



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

January 18, 2023 at 9:45 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S West Street, Board Room (17th Floor)
Raleigh, North Carolina

AGENDA

- A-1. Approval of the Minutes of November 16, 2022..... Mr. Holmes, Jr.
- A-2. Consideration of Resolution on Student Health InsuranceMrs. Murphy
- A-3. Review 2023-24 Tuition and Fees Proposals Ms. Haygood
- A-4. Authorization of Public-Private Partnership Agreement
(Housing Ground Lease) – Appalachian State University Dr. Layzell
- A-5. Authorization of Public-Private Partnership Agreement
(Utility System Agreement) – Appalachian State University Dr. Layzell
- A-6. Expansion of Millennial Campus Designation – UNC Charlotte..... Dr. Amon
- A-7. Capital Improvement Projects Ms. Lynn
- A-8. Acquisition of Property by Lease – PBS North Carolina..... Ms. Lynn
- A-9. Disposition of Property by Demolition – UNC Wilmington Ms. Lynn
- A-10. Adjourn

Additional Information Available:

2023 Report on State Budget Allocations and Policies

DRAFT MINUTES

November 16, 2022 at 2:30 p.m.
Via Videoconference and PBS North Carolina Livestream
East Carolina University
Main Campus Student Center, Ballroom A
Greenville, 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 also present in person or by videoconference: Jimmy D. Clark, Reginald R. Holley, Terry Hutchens, and Lee H. Roberts.

Chancellors participating were Robin Cummings, Sheri Everts, and Randy Woodson.

Staff members present included Jennifer Haygood, Katherine Lynn, and others from the University of North Carolina System Office.

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

The chair called the meeting to order at 2:30 p.m. on Wednesday, November 16, 2022, and called for a motion to approve the minutes from the regular meeting of October 19, 2022.

MOTION: Resolved, that the Committee on Budget and Finance approve the regular meeting minutes of October 19, 2022 as distributed.

Motion: Reginald Holley

Motion carried

2. Approval of Performance Weighting Component of the Funding Model (Item A-2)

Senior Vice President Haygood presented to the Committee on Budget and Finance additional information regarding the Performance Weighting Component of the new Funding Model that the University of North Carolina Board of Governors and the UNC System Office had been working on. The focus of the presentation was to further elaborate on illustrative examples of how performance weighting will be applied, relieve any concerns, and answer any questions that may arise from members of the committee.

The new funding model stated that in the 2023-24 fiscal year, performance weighting would be incorporated into the funding calculation, such that a portion of the generated funding request would be based on university

outcomes related to the strategic goals of the UNC System and State of North Carolina. These goals include elements of increasing undergraduate success, affordability, and overall productivity, among others. Recognizing that each institution would start these goals at varying baselines and face their own unique challenges and have varying resources, the performance goals for the new funding model will be data-driven and unique to each institution.

Following the deferred adoption of the Performance Weighting Component from the October 19, 2022, meeting, the committee moved forward with a vote of approval.

MOTION: Resolved, that the Committee on Budget and Finance approve the Performance Weighting Component of the Funding Model and recommend it to the full Board of Governors for a vote.

Motion: Reginald Holley

Motion: carried

3. Managing Steep Enrollment Declines (Item A-3)

Haygood presented a preliminary analysis of three institutions, University of North Carolina Asheville, The University of North Carolina at Greensboro, and the University of North Carolina at Pembroke, which experienced a multi-year loss in enrollment, exceeding 4.5 percent of their General Fund appropriations. Funding reductions of this magnitude were historically rare and cannot be readily absorbed by their budgets.

This follows a national trend of declining enrollment and signifies the UNC System's addressal and management to tackle this challenge across its institutions. In doing so, the Board of Governors recommended a cap on the maximum reduction in appropriation associated with enrollment declines over the past two years to 4.5 percent of the current year certified budget.

Speaking in support of this action, UNC Greensboro Chancellor Frank Gilliam, Jr. spoke on behalf of his institution to highlight the benefits that action would have and laid out steps the institution has already taken to avoid a continuation of this action. Chancellor Darrell Allison of Fayetteville State University also spoke to the committee on this action.

MOTION: Resolved, that the Committee on Budget and Finance approve the action to manage steep enrollment declines.

Motion: Reginald Holley

Motion: carried

4. Exceeding the Policy Limit on Nonresident Freshmen Enrollment – North Carolina Agricultural and Technical State University (Item A-4)

Haygood presented a report on the out-of-state freshmen enrollment of North Carolina Agricultural and Technical State University, which had exceeded the limits established by the Board of Governors in Section 700.1.3 of the UNC Policy Manual, *Policy on Non-Resident Undergraduate Enrollment*. The policy states that any constituent institution that exceeds its out-of-state freshman enrollment limitation for two consecutive fiscal

years shall have its state operating budget reduced. (Note this policy does not apply to the University of North Carolina School of the Arts, which is subject to a nonresident cap established by S.L. 1985-479, Section 73.) Since this was the second consecutive year that N.C. A&T exceeded enrollment, it was recommended that the university's budget be reduced by \$1,976,546, and the funds be reallocated to the Board's UNC Need-Based Grant Financial Aid Program.

