for eligibility as the rule adopted by the State Board of Education pursuant to G.S. 115C-364(d). The rule shall be adopted by December 31, 2022 and apply to applications for scholarship grants for 2023-24 school year.
8A.5	Changes to NCSEAA's Administration of the Opportunity Scholarship Program	Makes the criminal background check conducted for the staff member with the highest decision-making authority privileged information and not a public record. Also changes the requirement to contract with a certified public accountant to preform a financial review from receiving \$300,000 in scholarship funds to enrolling 70 or more receiving scholarship grants. Revises the procedures if a nonpublic school is found to be in violation of the requirements of the section and requires the Board of Directors of NCSEAA to review the criminal history of a schools highest decision making staff member to ensure the staff does not pose a threat to the safety of the students, has the integrity to oversee state funds, or has no outstanding criminal sentencing obligations.
8A.6	Changes to NCSEAA's Administration of Education Savings Accounts	Makes technical changes to the eligibility requirements and requires SEAA to provide written notice to every parent of an eligible student who would be impacted by the changes.
8A.7	Revise Washington Center Internship Scholarship Program	Allows for one to four week public policy and career readiness seminar programs to be eligible for the scholarships. Changes the maximum amount of the per student award for semester internships from \$7,000 to \$10,000 and establishes a maximum of \$8,000 for summer programs and \$4,000 for shortened seminar programs. Requires the BOG to develop guidance for awarding academic credit for participating in the programs. Changes the reporting requirement from March 1, 2023 to March 1 of each year in which grants are received under the program.
8A.8	Report On and Suspend Certain Program Evaluation Requirements for Opportunity Scholarships	Requires SEAA, the Department of Administration, Division of Nonpublic Education, and the Department of Public Instruction to report to the Joint Legislative Education Oversight Committee on the options and timeline to implement the recommendations from the March 1, 2018 task force report established pursuant to 2017 Budget Bill, the cost of implementing the recommendations, and any other legislative recommendations for improving evaluation of students receiving Opportunity Scholarships. For the 2022-23 academic year, if a school is unable to report test score data, then the school will not lose eligibility for opportunity scholarships. For the 2022 and 2023 calendar years, removes an SEAA reporting requirement on learning loss/gain and standardized test scores.
Salaries and Benefits		
39.2	Labor Market Adjustment Reserve	Establishes policies for the Labor Market Salary Adjustment Salary Reserve, including limiting the amount per employee to the greater of \$15,000 or 15% of their current salary. Requires agencies receiving a reserve to report to OSHR by September 30, 2022 on salary increases provided.
39.13	The University of North Carolina	Increases the legislative salary adjustment from 2.5% to 3.5%.
39.18	Mitigate Bonus Leave	Allows employees to voluntarily cash in special bonus leave benefits. Special leave is liquidated for a cash payment based on the employee's current annual salary. Participating agencies must report to the Fiscal Research Division by September 1, 2023 on the position characteristics of the employees participating in the program.
39.19	Salary Related Contribution Adjustments	Adjusts the state's employer contribution rates for retirement and related benefits.

Section & Title		Conference Budget
39.20	Increased One-Time Cost-Of-Living Supplement for Retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System	Increases the legislative cost-of-living supplement from 3% to 4%.
39.21	Temporary Arrangement to Increase Funding for Public Safety Employees' Line of Duty Death Benefits	Instructs the Department of State Treasurer to transfer funds to expedite the payment of line of duty death benefits for public safety employees.
Capital		
40.1	Capital Improvement and Repairs and Renovations Changes	Adds a new project authorization the UNC-CH Law School and ASU Hickory Campus. Increases the total project authorization for NCSU's Engineering Building from \$160M to \$180M, increases the total project authorization for UNC-CH's Nursing School renovation from \$60M to \$65.2M and appropriates an additional \$5.2M in FY 2023, authorizes and appropriates \$2M in FY 2023 for the UNC-CH Law School, decreases the FY 2023 appropriation for ECSU's new Resident Hall from \$30M to \$25M, increases the total project authorization for ECSU's new Dining Facility from \$7.5M to \$15M and appropriates an additional \$5M in FY 2023, authorizes and appropriates \$9M for ASU's Hickory Campus. Also requires the \$2.5M of the R&R funds appropriated to the BOG be used for ECSU's Dining Facility. Removes ECSU's Butler Residence Hall Renovation project from the list of projects authorized to receive R&R funds. Increases the matching requirement of private funds from \$80M to \$90M and the intended state allocation from \$80M to \$90M for NC State's STEM Building. Repeals Section 2 of the UNC Non-Appropriated Projects Capital Projects bill (S.L. 2022-15).
40.5	Six-Year Intended Project Allocation Schedule	Increases the intended allocation for NCSU's Engineering Building in FY 2024 from \$18.25M to \$28.25M, increases the intended allocation for UNC-CH's Business School from \$57.5M to \$68M and redistributes the funds through FY 2025, increases the intended allocation for UNC-CH's Nursing School in FY 2022 from \$13.75M to \$21.25M and in FY 2023 from \$18M to \$25.5M, increases the intended allocation for FSU's College of Education in FY 2024 from \$25.2M to \$27.2M.
40.6	Downtown Government Complex Capital Projects	Clarifies details of a number of downtown government projects, including that the General Assembly will have final authority over any activity related to the planning and construction for the downtown Education Campus.
40.7	Capital Project Inflationary Reserve	Establishes the Capital Project Inflationary Reserve within the State Capital Infrastructure Fund (SCIF). Agencies may request funds from the reserve if they have significantly reduced the scope of the project since it was authorized by the General Assembly, provided evidence of the scope reduction, and documented cost increases due to supply chain or inflationary pressures. Requests shall be submitted to Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division.

Section & Title		Conference Budget
40.9	Increase Dollar Threshold for Capital Projects	Increases the threshold for capital projects requiring BOG approval from \$2M to \$4M. Requires UNC institutions to follow the provisions of G.S. 143-131 for any repair work involving the expenditure of public money between \$100,000 and \$500,000.
Other UNC-Related Sections		
2.1	General Fund Appropriations	Includes budget code specific appropriations.
2.2	General Fund Availability	Directs the State Controller to transfer \$1.8B to the State Capital and Infrastructure Fund (SCIF), \$1B to the Stabilization and Inflation Reserve, and \$80M to the Local Project Reserve.
4.1	Appropriation of Receipts Increased Due to Salary and Benefit Increases	Appropriates any receipts necessary to be used to pay legislatively mandated salary increases and employee benefit increases.
5.1	Unexpended Nonrecurring Funds Appropriated in 2021-22 Fiscal Year Do Not Revert	Allows agencies to not revert nonrecurring funds that remain unspent as of June 30, 2022. Any remaining funding will revert on June 30, 2023.
7.8	Revise Allocation of Funds from the Elementary and Secondary School Emergency Relief Fund for the National College Advising Corps	Focuses the program on supporting existing college advisers and placement of new advisers especially in tier III counties as designated by the Department of Commerce. Changes the initial report due on October 1, 2022 from The National College Advising Corps (CAC) to the Joint Legislative Education Oversight Committee and the Fiscal Research Division to an interim report and requires a final report on October 1, 2023.
7.11	Interoperable and Interconnected Student Data Systems Study	Directs myFutureNC, Inc. to consult with SEAA, DPI, and the Community College and UNC System Offices to submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by March 15, 2023 on the requirements necessary to create an interconnected and interoperable real-time data system to facilitate transmission of student data.
9D.1	Modify Medicaid Receivables Accounted for as Nontax Revenue	Makes technical changes to the deposits required by UNC Hospitals for FY 2023.
9D.11	Average Commercial Rate Supplemental and Directed Payment Program/ECU Health Physicians	Includes ECU Health Physicians in the Directed Payment Program.
9F.1	Use of Opioid Settlement Funds	Creates the Opioid Abatement Reserve and directs allocation of funds, including to the NC Collaboratory at UNC-CH.
12.9	Water and Sewer Infrastructure Funds	Appropriates \$3.6M to the City of Elizabeth City and requires at least \$1M shall be used on a new pump station to accommodate recent campus improvements at ECSU.
43.8	Effective Date	Legislative is effective July 1, 2022.

The 2022 General Assembly appropriated funds for the following programs. The funds were appropriated directly to Aid to Private Institutions.

1. Wake Forest Institute for Regenerative Medicine

The General Assembly reduced the budget by \$10,000,000 to reflect a change in the administration of the funds to the Wake Forest Institution for Regenerative Medicine from the UNC System to the Office of State Budget and Management.

2. Opportunity Scholarship Grant Fund Reserve

The General Assembly appropriated \$56,000,000 in recurring funds for 2022-23 to the Opportunity Scholarship Grant Fund Reserve. Funds appropriated to the Reserve in a given fiscal year are used to award scholarship grants the subsequent fiscal year.

3. Personal Education Student Accounts for Children with Disabilities Program

The General Assembly appropriated recurring funds of \$16,300,000 in 2022-23 to the NC Personal Education Student Accounts for Children with Disabilities (PESA) Program.

4. High Point University Principal Preparation Program Support

The General Assembly appropriated \$1,000,000 in nonrecurring funds for 2022-23 for a directed grant to High Point University to support its principal preparation program.

5. Campbell University Principal Preparation Program

The General Assembly appropriated \$500,000 in nonrecurring funds for 2022-23 to Campbell University to support its principal preparation program.

6. HBCU Bound Athletics

Nonrecurring funds of \$25,000 are provided in 2022-23 from the Local Project Reserve to HBCU Bound Athletics, Inc.

REVISE UNC ENROLLMENT CHANGE DOCUMENTATION REQUIREMENTS

SECTION 8.1. G.S. 116-11(9)a1 reads as rewritten:

- "a1 The Board of Governors shall provide full documentation and justification of any enrollment change funding request at the time it is recommended. This documentation and justification shall include the following:
- 1 If the enrollment change funding request is based in whole or in part on enrollment growth, the most recent academic year's actual enrollment numbers in the same format in which the growth increase request is made. The actual enrollment numbers shall be the actual student credit hours (SCH) or full-time equivalencies (FTE)
 - 2 If the enrollment change funding request is based in whole or in part on one or more metrics other than enrollment growth, including student performance, identification of any metric used, and the portion of the funding request based on that metric for each constituent institution."

RECOMMENDATIONS ON INCREASING NURSING GRADUATES

SECTION 8.3. No later than February 1, 2023, the Board of Governors of The University of North Carolina, in collaboration with the State Board of Community Colleges, shall study and provide recommendations to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services on methods and a timeline for increasing the number of graduates from nursing programs at constituent institutions of The University of North Carolina and community colleges by at least fifty percent (50%).

UNEXPENDED NONRECURRING FUNDS APPROPRIATED IN 2021-22 FISCAL YEAR DO NOT REVERT

SECTION 5.1.(a) Notwithstanding any provision of law to the contrary, any nonrecurring funds appropriated for the 2021-2022 fiscal year that remain unexpended as of the effective date of this section and are subject to reversion at the end of the 2021-2022 fiscal year shall not revert at the end of the 2021-2022 fiscal year and shall remain available for expenditure for the purpose for which the funds were appropriated until the earlier of the date the funds are expended or the date the funds revert pursuant to subsection (b) of this section.

SECTION 5.1.(b) Any funds described in subsection (a) of this section that remain unexpended as of June 30, 2023, shall revert to the appropriate fund at the end of the 2022-2023 fiscal year.

SECTION 5.1.(c) This section becomes effective June 30, 2022.

INTEROPERABLE AND INTERCONNECTED STUDENT DATA SYSTEMS STUDY

SECTION 7.11. myFutureNC, Inc., in consultation with the North Carolina State Education Assistance Authority, the Department of Public Instruction, the Community College System Office, and The University of North Carolina System Office, in partnership with their respective public school units, community colleges, and universities, shall submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than March 15, 2023, on requirements necessary to create an interconnected and interoperable real-time data system to facilitate communication, collection, and transition of student data between public school units, community colleges, and universities and to provide students access to their own data, including after the student leaves the institution. The goal of such a system would be to share data more efficiently among educational institutions using existing student information management systems, to assist students in earning postsecondary credentials that could assist the student in finding employment, and to eliminate redundant efforts and expenses among the institutions. The report shall include at least the following:

- (1) Current instances of best practices regarding data warehouses, school district-community partnerships, and relationship management systems
- (2) Technology necessary to create such an interconnected and interoperable system and to create a working prototype.
- (3) Legal considerations for sharing data across institutional systems that would conform with the Family Educational Rights and Privacy Act (FERPA), specifically focusing on student support services.

- (4) Human capital and machine capabilities, such as artificial intelligence, needed to develop data and analytical capacity across institutions.
- (5) Any issues that may arise with cultural views on data as an individually owned resource, as opposed to a collaborative tool.
- (6) As applicable, the potential role of existing State longitudinal data systems.

LABOR MARKET ADJUSTMENT RESERVE

SECTION 39.2.(a) Of the Labor Market Adjustment Salary Reserve funds appropriated in this Act, agencies shall award salary adjustments to identified employees pursuant to the following requirements:

- (1) Any increase provided to an employee shall not exceed the greater of fifteen thousand dollars (\$15,000) or fifteen percent (15%) of their current base salary.
- (2) Any increase provided to an employee may not result in the employee's salary exceeding the maximum salary of the salary range associated with the position.
- (3) No more than twenty-five percent (25%) of the agency's permanent employees may receive a salary increase from the funds appropriated for this purpose.
- (4) Funds may not be awarded to employees in positions with salaries set in law or paid based on an experience-based salary schedule that is eligible to receive funding from the Pay Plan Reserve.
- (5) Funds must be used to increase salaries paid to employees and shall not be used to supplant other funding sources or for any other purpose.

SECTION 39.2.(b) The provisions of subsection (a) of this section do not apply to the State Highway Patrol or the State Bureau of Investigation, and no allocations shall be made to those agencies for labor market adjustments.

SECTION 39.2.(c) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent one percent (1%) Labor Market Adjustment Salary Reserve subject to the requirements in subsection (a) of this section, provided that sufficient receipts are available. Agency receipts needed to implement this section are appropriated for the 2022-2023 fiscal year.

SECTION 39.2.(d) The Office of State Human Resources (OSHR) shall compile a single report detailing how these funds were distributed by each agency. The OSHR shall develop a uniform reporting mechanism for agencies that displays the salary increases made for each position classification, the average increase provided to employees in each position classification, and the market-based justification for the awarded salary increases. Agencies receiving Labor Market Adjustment Salary Reserve appropriations shall report to the OSHR by September 30, 2022. By October 31, 2022, the OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.13. Section 39.13(2) of S.L. 2021-180 reads as rewritten:

- "(2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of ~~two and one-half percent (2.5%)~~ three and one-half percent (3.5%)."

AGENDA ITEM

A-3. Report on Need-Based Aid from Tuition 2022-23.....Jennifer Haygood

Situation: A recommendation of the Board of Governors Working Group on Financial Aid and Tuition required UNC System institutions to report annually on tuition set-aside for need-based financial aid.

Background: In October 2014, the Board of Governors received a report from the Board's Working Group on Financial Aid and Tuition. The working group's final report made several recommendations. These include the implementation of a limit on need-based aid funded by tuition to a 15 percent maximum of an institution's total base tuition revenue, along with a requirement that institutions report annually to the Board's Committee on Budget and Finance on tuition used for need-based aid.

This item provides a summary of aid funded from tuition set-aside for each institution.

Assessment: All institutions are in compliance with the freeze and cap policy. Four are at or above 15 percent and are frozen and 12 are not frozen. Since implementation, nine have increased the amount of need-based aid from tuition, two have decreased, and five have not changed.

Action: This item is for information only.

The University of North Carolina
Budgeted Tuition Revenue Allocated to Need-Based Financial Aid
2017-18 to 2022-23

Instit.	2014-15 Freeze and Cap Begins	2014-15 % NBA	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Δ from 2021-22 to 2022-23	2022-23 % NBA
ASU	\$11,895,599	14.4%	\$11,919,809	\$11,919,809	\$11,919,809	\$13,619,809	\$13,619,809	\$13,619,809	-	12.3%
ECU	19,616,710	13.6%	19,616,710	19,616,710	19,616,710	19,616,710	19,616,710	19,616,710	-	11.5%
ECSU	1,866,687	20.1%	1,704,690	1,704,690	1,704,690	1,661,567	1,661,567	1,661,567	-	16.4%
FSU	2,956,034	16.9%	2,529,284	2,529,284	2,529,284	2,529,284	2,556,044	2,556,044	-	11.9%
N.C. A&T	7,536,243	12.8%	7,627,859	7,627,859	7,851,527	7,851,527	7,851,527	7,851,527	-	9.4%
NCCU	6,001,776	15.0%	6,192,555	6,192,555	6,192,555	6,192,555	6,192,555	6,192,555	-	12.2%
NCSU	44,981,653	17.9%	44,981,653	44,981,653	46,981,653	46,981,653	48,060,135	49,763,241	1,703,106	13.7%
UNCA	2,637,233	14.7%	3,017,260	2,965,831	3,184,105	3,184,105	3,184,105	3,184,105	-	16.3%
UNC-CH	66,151,033	20.9%	66,151,033	66,151,033	66,151,033	66,151,033	66,151,033	66,151,033	-	15.3%
UNCC	11,275,108	9.5%	11,425,108	12,275,108	12,275,108	12,275,108	12,275,108	12,602,168	327,060	7.7%
UNCG	11,125,825	13.9%	11,125,825	11,125,825	11,125,825	11,125,825	11,125,825	11,125,825	-	10.7%
UNCP	2,378,562	10.9%	2,378,562	2,044,830	2,044,830	2,044,830	2,044,830	2,629,574	584,744	8.1%
UNCW	9,012,300	11.7%	9,012,300	9,012,300	9,012,300	9,012,300	9,012,300	9,012,300	-	9.0%
UNCSA	1,626,713	10.6%	1,848,463	1,921,418	1,965,158	1,965,158	2,029,108	2,029,108	-	12.4%
WCU	4,458,066	11.5%	4,458,066	4,758,066	4,858,066	4,858,066	4,858,066	4,858,066	-	7.9%
WSSU	3,247,030	15.9%	3,247,030	3,247,030	3,247,030	3,247,030	3,247,030	3,247,030	-	15.5%
Total	206,766,572		207,236,207	208,074,001	210,659,683	212,316,560	213,485,752	216,100,662	2,614,910	

Notes: % NBA = the percentage of base tuition revenue set aside for need-based aid.

UNC-CH's 2014-15 amount has been updated.

Includes both undergraduate and graduate need-based financial aid.

The appropriation for the tuition buy down at NC Promise campuses was counted as tuition for the purpose of this report.

ECU's amounts for FY 2014-15 through FY 2019-20 have been updated to remove a SBTI amount incorrectly included.

AGENDA ITEM

- A-4. Authorization of Innovation District Public-Private Partnership (P3) Projects –
Appalachian State University Jennifer Haygood and Dan Layzell

Situation: The Appalachian State University Board of Trustees requests authorization for development of two public-private partnership (P3) projects in the Innovation District. The P3 projects include development of staff and faculty housing and a new district energy system.

Background: Appalachian State University has an Innovation District located at the site of the former Broyhill Conference Center and designated as a millennial campus. The Innovation District will include academic facilities, faculty and staff housing, and a new district energy system. The first academic building, the Conservatory for Biodiversity Education and Academic Research (CBEAR), will be a 50,000 square foot teaching and research facility which will be completed by Fall 2025. The 2021 Appropriations Act (S.L. 2021-180) appropriated \$54 million for the Innovation Campus which will fund the new academic building. Future phases would add two additional academic buildings.

To support development of the Innovation District, App State proposes two P3 projects for the construction of approximately 300 faculty and staff housing units and construction of a new district energy system. Faculty and staff housing units will provide on-campus housing at below-market rents. The new district energy system will supply on-site, carbon neutral, renewable energy for the Innovation District.

Assessment: The authorization of the Letters of Intent for the proposed P3 projects is recommended to support the future development of the Innovation District.