Mr. Joel Ford spoke on the ongoing issue of national enrollment decline. He suggested that rather than reallocating the funds to the Need-Based Grant, N.C. A&T should retain the funds — under the condition the funds be used for need-based aid — citing the benefits of increased enrollment at the university and the financial needs of its students. N.C. A&T Chancellor Harold Martin, Sr. spoke to Mr. Ford's comments, and after brief discussion amongst the members of the committee, the original recommendation was brought forward to a vote.

MOTION: Resolved, that the Committee on Budget and Finance approve the action to fine North Carolina Agricultural and Technical State University for exceeding the policy limit on nonresident freshmen enrollment.

Motion: Reginald Holley

Motion: carried

5. Report on FY 2022-23 Maintenance Repairs and Renovations Capital Projects (Item A-5)

Vice President for Finance and Capital Planning Katherine Lynn presented the report for FY 2022-23 Maintenance Repairs and Renovations (R&R) Capital Projects, following the September 22, 2022, Board approval of a \$60 million allocation for R&R projects. Each constituent institution of the UNC System submitted their list of priority maintenance R&R projects to be funded from their allocation of the FY 2022-23 R&R funds. Any remaining funds are designated to the constituent institution's cost escalation and contingency reserve.

It was recommended for the Board to approve the FY 2022-23 R&R projects for submission to the Fiscal Research Division, and the Board allow the unassigned cost escalation and contingency reserve to be applied to an approved FY 2022-23 R&R project upon request of the constituent institution and to include the assignment of the contingencies in the annual report of reallocated funds.

MOTION: Resolved, that the Committee on Budget and Finance approve the FY 2022-23 Maintenance Repairs and Renovations Capital Projects and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Jimmy Clark

Motion: carried

6. State Capital and Infrastructure Fund (SCIF) Program Update (Item A-6)

The 2021 Appropriations Act (S.L. 2021-180) which authorized R&R projects totaling upwards of \$978 million and appropriated \$250 million from the SCIF for each fiscal year of the 2021-23 biennium, allows the Board of Governors to determine the allocations of the funds to the constituent institutions of the UNC System. To date, the Board has a remainder of \$117 million to be allocated to institutions by the end of FY 2023.

Lynn provided the committee with an update on the status of projects funded by the SCIF and R&R program, which included 23 named capital projects, 87 major R&R projects, and 309 maintenance R&R projects across 12 institutions. Moreover, Lynn highlighted issues being faced in the construction process, ranging from continuing supply chain issues, shortages in construction labor, issues arising from the inflationary market, and project management.

This item is for information only and does not require a vote.

7. Capital Improvement Projects – NC State University, University of North Carolina at Chapel Hill, and University of North Carolina at Charlotte (Item A-7)

Lynn presented on capital improvement projects for NC State University, University of North Carolina at Chapel Hill, and University of North Carolina at Charlotte. UNC-Chapel Hill and UNC Charlotte requested new authorizations for three capital improvement projects, and NC State requested increased authorization for four capital improvement projects.

Lynn recommended that the committee approve the capital improvement projects. It was 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.

Motion: Resolved, that the Committee on Budget and Finance approve the capital improvement projects at NC State University, University of North Carolina at Chapel Hill, and University of North Carolina at Charlotte and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Reginald Holley

Motion carried

8. Adjourn (Item A-9)

There being no further business and without objection, the meeting adjourned at 3:45 p.m.

Jimmy D. Clark, Secretary

AGENDA ITEM

A-2. Consideration of Resolution on Student Health Insurance.....Mrs. Murphy

Situation:

Over the past two years, the University of North Carolina Board of Governors' Task Force on Pricing, Flexibility, and Affordability has examined policies and practices that shape the cost of attending a UNC System institution. Since 2010, those costs have included health insurance, which all UNC System students are required to have under Board policy. Students are required to enroll in the System's student health insurance benefit plan (Student Blue, administered by Blue Cross and Blue Shield of North Carolina) or obtain a waiver by providing proof of reasonable coverage. The annual premium for Student Blue for 2022-23 is \$2,704 (including a \$20 administrative fee to the campus). In December, the task force received a briefing on the opportunity to improve the affordability and efficiency of student health insurance by moving to a self-funded plan.

Background:

Since 2010, the UNC System has required all students to have health insurance. The System has employed a "hard waiver" approach whereby students that cannot provide proof of reasonable coverage from an insurer are automatically enrolled in Student Blue, a fully insured plan offered through Blue Cross and Blue Shield of North Carolina. While access to quality health insurance is of critical importance to the student's well-being and success, the cost of the student health insurance premium has increased substantially in recent years.

In 2022, the UNC System Office worked with external consultants to conduct an insurance billing feasibility analysis. The study's recommendations included a suggestion that the System consider the benefits of moving to a self-funded student insurance plan as many other universities and Systems across the country have done.

In December, the task force heard a presentation from Steven Beckley and Valerie Lyon, two of the consultants who conducted the insurance feasibility analysis, as well as David Liggett, an attorney with expertise in insurance law and regulation in North Carolina. The presentation focused on the benefits, risks, and necessary next steps the Board and System Office must consider in exploring a self-funded student insurance plan for the UNC System. The chair directed System Office staff to develop a resolution for the task force to recommend to the Committee on Budget and Finance.