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

Appalachian State Innovation District

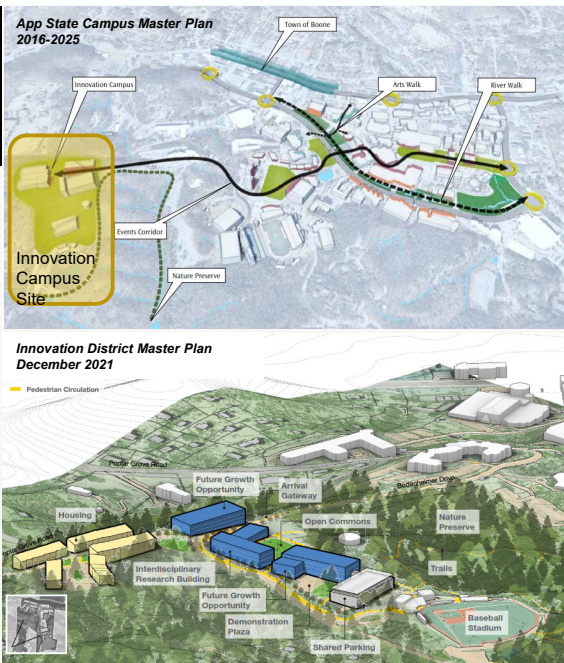
Board of Governors Meeting
July 2022



Project Summary

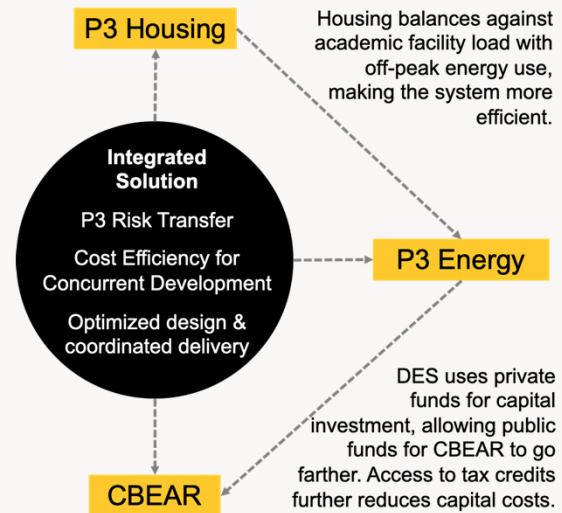
INNOVATION DISTRICT

- The Innovation District is located on the site of the former Broyhill Conference Center, within the University's Millennial Campus boundary.
- Development of the Innovation District was contemplated in App State's 2025 Campus Master Plan, and the University completed an Innovation District Master Plan in December 2021.
- The Innovation District will bring together multiple disciplines and research centers – connected to sustainable infrastructure systems – to support regional economic development, enhance teaching and research, and establish App State as a national leader in sustainability and resilience strategies.
- App State selected development partners Radnor Property Group and Harrison Street through a competitive solicitation process to deliver an integrated Phase 1 concept for the District.



Innovation District Phase 1 Concept

- **Academic Facility (\$54M by State Appropriation)**
 - Academic building will be called Conservatory for Biodiversity Education and Research (CBEaR).
 - Will also include cross-disciplinary collaboration space and encourage K-12 partnership.
 - Utilizes state funding and SCO standards.
- **Faculty and Staff Housing (~\$29M P3 funding)**
 - ±150 units of faculty and staff housing.
 - Helps University compete for faculty and staff amid housing scarcity and cost inflation in Boone.
 - University contributes no capital.
- **District Energy System (~\$17M P3 funding)**
 - Zero-carbon energy system that begins campus transition away from steam.
 - Establishes national example for sustainable solutions, enables ambitious future certification.
 - University contributes no capital.



3

Process & Partner Selection

INNOVATION DISTRICT

- **Competitive procurement process:**
 - Request for Qualifications: (October-November 2021)
 - Request for Proposals (December 2021-March 2022)
- **Selection of integrated team led by Radnor Property Group and Harrison Street:**
 - Radnor & Harrison Street will design, build, finance, operate, and maintain the housing and energy assets.
 - Radnor will collaborate to manage the design and construction of the Academic Facility (CBEaR).



- **Founded in 1999** / 35+ years experience
- **\$3B** projects completed / **\$1B** in P3 space
- Partnerships with **25 Higher-Ed Institutions** in Last 10 Years



- **45+ Years** investing in clean energy infrastructure
- **50 clean energy assets** since 2018
- Leadership Team with **\$15 billion** in transactions for over **40GW** of power assets

Innovation District will be 6th **Joint Venture** between Radnor & Harrison Street

Conservatory for Biodiversity Education and Research

INNOVATION DISTRICT

- Phase 1 academic building (state funded)
- Department of Biology teaching and research facility
- 50,000 SF facility including botanical conservatory, research labs, auditorium, classrooms and support spaces
- Link between campus and regional community through education, research and outreach
- Targeted opening in Fall 2025
- Architect has been selected



Faculty & Staff Housing

INNOVATION DISTRICT

- Demand for 300+ housing units identified in the University's housing survey. University losing talent from lack of attainable housing options.
- Transfers risk while addressing a critical need for App State, outside core mission of teaching and research.
- High-quality, financially accessible housing is not available for professionals moving to Boone. Rental market is focused almost exclusively on student housing.
- P3 will provide housing on-campus with below-market rents for faculty and staff.



District Energy System

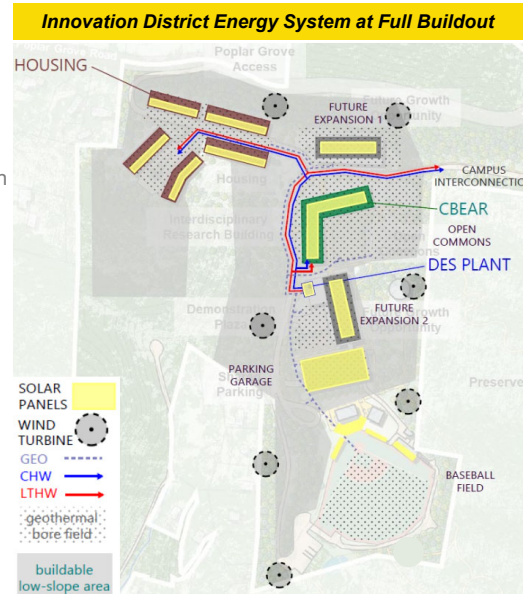
INNOVATION DISTRICT

Background

- Innovation District lacks energy generation and sufficient distribution to meet the needs of planned buildings.
- Carbon zero, renewable, and resilient district system, utilizing proven technologies in innovative configuration.
- 10+ Public University P3s

System Overview

- On-site renewable energy generation from state-of-the-art technologies being considered, including wind, rooftop solar, anaerobic digester.
- Flexible, modular system that can accommodate new technologies as district grows.
- Operational and financing risk transfer for the maintenance, continued investment and operations of the district energy system.



District Energy System

INNOVATION DISTRICT

Integrated Delivery

- Designing and delivering all projects concurrently reduces capital expense for each (only "moving earth" once).
- Designing Housing and Conservatory to harmonize utility utilization.

Commercially Viable Outcome

- Zero Carbon System
- Innovative Solutions & Sustainability Leadership
- Cost comparable to traditional approach

Value Proposition

- Predictable payments
- Avoided capital investment
- Access to tax credits & incentives
- Avoided lifecycle capital reinvestment

	P3 District Energy	App State Traditional	
Efficient Capital (capital, tax credits)	▲ HIGH	▼ LOW	Project economics to be finalized in negotiations after executed LOI
Operational Resilience	▲ HIGH	▼ LOW	
Utility Commodity Risk	▼ LOW	▲ HIGH	
Innovation	▲ HIGH	▼ LOW	
Sustainability Leadership	▲ HIGH	▼ LOW	

Pre-Development Letter of Intent

INNOVATION DISTRICT

- App State desires to execute a Letter of Intent (LOI) with Radnor & Harrison Street, which will allow the parties to continue to **refine the projects' design and negotiate material deal terms** prior to financial close.
 - This will avoid delays and allow App State to deliver Phase 1 of the Innovation District as quickly and efficiently as possible
 - BOG will separately approve the Definitive Agreements following negotiations.
- In a typical P3 transaction, the University and the Developer enter into a pre-development agreement early in the negotiation process to establish basic parameters of the relationship between the parties and their respective obligations.
- Under the terms of the LOI, Radnor and Harrison Street will front all pre-development costs for Housing and Energy through BOG approval, up to \$1.15M.
- University would be responsible for predevelopment costs expended in case of Termination for Convenience until BOG approval.

Additional Information

System and Campus Strategic Priorities

INNOVATION DISTRICT

		Conservatory	P3 Energy	P3 Housing
UNC System Strategic Plan: Higher Expectations	Affordability & Efficiency	Cost efficiency through concurrent development with P3 projects.	Address enterprise risk related to rising energy costs. Transfer capital and operating risk to third-party.	Address critical University need while preserving capital and debt capacity for mission-central assets.
	Student Success			Help recruit top faculty and staff to support students and ensure App State degrees are valuable in the market.
	Economic Impact & Community Engagement	Serve as a resource for rural community & K-12 outreach.	Create a vehicle for sustainable technology renewable energy research, with potential for DOE grants.	Help recruit top faculty to increase research productivity.
	Excellent & Diverse Institutions	Elevate App State's bioscience and sustainable technology programs. Build cutting edge teaching and research facility in rural NC. Create "living lab" for students and faculty.	Solidify App State's position as a leader in sustainable technologies.	Help recruit and retain at talented workforce in a challenging housing market.
App State Bridge Strategic Plan 2021-2022	Academic Excellence	Enhance STEM assets preparing students for in-demand jobs. Create venue for cross-disciplinary education.	Create a "living laboratory" asset with opportunities for research and student internships.	Help recruit top faculty and staff to support students and ensure App State degrees are valuable in the market.
	Financial Resources	Displace some utility and building systems expense to P3 Energy System, stretching state funds.	Address enterprise risks related to rising energy costs. Utilize private funds and transfer operating risk to third-party. Absorb some costs from Conservatory, stretching state funds.	Address critical University need while preserving capital and debt capacity for mission-central assets.
	Sustainability & Resiliency	Connect to a zero-carbon energy system and design to ambitious sustainability standards.	Zero-carbon system that can serve as a national example for sustainable solutions.	Housing provided at below-market rates connected to a zero-carbon energy system.