Assessment:

The task force will consider a resolution that calls on the System Office to develop an implementation plan for a self-funded student health insurance program.

Action:

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



**RESOLUTION OF
THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA
January 19, 2023**

WHEREAS, the Board of Governors has set goals to reduce student debt by limiting increases in the cost of attendance; and

WHEREAS, since 2010 those costs have included student health insurance coverage under a Board of Governors requirement that all students have health insurance; and

WHEREAS, the University of North Carolina System has contracted with Blue Cross and Blue Shield of North Carolina to provide a fully insured health plan (Student Blue) to all students and acts as a default for students who do not waive coverage by providing proof of insurance; and

WHEREAS, over the course of 2021-22, the University of North Carolina System Office partnered with external experts to conduct a study of student health insurance billing and best practices; and

WHEREAS, based on the size and scope of the existing student health plan and experience in other university systems, the study recommended that the Board of Governors consider developing a self-funded student health insurance program to reduce administrative expense, enhance affordability, and increase flexibility and access to care; and

WHEREAS, the Task Force on Pricing, Flexibility, and Affordability has discussed the potential benefits and risks of developing a self-funded plan, along with reforms to state statutes, policy and regulation that may be necessary;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors calls on the President and System Office staff to develop a proposed implementation plan for a self-funded student health insurance program to be presented to the Committee on Budget and Finance for review and approval no later than its November 2023 meeting; and

BE IT FURTHER RESOLVED, that the implementation plan shall include a summary of the potential benefits and risks of moving to a self-funded model, including lessons learned from other universities that have done so; an actuarial study of projected claims and premium costs; estimates of necessary funding reserves, costs of stop-loss coverage, and savings to students and the System; identification of the administrative capacity necessary to run a self-funded student

health plan and the options for administering such a program; and any other information that the Board requires to decide on the appropriate course of action; and

BE IT FURTHER RESOLVED, that the Board of Governors calls on the President and System Office staff to identify and develop any policy and regulatory changes that are a necessary precondition to implementing a self-funded plan and present those to the Board for review.

This the _____ day of _____ 2023

Randall C. Ramsey, Chair

Meredith R. McCullen, Secretary



AGENDA ITEM

A-3. Review 2023-24 Tuition and Fee Proposals Ms. Haygood

Situation:	Campus tuition and fees proposals presented for the University of North Carolina Board of Governors to review. At its February meeting, the Board will act on recommendations for tuition and fee rates for the 2023-24 academic year.
Background:	G.S. 116-143 requires that the Board fix tuition and fees, not inconsistent with the actions of the North Carolina General Assembly, at the constituent institutions of the University of North Carolina System.
Assessment:	Institutions have submitted 2023-24 tuition and fee proposals in accordance with legislative and UNC System guidelines.
Action:	This item is for discussion only.

2023-24 TUITION AND FEE PROPOSALS

BOG Committee on Budget and Finance

January 18, 2023

Presentation Outline

- Background and Context
- 2023-24 Tuition Proposals
 - Undergraduate
 - Resident – NO INCREASE
 - Nonresident
 - Graduate
 - Resident
 - Nonresident
 - Professional and Other School-Based
- 2023-24 Fee Proposals

Background and Context

3

Background and Context

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

– *NC Constitution – Article IX, Section 9*

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

– *G.S. 116-143*

4

2023-24 Tuition and Fees Instructions

Tuition	Increase May Be Proposed
Undergraduate Resident	No
Undergraduate Nonresident	Yes
Graduate Resident	Yes
Graduate Nonresident	Yes
Fees	Increase May Be Proposed
Mandatory Fees (including debt service)	Increases for inflationary cost increases will be considered, subject to 3% statutory cap. Any expansion of services must be supported either by: 1) Reprioritizing how existing fee revenues are used or 2) Offsetting a fee increase with a commensurate decrease to another fee.
Special Fees	Increases to existing special fees for inflationary cost increases will be considered. New special fees may only be proposed for graduate programs and newly approved undergraduate programs. New special fees for existing undergraduate programs will not be considered.
Application Fees	No

Timeline for the 2022-23 Tuition and Fee Process

September 2022	The System Office provides guidance for the 2023-24 tuition and fee process to Chancellors, Chief Academic Officers, and Chief Finance Officers.
September 2022	Tuition and fee instructions, consistent with the Board's policy, are sent to the institutions.
August through November 2022	Institutions hold tuition and fee committee meetings to discuss potential rate increases. Committees are comprised of faculty, staff, and students. Student forums are held to discuss proposed rate changes with the student body. A student involvement certificate is required from each campus.
October through November 2023	Institutions finalize tuition and fee proposals and submit to their Board of Trustees for approval.
Early December	Chancellors submit tuition and fee requests for 2023-24 to the System Office.
December 2022 through January 2023	A tuition and fee committee within the System Office is established with representatives from Finance, Academic Affairs, and Strategy and Policy divisions. The committee reviews tuition and fee requests.
January 2023	Campus tuition and fee proposals are presented at the Board meeting. Tuition and fee detailed information is also provided to Board members after this meeting.
February 2023	Board of Governors consider tuition and fee proposals for 2023-24.