Transaction Structure – P3 Housing

INNOVATION DISTRICT

Risks Transferred:

- Design
- Construction
- Financing
- Operations
- Maintenance

Appalachian State

Ground Lease

**Housing Owner
501(c)3 entity**

Development Agreement

**Developer
Radnor Property Group**

**Architect
Nelson**

**Construction Manager
Buildtech**

**Civil Engineer
Bohler**

Management Agreement

**Property Manager
Greystar**

*501(c)3 issues taxable bonds to fund project
Radnor-HS JV purchases bonds*

**Equity Investor
Radnor-Harrison Street
Joint Venture**

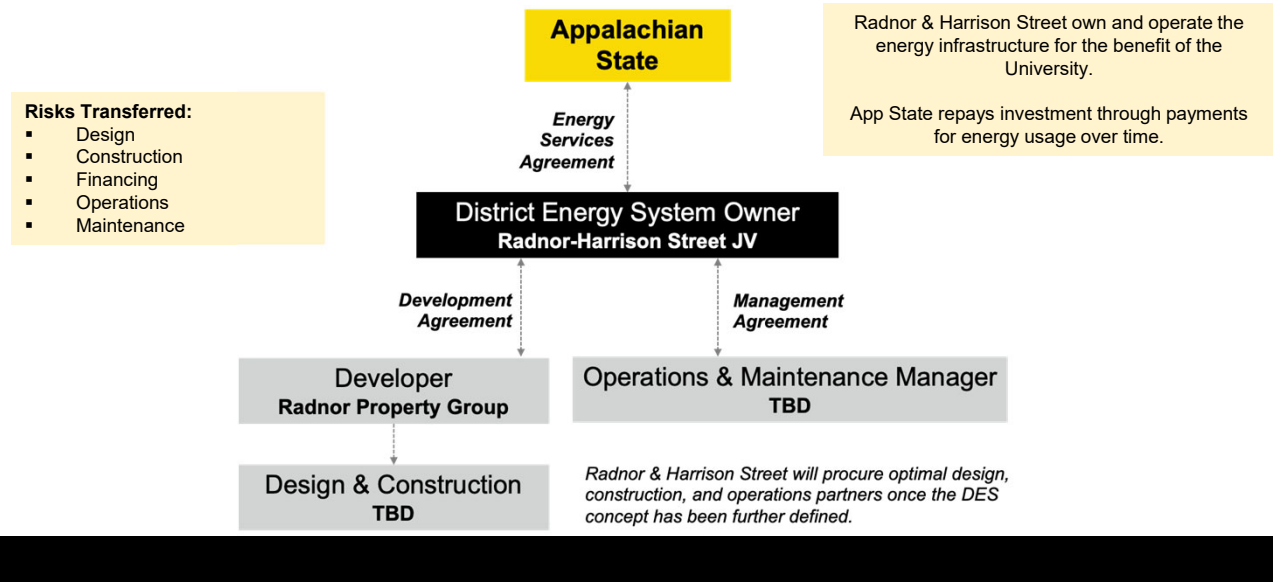
A non-profit owns and operates faculty and staff housing for the benefit of the University.

Radnor and Harrison Street are repaid through bond payments & excess cash flow.

University receives a portion of excess cash flow.

Transaction Structure – P3 District Energy System

INNOVATION DISTRICT



Appalachian State Innovation District

Board of Governors Meeting
July 2022



AGENDA ITEM

- A-5. Capital Improvement Projects – Appalachian State University, Elizabeth City State University, North Carolina A&T State University, North Carolina School of Science and Mathematics, North Carolina State University, and University of North Carolina at Chapel Hill Katherine Lynn

Situation:	Appalachian State University, Elizabeth City State University, and North Carolina State University have requested new authorizations for five capital improvement projects. North Carolina Agricultural and Technical State University, North Carolina School of Science and Mathematics, and University of North Carolina at Chapel Hill have requested increased authorization for three capital improvement projects.
Background:	The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
Assessment:	Appalachian State University, Elizabeth City State University, North Carolina Agricultural and Technical State University, North Carolina School of Science and Mathematics, North Carolina State University, and University of North Carolina at Chapel Hill are requesting projects that meet the statutory requirements. It is recommended that the Board of Governors approve the projects and the method of funding. It is further recommended that these projects be reported to the North Carolina Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.
Action:	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Capital Improvement Projects – Appalachian State University, Elizabeth City State University, North Carolina A&T State University, North Carolina School of Science and Mathematics, North Carolina State University, and University of North Carolina at Chapel Hill

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.

Six UNC System institutions have requested eight capital improvement projects: five new projects and three projects for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
1.	Newland Hall Building Envelope & HVAC Improvement	\$6,998,700	\$0	\$6,998,700	Housing Reserves
2.	Student Housing Structural Remediations	\$888,034	\$0	\$888,034	Housing Reserves
<i>Appalachian Subtotal</i>		<i>\$7,886,734</i>	<i>\$0</i>	<i>\$7,886,734</i>	
Elizabeth City State University					
3.	Viking Village HVAC repairs	\$4,800,000	\$0	\$4,800,000	HEERF
<i>ECSU Subtotal</i>		<i>\$4,800,000</i>	<i>\$0</i>	<i>\$4,800,000</i>	
North Carolina State University					
4.	Ground Floor Renovation - Nelson Hall	\$1,840,000	\$0	\$1,840,000	F&A (27%)/Trust Funds (73%)
5.	HVAC Upgrades – Wood Residence Hall	\$5,000,000	\$0	\$5,000,000	Housing Receipts
<i>NC State Subtotal</i>		<i>\$6,840,000</i>	<i>\$0</i>	<i>\$6,840,000</i>	
Grand Total		\$19,526,734	\$0	\$19,526,734	

II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
North Carolina A&T State University					
6.	Dudley Building	\$2,901,545	\$1,000,000	\$1,901,545	Grant (17%)/Trust Funds (17%)/R&R (14%)/Carry-Forward (52%)
<i>N.C. A&T Subtotal</i>		<i>\$2,901,545</i>	<i>\$1,000,000</i>	<i>\$1,901,545</i>	

II. INCREASED AUTHORIZATION cont'd

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
North Carolina School of Science and Mathematics					
7.	Residence Hall Renovations - Site Improvements Prep Phase 1	\$3,708,180	\$2,968,000	\$740,180	Donations and Gifts
<i>NCSSM Subtotal</i>		<i>\$3,708,180</i>	<i>\$2,968,000</i>	<i>\$740,180</i>	
University of North Carolina at Chapel Hill					
8.	Marsico Hall 9.4T MRI	\$3,800,000	\$3,000,000	\$800,000	Clinical Receipts
<i>UNC-CH Subtotal</i>		<i>\$3,800,000</i>	<i>\$3,000,000</i>	<i>\$800,000</i>	
Grand Total		\$10,409,725	\$6,968,000	\$3,441,725	

RECOMMENDATION

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

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

III. REPORTING

The following projects are being reported to the Board of Governors and Fiscal Research Division in compliance with GS 143C-8-13 (d) which permits Chancellors to authorize Repairs and Renovation projects less than \$600,000 in thirteen allowable categories.

Institution/Project Title		Amount	Fund Source	R&R Category
North Carolina Central University				
1.	Siemens System Retro-commissioning for BBRI BRITE and Shepard Administration	\$450,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
2.	Walker Complex Turner Law Nursing & Miller-Morgan Buildings Retro-Cx	\$475,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
3.	Campus-wide (30 Buildings) HVAC Filters Belts and Coils Assessment & Upgrades	\$468,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
4.	CT Willis Building Automation System Replacement	\$490,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
5.	Farrison-Newton Building HVAC System Repairs (Ventilation and Filtration)	\$475,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
6.	O'Kelly Locker Room HVAC Upgrades	\$425,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
7.	Robinson Science Cooling System (Chiller Cooling Tower & Building Automation System) Replacement	\$470,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC
8.	Student Health Building Window AC Units Replacement	\$150,000	HEERF	(4) Repairs to or installation of new electrical, plumbing, and HVAC

III. REPORTING cont'd

Institution/Project Title		Amount	Fund Source	R&R Category
The University of North Carolina at Pembroke				
9.	Chancellor's Residence Pergola/Pavilion Demolition and Construction	\$133,652	General Funds	(2) Structural repairs
10.	Chancellor's Residence Porch Reroof and Tie-in	\$140,905	General Funds	(1) Roof repairs and replacements
11.	Campus Water Main Infrastructure Replacement - Phase III	\$456,313	General Funds	(11) Improvements to roads, walks, drives, and utilities infrastructure
12.	DF Lowery Sewer Replacement	\$553,150	General Funds	(11) Improvements to roads, walks, drives, and utilities infrastructure
13.	DF Lowery Window Replacement	\$148,675	General Funds	(7) Improvements to existing facilities for energy efficiency
14.	Jones Building Classroom Renovations	\$594,013	General Funds	(9) Improvements and renovations to improve use of existing space
15.	MassCom Studio Upfit (Old Main)	\$299,460	General Funds	(9) Improvements and renovations to improve use of existing space
16.	Repair Electrical Medium Voltage Switches	\$250,800	General Funds	(4) Repairs to or installation of new electrical, plumbing, and HVAC
17.	Moore Hall Window Replacement	\$400,769	General Funds	(7) Improvements to existing facilities for energy efficiency
18.	Oxendine Roof Replacement (1987 Wing)	\$360,000	General Funds	(1) Roof repairs and replacements
19.	Pinchbeck Warehouse and Service Yard Reconfiguration	\$513,542	General Funds	(9) Improvements and renovations to improve use of existing space
Winston-Salem State University				
20.	Roof Replacement - Hill Hall	\$325,000	Carry-forward	(1) Roof repairs and replacements
21.	Roof Replacement - Thompson	\$470,000	Carry-forward	(1) Roof repairs and replacements
22.	O'Kelly Library Flooring Replacement	\$83,613	Carry-forward/HEERF	(9) Improvements and renovations to improve use of existing space
23.	Roof Replacement - F.L. Atkins	\$208,000	Carry-forward	(1) Roof repairs and replacements
24.	Roof Replacement - Modular Units (F.L. Atkins, Reynolds Park)	\$105,000	Carry-forward	(1) Roof repairs and replacements

AGENDA ITEM

A-6. Disposition of Property by Demolition – Elizabeth City State University..... Katherine Lynn

Situation: The Elizabeth City State University Board of Trustees requests authorization to dispose of property by demolition of four existing residential structures.

Background: The four residential structures are single-family, one-story units located on Weeksville Road adjacent to campus. The houses were constructed in 1961 and previously used as rental units but are currently unsuitable for occupancy due to extensive damage and environmental issues. The total square footage is approximately 4900 gross square feet, and the total insurance value is \$802,160.

The ECSU Board of Trustees approved the demolition of the four structures on March 8, 2022.

Assessment: The demolition of the four residential structures is required to increase campus safety.

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

Disposition of Property by Demolition – Elizabeth City 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 Elizabeth City State University Board of Trustees requests authorization to demolish four existing single-family residential structures. The structures to be demolished include the following:

Residence Building 102 (Ane Kwu)	1786 Weeksville Road	1434 GSF	\$231,759.00
Residence Building 103 (Chigbu)	1784 Weeksville Road	1220 GSF	\$169,316.00
Residence Building 104 (Wilson)	1782 Weeksville Road	1046 GSF	\$231,759.00
Residence Building 105 (Orr)	1780 Weeksville Road	<u>1220 GSF</u>	<u>\$169,316.00</u>
		4920 GSF	\$802,160.00

The four residential structures were constructed in 1961 and were rental units. The structures are vacant and would require extensive repairs and environmental remediation.

The ECSU Board of Trustees approved the demolition of the four residences on March 8, 2022.

The cost of demolition will be paid from rental receipts and trust funds.

RECOMMENDATION

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

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

Institution or Agency: Elizabeth City State University

Date: 6/15/2022

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. Demolition

This disposition is recommended for the following reasons:

The ECSU Board of Trustees recommended demolition of the four rental homes on 3/8/22.

The homes have mold, water infiltration, and structural concerns. They are no longer occupied.

The site where the homes currently sit is slated for future development of a UAS supporting facility.

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

(1) 1822 Weeksville Road - 1000 sqft - \$169,316 | (2) 1824 Weeksville Road - 1200 sqft - \$231,759 | (3) 1826 Weeksville Road - 1000 sqft - \$169,316 | (4) 1824 Weeksville Road - 1200 sqft - \$231,759

Estimated value: The combined insurance value of the 4 homes is estimated at \$829,150.

Where deed is filed, if known: n/a

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

n/a

Rental income, if applicable, and suggested terms:

n/a

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

Rental receipts and non-state funds will be utilized to demolish the homes.

(Complete if Agency has a Governing Board.)

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

Signature:

Alyn Goodson

Title:

Vice Chancellor for Operations &+

Digitally signed by Alyn Goodson
Date: 2022.06.13 11:10:42 -0400

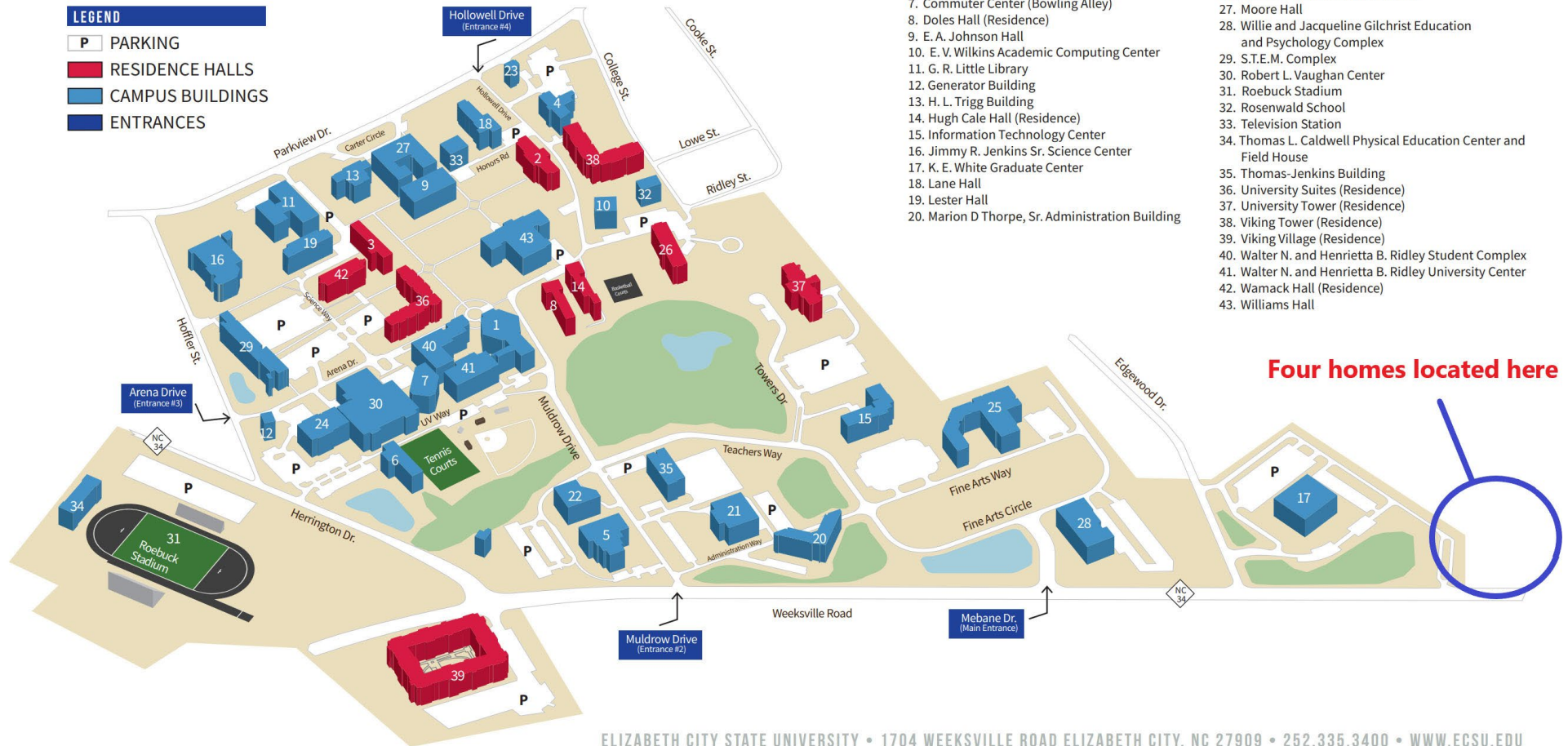
CAMPUS MAP

LEGEND

- P PARKING
- RESIDENCE HALLS
- CAMPUS BUILDINGS
- ENTRANCES

BUILDING DIRECTORY

1. Bedell Hall (Cafeteria)
2. Bias Hall (Residence)
3. Butler Hall (Residence)
4. Cardwell-Hoffler
5. C.W. Griffin Center
6. Central Utility Plant
7. Commuter Center (Bowling Alley)
8. Doles Hall (Residence)
9. E. A. Johnson Hall
10. E. V. Wilkins Academic Computing Center
11. G. R. Little Library
12. Generator Building
13. H. L. Trigg Building
14. Hugh Cale Hall (Residence)
15. Information Technology Center
16. Jimmy R. Jenkins Sr. Science Center
17. K. E. White Graduate Center
18. Lane Hall
19. Lester Hall
20. Marion D Thorpe, Sr. Administration Building
21. McDonald Dixon and Bishop M. Patterson Hall
22. McLendon Hall
23. Presidents House
24. Melvyn N. and Vonda Reed Riley Wellness Center
25. Mickey L. Burnim Fine Arts Center
26. Mitchell-Lewis Hall (Residence)
27. Moore Hall
28. Willie and Jacqueline Gilchrist Education and Psychology Complex
29. S.T.E.M. Complex
30. Robert L. Vaughan Center
31. Roebuck Stadium
32. Rosenwald School
33. Television Station
34. Thomas L. Caldwell Physical Education Center and Field House
35. Thomas-Jenkins Building
36. University Suites (Residence)
37. University Tower (Residence)
38. Viking Tower (Residence)
39. Viking Village (Residence)
40. Walter N. and Henrietta B. Ridley Student Complex
41. Walter N. and Henrietta B. Ridley University Center
42. Wamack Hall (Residence)
43. Williams Hall





AGENDA ITEM

A-7. Acquisition of Property by Reallocation – North Carolina State University Katherine Lynn

Situation: The North Carolina State University Board of Trustees requests permission for the acquisition of property by reallocation of the Rollins Analytical Lab, associated structures, and real property from the North Carolina Department of Agriculture and Consumer Services.

Background: North Carolina State University is requesting approval for the reallocation of the Rollins Analytical Lab and two auxiliary structures (the Rollins Animal Disease Lab and the Rollins Lab Holding Facility) from the North Carolina Department of Agriculture and Consumer Services. The three buildings include approximately 30,630 +/- gross square feet and are located at 2101 Blue Ridge Road, in Raleigh, North Carolina. The reallocation also includes approximately 4.0 acres. The insured value of the buildings is \$8,367,214.00. The structures will be used for programming and research and will provide the opportunity to relocate existing university programs from off-campus leased space to university-owned space, thereby reducing costs. The reallocation is a no-cost reassignment of a state asset to the university.

Assessment: The acquisition of property by reallocation will support efficiency by reducing the need for off-campus leased space.