Tuition and Fees Comparison to Board-Approved Peers

Undergraduate Students		
Institution	Resident Rank	Nonresident Rank
ASU	11 of 11	6 of 11
ECU	11 of 12	7 of 12
ECSU	11 of 11	10 of 11
FSU	11 of 11	11 of 11
NC A&T	11 of 12	7 of 12
NCCU	11 of 11	6 of 11
NCSU	12 of 13	11 of 13
UNCA	10 of 11	7 of 11
UNC-CH	10 of 11	8 of 11
UNCC	12 of 13	11 of 13
UNCG	10 of 11	6 of 11
UNCP	12 of 12	12 of 12
UNCW	13 of 13	12 of 13
UNCSA	13 of 13	12 of 13
WCU	13 of 13	13 of 13
WSSU	13 of 13	10 of 13

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

Rank was determined by comparing 2022-23 tuition and fees of UNC System campuses to 2021-22 tuition and fees of their public peer institutions.

UNCSA's comparison includes public and private institutions.

FSU joined NC Promise in 2022-23.

Source: IPEDS



7

2021-22 Tuition and Fees Variance % from 75th Percentile (2022-23 rates for UNC campuses)

# of Peers	Peer Ranking	Institution	Undergraduate Resident Tuition & Fees	Variance % from 75th Percentile
11	11	ASU	\$7,289	-41.8%
12	11	ECU	7,154	-24.5%
11	11	ECSU	3,356	-129.9%
11	11	FSU	3,462	-96.2%
12	11	NCA&T	6,611	-13.0%
11	11	NCCU	6,462	-29.2%
13	12	NC State	8,918	-20.2%
11	10	UNCA	7,214	-23.9%
11	10	UNC-CH	8,751	-28.4%
13	12	UNCC	7,023	-24.4%
11	10	UNCG	7,379	-14.3%
12	12	UNCP	3,495	-100.2%
13	13	UNCW	7,134	-32.2%
13	13	UNCSA	8,941	-31.4%
13	13	WCU	3,977	-101.9%
13	13	WSSU	5,966	-40.1%
Avg. ALL Institutions			\$6,446	-47.0%
Avg. Excluding NC Promise			\$7,100	-27.0%

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

■ More than half of the universities are last in their peer ranking.

■ Institutions could increase by an average of \$2,442 and still remain in the bottom quartile.

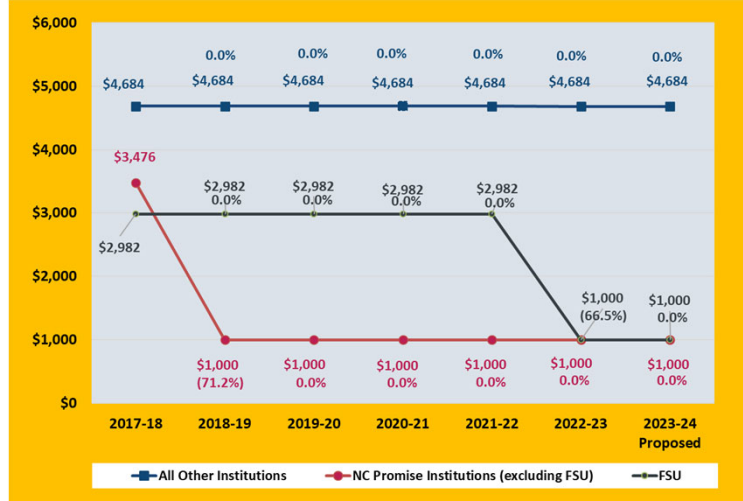
■ FSU joined NC Promise in 2022-23.



8

Historical Tuition Averages

UNC System Average Undergraduate Resident Tuition



Historical Tuition and Fee Averages

Academic Year	Average Increases		
	Undergraduate Resident Tuition	Undergraduate Nonresident Tuition	Mandatory Fees
2018-19*	0.0%	0.9%	1.3%
2019-20	0.0%	1.1%	1.9%
2020-21	0.0%	0.0%	(0.1%)
2021-22	0.0%	1.2%	2.2%
2022-23	0.0%	1.3%	0.7%
2023-24* (proposed)	0.0%	2.5%	1.9%

* NC Promise was implemented for ECSU, UNCP and WCU (2018-19) and FSU (2022-23). The percentages shown above for undergraduate resident and nonresident tuition do not include these campuses. The actual percentage calculation for 2018-19 (with all campuses) is -10.7% for residents and -9.3% for nonresidents. For 2022-23, the actual percentage is -3.2% for residents and -2.1% for nonresidents due to the addition of FSU.

2023-24 Tuition Proposals

11

2023-24 Tuition Proposals (UG Nonresident)

Institution	2022-23 Tuition	2023-24 Rate Change	2023-24 Proposed Rates	%
NCSU	\$28,276	\$ 1,131	\$29,407	4.0%
UNC-CH	35,580	1,780	37,360	5.0%
ECU	20,729	–	20,729	0.0%
NC A&T	17,050	150	17,200	0.9%
UNCC	17,936	538	18,474	3.0%
UNCG	19,581	587	20,168	3.0%
UNCW	19,063	1,048	20,111	5.5%
ASU	20,246	992	21,238	4.9%
FSU	5,000	–	5,000	0%
NCCU	16,764	–	16,764	0.0%
UNCP	5,000	–	5,000	0.0%
WCU	5,000	–	5,000	0.0%
WSSU	14,057	–	14,057	0.0%
UNCA	21,470	–	21,470	0.0%
ECSU	5,000	–	5,000	0.0%
UNCSA	23,731	500	24,231	2.1%
Average	\$17,155	\$ 420	\$17,576	2.5%