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 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 requests authorization to acquire by reallocation three buildings located at 2101 Blue Ridge Road in Raleigh, North Carolina. The three buildings to be reallocated include the following:

Rollins Animal Disease Diagnostic Lab and Addition	27,670 +/- GSF	\$5,992,109.00
Rollins Lab/Animal Holding Facility	1,400 +/- GSF	\$ 382,817.00
New Rollins Animal Disease Diagnostic Lab	<u>1,560 +/-GSF</u>	<u>\$1,992,288.00</u>
	30,630 +/-GSF	\$8,367,214.00

The main structure was constructed in 1972 and the two auxiliary structures were constructed in 1999 and 2003. The buildings were previously assigned to the North Carolina Department of Agriculture and Consumer Services but are no longer required due to relocation. North Carolina State University will use the buildings for programming and research and intends to relocate existing university programs from off-campus leased space to university-owned space, thereby reducing costs. The reallocation also includes approximately 4.0 acres. The reallocation is a no-cost reassignment of a state asset to the university.

The NC State University Board of Trustees approved the reallocation on April 22, 2022.

RECOMMENDATION

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

Form PO-1
Rev. 10/01
Original and one copy to State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION**

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: April 21, 2022

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)~~. Reallocation

This Property is needed for the following reasons and purposes: North Carolina State University requests approval for the reallocation of the Rollins Analytical Diagnostic Lab, the Rollins Lab Animal Holding Facility, and the New Rollins Animal Disease Lab from the North Carolina Department of Agriculture and Consumer Services. This property provides usable laboratory and office space that will meet immediate and long-term research needs of the university.

Name and Address of Present Owner: State of North Carolina, 1321 Mail Service Center, Raleigh, NC 27699

Description of Property: Approximately 4.0 acres of developed real property located at 2101 Blue Ridge Road, Raleigh, NC 27607, including:

State Property Office Complex 1-92-48, Asset # 1, #13 #14 Located at 2101 Blue Ridge Road Center Raleigh NC

Building Asset ID: 814 Rolling Analytical Lab – approximately 27,670 sf, built in 1972, 1,560 sf
Building Asset ID: 5548 New Rollins Animal Disease Lab – approximately 1,400 sf, built in 2003
Building Asset ID: 5321 Rollins Lab Holding Facility – approximately 1,560 sf, built in 1999

1,400 sf

Term: perpetual

Rental price (if applicable): n/a

Funding: n/a

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. No.

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of Trustees and is recorded in the minutes thereof on April 22, 2022.

Signature:

Title:

Barry Wood
Chancellor

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

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

Form

Number: PO-1

Preparation

Date: 4/21/2022

Request: Assent to reallocation of approximately 4.0 acres of property and associated buildings located at 2101 Blue Ridge Road (the Rollins Analytical Diagnostic Lab, the Rollins Lab Animal Holding Facility, and the New Rollins Animal Disease Lab) from NC Department of Agriculture and Consumer Services to NC State University.

Institution NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU


(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON
BUILDINGS AND PROPERTY


(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,
NCSU

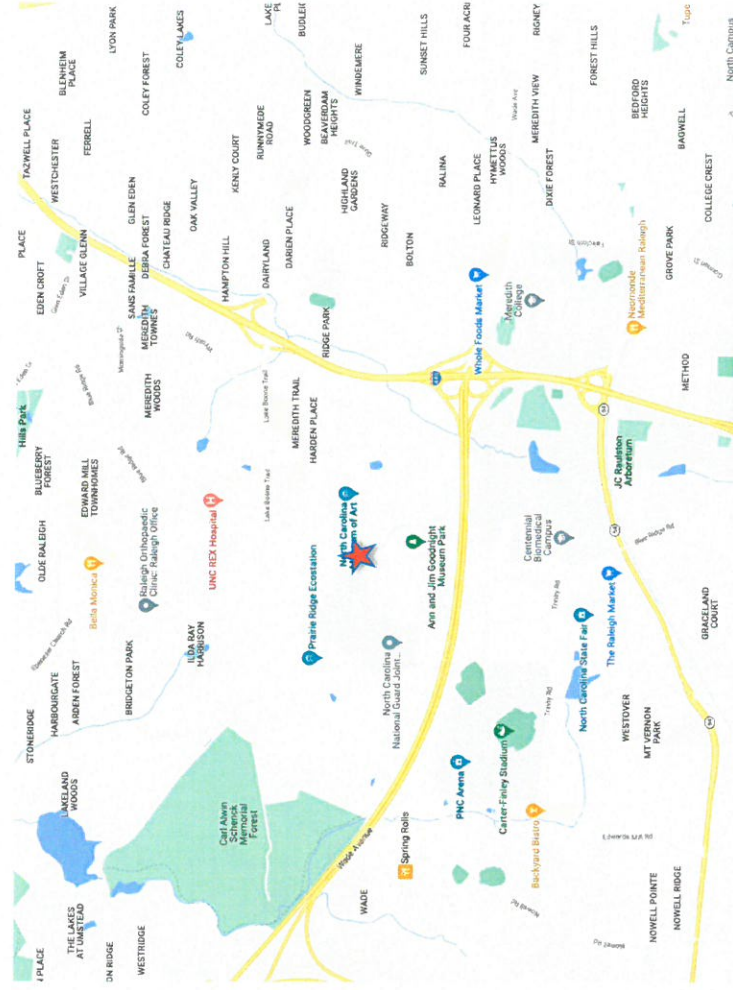

(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

(Secretary's Signature)

Acquisition by Reallocation - Rollins Lab Complex

The Rollins Analytical Diagnostic Lab
The Rollins Lab Animal Holding Facility
The New Rollins Animal Disease Lab



Acquisition by Reallocation – Rollins Lab Complex



Acquisition by Reallocation – Rollins Lab Complex

- Building recently vacated by NC Department of Agriculture & Consumer Services (functions relocated to Steve Troxler Agricultural Sciences Center)
- Approximately 4 acres of land with three buildings totaling ~30,000 sf (gross); significant lab space
 - Main lab building ~27,500sf (1972)
 - Two ancillary buildings ~3,000 sf (1999/2003)
- Will assist in meeting NC State's near-term lab space needs and also provide longer-term space options
- Available as a no-cost reallocation

Rollins Animal Disease Diagnostic Laboratory
A. Total square footage in the following areas:

Designated Space	Square Footage
Offices	1,728
Conference Rooms	502
Administration	1,910
Laboratories	10,230
Library	502
Maintenance and Storage	1,994
Mechanical, HVAC	1,782
Maintenance Shop	204
Other – Break Room	360
Toilets, Showers, Locker Rooms	1,140
Walk-in Coolers	359
Total Assigned Square Footage	20,711

Total square footage: 27,669

**ACQUISITION
OF REAL PROPERTY**

REALLOCATION

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

GRANTEE State of North Carolina on behalf of North Carolina Department of Agriculture
and Consumer Services (NCDA&CS)

LOCATION 2101 Blue Ridge Road; Rollins Lab Complex

SIZE Approximately 4.0 acres of real property with improvements, including:
Rollins Analytical Lab – approximately 27,670 sf, built in 1972
New Rollins Animal Disease Lab – approximately 1400 sf, built in 2003
Rollins Lab Holding Facility – approximately 1560 sf, built in 1999

RATE \$1

TERM Perpetual

USE The subject property will be reallocated from NCDA&CS to NCSU for use as
laboratory and office space to meet immediate and long-term research needs of
the university.

AGENDA ITEM

- A-8. Acquisition of Property by Lease –
North Carolina School of Science and Mathematics..... Katherine Lynn

Situation: The North Carolina School of Science and Mathematics Board of Trustees requests permission to acquire property by lease of four modular housing units to be located on the Durham Campus. The lease term will be for four years.

Background: NCSSM will begin a multi-year renovation of the residential halls located on the Durham Campus. The comprehensive renovations will be extensive and will require the residential halls to be vacated. NCSSM has explored other options for temporary housing including locating students off-campus, but affordable housing that would allow students to live in an off-campus residential community is not available. Off-campus housing also creates additional costs associated with student transportation to and from campus and additional off-campus security.

NCSSM is proposing to lease four modular buildings, which includes three modular dormitory housing units and one apartment building. The modular units will be custom-fabricated and installed in Fall 2022. The renovation of the residence halls will be accomplished in multiple phases and will include Hill Hall, Reynolds Hall, Hunt Hall, Royal Hall, and Beall Hall. Renovations will begin Winter 2022. The total lease amount is \$5,237,172, which includes an installation cost of \$1,657,172 and an annual lease rate is \$895,196 for four years. The lease costs will be funded from private donations.

Assessment: The lease for the modular housing units is required to support the comprehensive multi-year renovation of the existing residential halls at the Durham campus.

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

Acquisition of Property by Lease – North Carolina School of Science and Mathematics

ISSUE OVERVIEW

The North Carolina School of Science and Mathematics Board of Trustees requests permission to acquire property by lease of four modular housing units to be located on the Durham Campus.

NCSSM will begin a multi-year comprehensive renovation of the residential halls located on the Durham Campus. The renovation of the residence halls will include Hill Hall, Reynolds Hall, Hunt Hall, Royal Hall, and Beall Hall. Renovations will be phased over multiple years and are scheduled to begin Winter 2022. Each residence hall will be vacated to accommodate an extensive renovation, including building envelope repairs, bathroom renovations, mechanical and electrical upgrades, and upgrading interior finishes. NCSSM considered other options for temporary student housing, including locating students off-campus or leasing hotel space, but adequate, affordable housing that would allow students to live in a residential community is not available. Off-campus housing also creates additional costs associated with transporting students to and from campus and personnel costs to ensure safety and security at an off-campus location.

NCSSM is proposing to lease four modular buildings, which includes three modular dormitory housing units and one apartment building. The modular units will provide 144 student beds. The modular units will be located on-campus for the duration of construction. Site preparation for the modular units includes constructing building pads, foundation work, and utility infrastructure and is not included in the lease. The modular housing units will be custom-fabricated and delivered to the site for assembly. The lease term is for four years and includes a one-time installation cost of \$1,657,172 and an annual lease rate of \$895,196. The total lease amount is \$5,237,172 and will be funded from private donations. The modular units will be removed by the lessor at the end of the lease term.