12

2023-24 Graduate Adjustments

- In April 2022, the Board of Governors approved an overhaul of the Enrollment Funding Model. The revision reduced funding per student credit hour for most graduate programs.
- As part of this change, the Board signaled that universities would have greater flexibility to set more market-driven tuition rates for graduate programs.
- Eight institutions have proposed graduate tuition increases.
- Nine institutions have proposed school-based increases for specific professional and graduate schools.
 - *UNCSA has proposed a nonresident high school tuition increase, which is also included in this section.*

2023-24 Tuition Proposals (Grad Resident)

Institution	2022-23 Tuition	2023-24 Rate Change	2023-24 Proposed Rates	%
NCSU	\$ 9,095	\$ 364	\$ 9,459	4.0%
UNC-CH	10,552	–	10,552	0.0%
ECU	4,749	–	4,749	0.0%
NC A&T	4,745	150	4,895	3.2%
UNCC	4,337	130	4,467	3.0%
UNCG	5,219	156	5,375	3.0%
UNCW	4,719	260	4,979	5.5%
ASU	4,839	242	5,081	5.0%
FSU	3,438	–	3,438	0.0%
NCCU	4,740	–	4,740	0.0%
UNCP	4,280	–	4,280	0.0%
WCU	4,435	133	4,568	3.0%
WSSU	3,872	–	3,872	0.0%
UNCA	4,914	–	4,914	0.0%
ECSU	3,375	–	3,375	0.0%
UNCSA	9,196	500	9,696	5.4%
Average	\$ 5,407	\$ 121	\$ 5,528	2.2%

2023-24 Tuition Proposals (Grad Nonresident)

Institution	2022-23 Tuition	2023-24 Rate Change	2023-24 Proposed Rates	%
NCSU	\$ 28,301	\$ 1,132	\$ 29,433	4.0%
UNC-CH	28,844	–	28,844	0.0%
ECU	17,898	–	17,898	0.0%
NC A&T	17,545	150	17,695	0.9%
UNCC	18,482	554	19,036	3.0%
UNCG	18,937	568	19,505	3.0%
UNCW	19,104	1,051	20,155	5.5%
ASU	19,849	992	20,841	5.0%
FSU	14,503	–	14,503	0.0%
NCCU	18,048	–	18,048	0.0%
UNCP	17,339	–	17,339	0.0%
WCU	14,842	455	15,297	3.1%
WSSU	14,407	–	14,407	0.0%
UNCA	21,236	–	21,236	0.0%
ECSU	16,437	–	16,437	0.0%
UNCSA	23,899	500	24,399	2.1%
Average	\$ 19,354	\$ 338	\$ 19,692	1.7%

2023-24 Tuition Proposals

Estimated Revenues Generated by Tuition Increases

<u>Undergraduate</u>	<u>2023-24</u>
Residents	
(new students)	\$0
Nonresidents	\$14,262,058
<u>Graduate</u>	
Residents	\$3,646,142
Nonresidents	\$5,326,994
Total	\$23,235,194

Proposed Uses: Inflationary Adjustments, Faculty & Staff Retention, Expanded Institutional Opportunities, Student Services, Academic Support, Financial Aid, and Graduate Assistantships.

2023-24 Professional School Adjustments

Institution	Professional Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
ASU	MS Accounting	8,439	9,131	692	23,449	24,891	1,442
ASU	MBA	8,439	9,131	692	23,449	24,891	1,442
ASU	MS Applied Data Analytics	8,439	9,131	692	23,449	24,891	1,442
ASU	MS Occupational Therapy	4,839	8,081	3,242	19,849	23,841	3,992
ASU	MS Speech-Language Pathology	4,839	8,081	3,242	19,849	23,841	3,992
ECU	School of Medicine	20,252	22,252	2,000	48,649	50,649	2,000
ECU	School of Dental Medicine	29,944	31,444	1,500		n/a	
	School of Nursing - Assorted Graduate Programs	6,999	7,449	450	20,148	20,598	450
ECU	Doctor of Nursing Practice	7,799	8,249	450	20,948	21,398	450
ECU	Physician's Assistant Studies	8,686	11,971	3,285	21,835	25,120	3,285
N.C. A&T	Master of Cybersecurity		6,895	new		19,695	new
N.C. A&T	Master of Data Analytics		6,895	new		19,695	new

2023-24 Professional School Adjustments

Institution	Professional Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
N.C. State	Master of Accounting	22,157	24,091	1,934	41,301	44,065	2,764
N.C. State	MBA	23,220	25,284	2,064	42,911	45,258	2,347
N.C. State	Master of Management	23,220	25,284	2,064	42,911	45,258	2,347
N.C. State	Doctor of Veterinary Medicine	17,039	22,403	5,364	46,960	53,092	6,132
N.C. State	Joint MS Biomedical Engineering (NC State & UNC-CH)	13,395	17,459	4,064	32,601	37,433	4,832
N.C. State	Master of Microbial Biotechnology	9,095	11,459	2,364	28,301	31,433	3,132
N.C. State	MS Foundations of Data Science		15,059	new		35,033	new
UNC-CH	Master of City & Regional Planning	10,552	13,552	3,000	28,844	31,844	3,000
UNC-CH	MS Computer Sciences*	10,552	20,552	10,000	28,844	38,844	10,000

* UNC-CH's MS Computer Sciences increase impacts incoming students only.

2023-24 Professional School Adjustments

Institution	Professional Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
UNC-CH	Master of Statistics, Analytics & Data Science*	10,552	20,552	10,000	28,844	38,844	10,000
UNC-CH	MBA	48,051	50,454	2,403	65,015	68,266	3,251
UNC-CH	MBA for Execs. Evening (24 mos)**	94,812	99,000	4,188	94,812	99,000	4,188
UNC-CH	MBA for Execs. Weekend (21 mos)**	119,305	125,589	6,284	119,305	125,589	6,284
UNC-CH	MBA for Execs. Charlotte (24 mos)**	119,305	125,589	6,284	119,305	125,589	6,284
UNC-CH	MS Library Science	14,052	15,052	1,000	32,344	33,344	1,000
UNC-CH	PSM Digital Curation & Management	18,712	19,212	500	38,024	38,524	500
UNC-CH	PSM Biomedical Health Informatics	16,802	17,302	500	35,094	35,594	500

* UNC-CH's MS STANDS increase impacts incoming students only.

** UNC-CH's Executive MBA program rates are based on the full cost of the program.

2023-24 Professional School Adjustments

Institution	Professional Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
UNC-CH	Juris Doctor - New	21,141	24,641	3,500	41,353	44,853	3,500
UNC-CH	Juris Doctor - Returning	21,141	24,641	3,500	38,853	42,353	3,500
UNC-CH	MA in Media & Communications	14,885	15,635	750	32,018	32,318	300
UNC-CH	Joint MS Biomedical Engineering (NC State & UNC-CH)	14,852	18,552	3,700	33,144	36,844	3,700
UNC-CH	Physician's Assistant Studies (includes summer)	28,359	30,859	2,500	51,440	53,940	2,500
UNC-CH	Nursing (Various)	17,352	18,352	1,000	35,644	36,644	1,000
UNC-CH	MPS Regulatory Science		16,802	new		35,094	new
UNC-CH	PharmD	22,387	25,073	2,686	45,514	48,200	2,686
UNC-CH	MS Pharmaceutical Sciences (Spec. in Health-System Pharmacy Admin)	10,552	10,552	n/a	28,844	14,400	(14,444)

2023-24 Professional School Adjustments

Institution	Professional Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
UNCC	School of Business - Assorted Graduate Programs	10,337	12,027	1,690	24,482	26,596	2,114
UNCC	PSM in Data Science & Business Analytics	11,337	12,027	690	25,482	26,596	1,114
UNCC	Data Science Business Analytics Certificate	11,337	12,027	690	25,482	26,596	1,114
UNCC	PSM of Health Informatics	7,037	7,707	670	21,182	22,276	1,094
UNCC	Health Informatics Certificate	7,037	7,707	670	21,182	22,276	1,094
UNCC	School of Engineering - Assorted Graduate Programs	6,137	6,627	490	20,282	21,196	914
UNCG	MA Applied Economics & Post-Bac Certificate	6,659	7,715	1,056	20,337	21,845	1,508
UNCG	MS in Retail Studies	8,099	8,075	(24)	21,817	22,205	388

2023-24 Professional School Adjustments

Institution	Professional Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
UNCG	MA Speech-Language Pathology	8,039	8,975	936	21,757	23,105	1,348
UNCG	MS Accounting	9,779	8,975	(804)	23,497	23,105	(392)
UNCG	MBA	9,779	8,975	(804)	23,497	23,105	(392)
UNCG	MS Information Technology and Mgmt	9,779	8,975	(804)	23,497	23,105	(392)
UNCW	Master of Coastal and Ocean Policy		6,779	new		21,955	new
UNCW	MS Supply Chain Mgmt		10,079	new		25,255	new
UNCW	MS of Accountancy	9,531	9,791	260	23,876	24,967	1,091
WCU	DNP - Nursing Anesthesia	9,235	10,368	1,133	19,642	21,097	1,455
WCU	Doctor of Physical Therapy	5,255	5,828	573	17,743	18,638	895
Institution	High School Tuition	Resident Proposals			Nonresident Proposals		
		From	To	\$	From	To	\$
UNCSA	High School (Nonresident)		n/a		13,978	14,478	500