Property Acquisition – Lease Information

LESSOR:	VESTA Housing Solutions, LLC d/b/a VESTA Modular, LLC	
LESSEE:	State of North Carolina, NCSSM	
LOCATION:	North Carolina School of Science and Mathematics Campus, Durham, NC	
DESCRIPTION:	Total of 33,488 SF including three identical dormitory buildings (238' x 42') of 9,996 SF each and one apartment building (70' x 50') of 3,500 SF.	
LEASE TERM:	Four years, estimated to begin October 14, 2022, or upon completion of installation	
LEASE AMOUNT:	Year 1 - Installation	\$1,657,172
	Year 1	\$ 895,196
	Year 2	\$ 895,196
	Year 3	\$ 895,196
	Year 4	<u>\$ 895,196</u>
	TOTAL	\$5,237,172

The NCSSM Board of Trustees approved the lease at its meeting on July 15, 2022.

RECOMMENDATION

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

AGENDA ITEM

A-9. Disposition of Property by Demolition – The University of North Carolina at Pembroke Katherine Lynn

Situation: The University of North Carolina at Pembroke Board of Trustees requests authorization to dispose of property by demolition of Jacobs Hall.

Background: Jacobs Hall is a former dormitory building, constructed in 1961, and approximately 25,919 gross square feet. The building included 120 beds and is a two-story masonry building with a current insurance value of \$7,160,678. The building has not been suitable for dormitory use for more than ten years and has most recently been used for storage and office space. It is past its useful service life and not suitable for renovation.

The UNC Pembroke Board of Trustees approved the demolition of Jacobs Hall on April 22, 2022.

Assessment: The demolition of Jacobs Hall is required to support future development in accordance with the campus master plan.

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

Disposition of Property by Demolition – The University of North Carolina at Pembroke

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 University of North Carolina at Pembroke Board of Trustees requests authorization to demolish Jacobs Hall, a former residence hall building. Constructed in 1961, the two-story masonry building included 120 beds and is approximately 25,919 gross square feet. The current insurance value of the building is \$7,160,678.

Jacobs Hall has not been used as a residence hall for more than ten years and has most recently been used for storage and office space. Jacobs Hall is past its useful life and the limited floor-to-floor height and deteriorated building condition make it unsuitable for renovation. Demolition is required to support future development in accordance with the campus master plan.

The cost of demolition will be paid from State Capital and Infrastructure Fund (SCIF) R&R funds.

RECOMMENDATION

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

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

Institution or Agency: UNC Pembroke

Date: 12/23/2021

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. Raze

This disposition is recommended for the following reasons:

Jacobs Hall, a former dormitory building, is a 25,919 square foot, two story masonry building built in 1961. Jacobs has been unsuitable for dormitory use for over 10 years and has been used for storage and office space since. The building is long past the useful service life and is negatively impacting maintenance resources. Due to the limited floor to floor height and deteriorated building condition, this building is not a good candidate for renovation. We therefore recommend it be razed.

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

25,919 square foot masonry building built in 1961

Estimated value: Construction Cost \$222,000.00 | Insurance Value \$7,160,678

Where deed is filed, if known: Robeson County

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

UNC PEMBROKE / PEMBROKE STATE UNIVERSITY

Rental income, if applicable, and suggested terms: NOT APPLICABLE

Funds from the disposal of this property are recommended for the following use: NOT APPLICABLE

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of UNC PEMBROKE and is recorded in the minutes thereof on April 22nd, 2022 (date).

Signature: Robin Gary Cummings, MD
Title: Chancellor



A B C D E



MAP LOCATION - BUILDING NUMBER

A7 - 16	Belk Athletic Complex /	
	Grace P. Johnson Stadium	
C9 - 81	Belk Residence Hall	
C8 - 270	Brave Station/Aux. Srvc. Bldg.	
C5 - 113	Brave Health Ctr.	
C8 - 185	Business Admin. Bldg.	BA
E8 - 200B	Carter Hall	
B7 - 316	Caton Fieldhouse	FIEDH
C9 - 1223	Chancellor's Residence	
D8 - 209	Chavis University Center	UNIVC
D3 - 62	Cypress Residence Hall	
D6 - 379	Dial Humanities Bldg.	DIAL
D9 - 136	D. F. Lowry Bldg.	LOWRY
A9 - 27	Dogwood Bldg.	
C9 - 141	Education Bldg.	EDUC
A7 - 157	Football Practice Field	
D7 - 359	Givens Performing Arts Ctr.	PAC
B9 - 34	Global Engagement	
C10 - 37	Hickory Hall	
C9 - 49	Hickory Hall North	
D1 - 1099	Intramural Field	
D9 - 42	Jacobs Hall	
C7 - 176	Jones Health & Phys. Edu. Ctr. HPE	
E8 - 200A	Lindsay Hall	
C10 - 40	Livermore Library	
D9 - 47	Locklear Hall	LOCKH
C7 - 416	Lumbee Hall	
D2 - 18	LEMCO Soccer Field	
A9 - 64	Magnolia House	
D9 - 19	Moore Hall	MOORE
C9 - 105	North Residence Hall	
C8 - 287	Oak Residence Hall	
D10 - 1369	Old Main	OMAIN
D10 - 1403	Oxendine Science Bldg.	SCI
D2 - 128	Pinchbeck Maintenance Bldg.	
B2 - 205	Pine Cottage	
C8 - 239	Pine Residence Hall	
D6 - 344	Practice Field	
D1 - 1131	ROTC Bldg.	
C6 - 296	Sammy Cox Baseball Field	
D5 - 301	Sampson Academic Bldg.	
C5 - 270*	UNCP Softball Field	
D7 - 239*	University Center Annex	
B5 - 519	University Courtyard Apts.	
B4 - 567	University Courtyard Apts.	
D4 - 717	University Village Apts.	
C6 - 180	Tennis Courts	
C5 - 204	Weinstein Health Sci. Bldg.	HSCI
D9 - 160	Wellons Hall	WELLH
C9 - 129	West Hall	
-N-	Non-UNCP Building	
*	Duplicate addresses differentiated with *	

PARKING

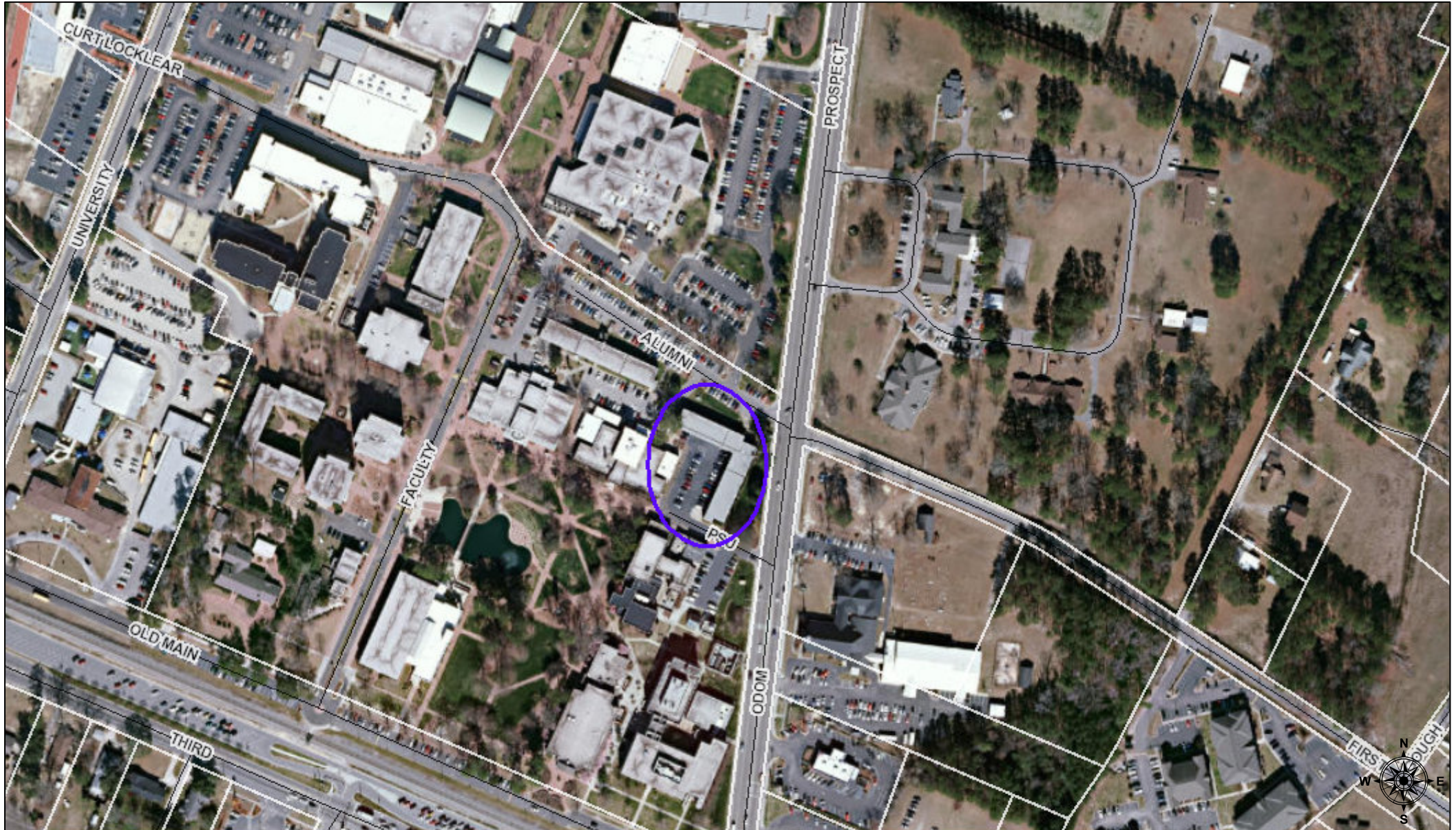
Visitor	
Commuter	
Faculty/Staff	
General	
Resident Student	

LANDMARKS

Amphitheatre	
Arrow Head	
Jones Bridge	
Clock Tower	
Traffic Light	
Water Tower	
Tommy Statue	
Traffic Circle	