2023-24 Fee Proposals

23

2023-24 Fee Proposals

Mandatory Fees

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

24

Summary of 2023-24 Fee Proposals

Institution	2022-23 Mandatory Fees	2023-24 Proposed Mandatory Fee Changes						2023-24 Total Fees	\$ Change	% Change
		Athletics	Health Services	Student Activities	Ed & Tech	Campus Security	Debt Service			
NCSU	\$2,384.25	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$0.00	(\$23.00)	\$2,361.25	(23.00)	(1.0%)
UNC-CH	1,733.46	—	—	—	—	—	—	1,733.46	0.00	0.0%
ECU	2,703.00	—	—	16.00	—	—	—	2,719.00	16.00	0.6%
NC A&T	3,072.31	—	—	—	14.00	—	—	3,086.31	14.00	0.5%
UNCC	3,212.00	—	—	—	—	—	—	3,212.00	0.00	0.0%
UNCG	2,958.00	31.00	15.00	23.00	19.00	—	—	3,046.00	88.00	3.0%
UNCW	2,691.51	45.00	23.93	10.50	—	—	—	2,770.94	79.43	3.0%
ASU	3,048.00	18.00	10.00	46.00	17.00	—	—	3,139.00	91.00	3.0%
FSU	2,463.00	25.00	9.00	17.00	11.00	—	—	2,525.00	62.00	2.5%
NCCU	2,735.21	—	25.00	35.00	20.00	—	—	2,815.21	80.00	2.9%
UNCP	2,495.76	—	—	—	—	—	74.84	2,570.60	74.84	3.0%
WCU	2,988.00	35.00	15.00	25.00	—	—	—	3,063.00	75.00	2.5%
WSSU	2,566.16	—	35.00	21.98	20.00	—	—	2,643.14	76.98	3.0%
UNCA	3,093.00	26.00	12.00	24.00	16.00	—	—	3,171.00	78.00	2.5%
ECSU	2,357.00	—	62.00	(27.00)	—	—	—	2,392.00	35.00	1.5%
UNCSA	2,445.00	N/A	26.00	22.00	17.00	—	—	2,510.00	65.00	2.7%
Avg. Inc.		12.00	14.56	13.34	8.38	0.00	3.24		50.77	1.9%
Avg. Fee	2,684.10	761.27	386.77	658.73	500.38	60.00	413.67	2,734.87		

2023-24 Fee Proposals (Athletics)

*Athletics fee increases
will be used to support:*

- *Inflationary impacts
for athletic travel,
supplies and
materials, and
equipment*
- *Unfunded salary and
benefit increases for
athletic personnel*

Institution	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
NCSU	\$232.00	—	\$232.00	0.0%
UNC-CH	279.00	—	279.00	0.0%
ECU	773.00	—	773.00	0.0%
NC A&T	870.00	—	870.00	0.0%
UNCC	824.00	—	824.00	0.0%
UNCG	780.00	31	811.00	4.0%
UNCW	774.55	45	819.55	5.8%
ASU	783.00	18	801.00	2.3%
FSU	833.00	25	858.00	3.0%
NCCU	862.00	—	862.00	0.0%
UNCP	801.52	—	801.52	0.0%
WCU	868.00	35	903.00	4.0%
WSSU	780.00	—	780.00	0.0%
UNCA	880.00	26	906.00	3.0%
ECSU	899.00	—	899.00	0.0%
UNCSA	N/A	N/A	N/A	N/A
Average	749.27	12.00	761.27	1.6%

2023-24 Fee Proposals (Health Services)

Health Services fee increases will be used to support:

- *Inflationary impacts for medical supplies*
- *Unfunded salary and benefit increases for health services personnel*
- *Equipment maintenance and replacement*
- *Maintaining mental health and telehealth services*



Institution	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
NCSU	\$445.00	–	\$445.00	0.0%
UNC-CH	410.15	–	410.15	0.0%
ECU	319.00	–	319.00	0.0%
NC A&T	370.00	–	370.00	0.0%
UNCC	335.00	–	335.00	0.0%
UNCG	372.00	15.00	387.00	4.0%
UNCW	246.07	23.93	270.00	9.7%
ASU	335.00	10.00	345.00	3.0%
FSU	287.00	9.00	296.00	3.1%
NCCU	312.66	25.00	337.66	8.0%
UNCP	215.49	–	215.49	0.0%
WCU	350.00	15.00	365.00	4.3%
WSSU	340.00	35.00	375.00	10.3%
UNCA	403.00	12.00	415.00	3.0%
ECSU	333.00	62.00	395.00	18.6%
UNCSA	882.00	26.00	908.00	2.9%
Average	372.21	14.56	386.77	3.9%

27

2023-24 Fee Proposals (Student Activities)

Student Activities fee increases will be used to support:

- *Inflationary impacts*
- *Unfunded salary and benefit increases*
- *Labor market impacts to student wages*
- *Maintenance and repair of equipment*

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



Institution	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
NCSU	\$707.97	\$ 0.00	\$707.97	0.0%
UNC-CH	394.16	–	394.16	0.0%
ECU	702.00	16.00	718.00	2.3%
NC A&T	714.25	–	714.25	0.0%
UNCC	650.00	–	650.00	0.0%
UNCG	577.00	23.00	600.00	4.0%
UNCW	698.95	10.50	709.45	1.5%
ASU	659.00	46.00	705.00	7.0%
FSU	565.00	17.00	582.00	3.0%
NCCU	501.40	35.00	536.40	7.0%
UNCP	677.84	–	677.84	0.0%
WCU	632.00	25.00	657.00	4.0%
WSSU	545.70	21.98	567.68	4.0%
UNCA	815.00	24.00	839.00	2.9%
ECSU	738.00	(27.00)	711.00	(3.7%)
UNCSA	748.00	22.00	770.00	2.9%
Average	645.39	13.34	658.73	2.1%

28

2023-24 Fee Proposals (Ed & Tech)