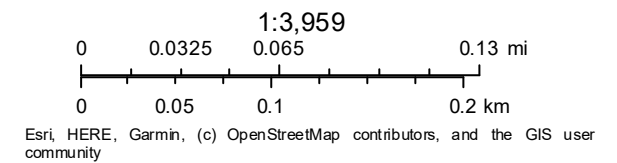


Jacobs Hall



December 13, 2021

- Address Points
- Streets
- Parcels



1	78	7	UNC PEMBROKE	Robeson
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Asset No: 19		JACOBS HALL #19	
Address1: ALUMNI LN		Latitude:	
City: PEMBROKE	State: NC		Longitude:
Asset Use: 13 HOUSING			
Dept: 6000 EDUCATIONAL INSTITUTIONS GENERAL			
Div: 5012 UNC PEMBROKE			
File No:		Creation Date: 01/01/1992	
Fixed Asset: 00000000		Update Date: 02/28/2020	
Acq Date:		Net SqFt: 15,262	Heat: 3 HOT WATER
Acq Cost: \$ 0.00		Gross SqFt: 25,919	Fuel: 3 FUEL OIL
Acq Meth: 3 CONSTRUCTION		# Flrs: 2	AC: 4 NONE
Val Method: 1 ACTUAL COST		# Elevators: 0	
Insur Year: 2020			
Const Year: 1961		Current Net SqFt: 15,262	
Const Cost: \$ 222,000.00		Current Gross SqFt: 25,919	
Const Type: A FIREPROOFED, ENCASED STRUCTURAL STEEL FRAME			
Comments:		Vacant? N	

Complex Summary - 1 78 7

<u>Buildings</u>	<u>Current</u> <u>Gross-SqFt</u>	<u>Current</u> <u>Net SqFt</u>	<u>Original</u> <u>Gross SqFt</u>	<u>Original</u> <u>Net SqFt</u>	<u>Construction</u> <u>Cost</u>	<u>Insurance</u> <u>Value</u>	<u>Acquisition</u> <u>Cost</u>
1	25,919.00	15,262.00	25,919.00	15,262.00	\$222,000.00	\$7,160,678.00	\$0.00

County Summary - Robeson

<u>Buildings</u>	<u>Current</u> <u>Gross-SqFt</u>	<u>Current</u> <u>Net SqFt</u>	<u>Original</u> <u>Gross SqFt</u>	<u>Original</u> <u>Net SqFt</u>	<u>Construction</u> <u>Cost</u>	<u>Insurance</u> <u>Value</u>	<u>Acquisition</u> <u>Cost</u>
1	25,919.00	15,262.00	25,919.00	15,262.00	\$222,000.00	\$7,160,678.00	\$0.00

Report Summary

<u>Buildings</u>	<u>Current</u> <u>Gross-SqFt</u>	<u>Current</u> <u>Net SqFt</u>	<u>Original</u> <u>Gross SqFt</u>	<u>Original</u> <u>Net SqFt</u>	<u>Construction</u> <u>Cost</u>	<u>Insurance</u> <u>Value</u>	<u>Acquisition</u> <u>Cost</u>
1	25,919.00	15,262.00	25,919.00	15,262.00	\$222,000.00	\$7,160,678.00	\$0.00

AGENDA ITEM

A-10. Sale of Special Obligation Bonds – Appalachian State University.....Jennifer Haygood

Situation: Appalachian State University requests that the Board of Governors issue special obligation bonds (the “2022 Bonds”) in an aggregate principal amount not to exceed \$20 million, plus an additional amount not to exceed five percent of such principal amount, to finance the construction of the Holmes Convocation Center Parking Deck (the “Project”) and pay reasonable costs incurred in connection with the issuance of the 2022 Bonds.

Background: The Board of Governors is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. The General Assembly authorized the Project under S.L. 2022-15. The expected cost of funds of the 2022 Bonds is approximately 4.60 percent.

Assessment: The financing of Appalachian’s 2022 Bonds will be subject to final review by the System Office based on the current interest rate environment at the time of the sale of the 2022 Bonds.

Appalachian currently has an issuer credit rating of “Aa3” with a stable outlook from Moody’s Investor Service. Appalachian is not currently rated by Standard and Poor’s Global Ratings or by Fitch Ratings. This transaction is expected to have no impact on Appalachian’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 – Appalachian State University

ISSUE OVERVIEW

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

Appalachian State University requests that the Board issue special obligation bonds (the “2022 Bonds”) in an amount not to exceed \$20 million, plus an additional amount not to exceed five percent of such principal amount, to finance the construction of the Holmes Convocation Center Parking Deck (the “Project”) on Appalachian’s campus and pay costs incurred in connection with the issuance of the 2022 Bonds. The General Assembly authorized the Project under S.L. 2022-15. The expected cost of funds of the 2022 Bonds is approximately 4.60 percent.

Appalachian intends to execute a reimbursement resolution to be reimbursed for actual capital expenditures incurred related to the design of the project and other non-construction project costs.

The 2022 Bonds will be issued on a tax-exempt basis and sold in the public market. Appalachian is evaluating whether to sell the 2022 Bonds on a negotiated or a competitive basis. If Appalachian chooses to sell the 2022 Bonds on a negotiated basis, it will select an underwriter through a competitive Request for Proposal process.

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

McGuireWoods LLP is bond counsel, and First Tryon is the financial advisor.

RECOMMENDATION

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

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF SPECIAL
OBLIGATION BONDS TO FUND SPECIAL OBLIGATION BOND PROJECTS
FOR APPALACHIAN STATE UNIVERSITY**

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

WHEREAS, Appalachian State University has requested the Board to issue special obligation bonds, the proceeds of which are to be used by Appalachian for the construction of the Holmes Convocation Center Parking Deck as authorized by S.L. 2022-15 of the 2022 Session Laws of the North Carolina General Assembly (the "Special Obligation Project"); and

WHEREAS, the Board has determined to issue Appalachian State University General Revenue Bonds, Series 2022 (with appropriate designations and series designations) in one or more series (the "2022 Bonds") in an aggregate principal amount not to exceed \$20,000,000, plus an additional amount not to exceed five percent of such principal amount, to pay all or a portion of the costs of the Special Obligation Bond Project and to pay the costs incurred in connection with the issuance of the 2022 Bonds; and

WHEREAS, the Board has determined to issue the 2022 Bonds under the General Trust Indenture, dated as of May 1, 2003 (the "General Indenture"), between the Board and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), and Series Indenture, Number 19, to be dated as of the first day of the month in which the 2022 Bonds are issued (the "Nineteenth Series Indenture" and, together with the General Indenture, the "Indentures"), between the Board and the Trustee; and

WHEREAS, the 2022 Bonds and other obligations issued under the General Indenture are payable solely from "Available Funds" as defined in the General Indenture; and

WHEREAS, the 2022 Bonds will either be sold on a competitive basis, or will be sold on a negotiated basis through an underwriter selected by Appalachian State University through a competitive bidding process; and

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

1. the Nineteenth Series Indenture;
2. the form of the 2022 Bonds, as set forth in the Nineteenth Series Indenture; and
3. the Preliminary Official Statement (the "Preliminary Official Statement") relating to the 2022 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the "Official Statement"), relating to the 2022 Bonds.

WHEREAS, the issuance of the 2022 Bonds does not directly or indirectly or contingently obligate the State of North Carolina or any agency or political subdivision of the State to levy or to pledge any taxes

to pay the cost, in whole or in part, of the Special Obligation Bond Project in compliance with Section 116D-23 of the Act;

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

Section 1. Sufficiency of Available Funds. The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2022 Bonds.

Section 2. Authorization of Bonds. The Board hereby authorizes and approves the issuance of the 2022 Bonds under the General Indenture and the Nineteenth Series Indenture in an aggregate principal amount not to exceed \$20,000,000, plus an additional amount not to exceed five percent of such principal amount, to pay the costs of the Special Obligation Project and to pay the costs incurred in connection with the issuance of the 2022 Bonds. The 2022 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the Senior Vice President for Finance and Administration and CFO of the UNC System, or his designee, in consultation with the appropriate officers at Appalachian State University, determine to be in the best interest of the UNC System and Appalachian.

Section 3. Authorization of Board Documents. The form and content of the Board Documents are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the Senior Vice President for Finance and Administration and CFO of the UNC System, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the UNC System (collectively, the "Authorized Officers") are hereby authorized, empowered and directed, individually and collectively, 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 any Authorized Officer may deem necessary, desirable or appropriate, including such changes as may be necessary to reflect the terms of the 2022 Bonds (including, but not limited to, the setting of interest rates, whether fixed rate to one or more terms or to maturity, or variable rates, and the amortization of principal). The execution of the Board Documents shall constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents, the Authorized Officers are 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 General Indenture and the Board Documents as executed.

Section 4. Authorization of Preliminary Official Statement and Official Statement. 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 and the Official Statement in connection with the marketing and sale of the 2022 Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the Senior Vice President for Finance and Administration and CFO of the UNC System are hereby authorized, empowered and directed to execute and deliver the Preliminary Official Statement and the Official Statement for and on behalf of the Board, in connection with the sale of the 2022 Bonds 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 the President of the UNC System and the Senior Vice President for Finance and Administration and CFO of the UNC System may deem necessary, desirable or appropriate. The use of such Preliminary Official Statement and Official Statement by the Underwriter in connection with the sale of the 2022 Bonds to investors is hereby authorized, approved and confirmed.

Section 5. 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 for the issuance and sale of the 2022 Bonds, including a bond purchase agreement that sets forth the final terms of the 2022 Bonds as sold. The Authorized Officers 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 2022 Bonds. Any provision in this Resolution that authorizes more than one officer to take certain actions will be read to permit such officers to take the authorized actions either individually or collectively.

Section 6. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 7. Effective Date. This Resolution is effective immediately on the date of its adoption.

**SECRETARY'S CERTIFICATE
OF AUTHENTICATION**

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, DO HEREBY CERTIFY that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System at its meeting on July 20, 2022 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 July 20, 2022 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 20, 2022, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of July, 2022.

[SEAL]

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