Education and Technology fee increases will be used to support:

- *Inflationary impacts*
- *Unfunded salary and benefit increases*
- *Maintenance, repair and replacement of classroom technology*

Institution	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
NCSU	\$439.28	—	\$439.28	0.0%
UNC-CH	442.30	—	442.30	0.0%
ECU	403.00	—	403.00	0.0%
NC A&T	469.06	14.00	483.06	3.0%
UNCC	622.00	—	622.00	0.0%
UNCG	461.00	19.00	480.00	4.1%
UNCW	534.94	—	534.94	0.0%
ASU	576.00	17.00	593.00	3.0%
FSU	382.00	11.00	393.00	2.9%
NCCU	428.15	20.00	448.15	4.7%
UNCP	533.91	—	533.91	0.0%
WCU	544.00	—	544.00	0.0%
WSSU	416.46	20.00	436.46	4.8%
UNCA	540.00	16.00	556.00	3.0%
ECSU	326.00	—	326.00	0.0%
UNCSA	754.00	17.00	771.00	2.3%
Average	492.01	8.38	500.38	1.7%

2023-24 Fee Proposals (Debt Service)

NC State's Carmichael Complex debt service component expires this year. The fee would reduce by \$23.

UNCP proposes a \$75 increase to the debt service fee to fund inflationary costs in the Outdoor Campus Recreation Complex project.

Institution	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
NCSU	\$499.00	(\$23.00)	\$476.00	(4.6%)
UNC-CH	146.85	—	146.85	0.0%
ECU	445.00	—	445.00	0.0%
NC A&T	588.00	—	588.00	0.0%
UNCC	720.00	—	720.00	0.0%
UNCG	707.00	—	707.00	0.0%
UNCW	376.00	—	376.00	0.0%
ASU	634.00	—	634.00	0.0%
FSU	335.00	—	335.00	0.0%
NCCU	570.00	—	570.00	0.0%
UNCP	206.00	74.84	280.84	36.3%
WCU	523.00	—	523.00	0.0%
WSSU	423.00	—	423.00	0.0%
UNCA	394.00	—	394.00	0.0%
ECSU	0.00	—	0.00	0.0%
UNCSA	0.00	—	0.00	0.0%
Average	410.43	3.24	413.67	0.8%





2023-24 Fee Adjustments (Special Fees)

Institution	Special Fee	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
ASU	Veterinary Technology		\$150.00	\$150.00	new
ECU	Dental Materials	\$75.00	\$75.00	\$150.00	100%
UNCG	IPiE Education Microcourse		\$100.00	\$100.00	new
UNCW	MA Integrated Marketing Communications Program Fee		\$450.00	\$450.00	new
UNCW	EMBA Course Fee	\$1,275.00	(1,275.00)	\$0.00	(100%)
UNCW	EMBA Domestic Residency (Weekend)		\$950.00	\$950.00	new
UNCW	EMBA Domestic Residency (Week)		\$1,925.00	\$1,925.00	new
UNCW	EMBA International Residency (Week)		\$3,000.00	\$3,000.00	new
WCU	Engineering Fee	\$150.00	\$50.00	\$200.00	33.3%

2023-24 Fee Adjustments (Special Fees)

Institution	Special Fee	2022-23 Rate	2023-24 Rate Change	2023-24 Proposed Rate	%
UNCSA	Student Activities - High School	\$802.00	\$24.00	\$826.00	3.0%
UNCSA	School of Music	\$569.00	\$7.00	\$576.00	1.2%
UNCSA	School of Dance	\$452.00	\$32.00	\$484.00	7.1%
UNCSA	School of Filmmaking	\$1,377.00	\$32.00	\$1,409.00	2.3%
UNCSA	School of Dance - Injury Screening & Prevention	\$517.00	\$7.00	\$524.00	1.4%
UNCSA	School of Design & Production	\$669.00	\$7.00	\$676.00	1.0%

THANK YOU

CONNECT  www.northcarolina.edu  [uncsystem](#)  [@UNC_system](#)  [@UNC_system](#)

QUESTIONS?

CONNECT  www.northcarolina.edu  [uncsystem](#)  [@UNC_system](#)  [@UNC_system](#)

AGENDA ITEM

- A-4. Authorization of Public-Private Partnership (Housing Ground Lease) –
Appalachian State University Dr. Layzell

Situation:	App State requests authorization from the University of North Carolina Board of Governors to enter into a ground lease and related agreements with a private developer for the development of faculty and staff housing located in the Innovation District.
Background:	The App State Board of Trustees requests authorization to enter a public-private partnership (P3) agreement with Radnor Property Group, LLC for the development and management of approximately 156 multi-family, multi-story residential units located on the Innovation District. App State agrees to enter into a 50-year ground lease of approximately 22 acres for the proposed residential development and additional project agreements for the project. The project will provide on-campus housing units suitable for faculty and staff at below-market rents. The estimated project cost is \$55 million. The P3 developer will be responsible for the design, construction, financing, operations, and management of the project.
Assessment:	The P3 development will provide housing options for housing and staff in a highly competitive housing market and aid in attracting and retaining App State employees.
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

Presented by:
Dan Layzell, Vice Chancellor of Finance and Operations

UNC Board of Governors
Committee on Budget and Finance
January 18, 2023

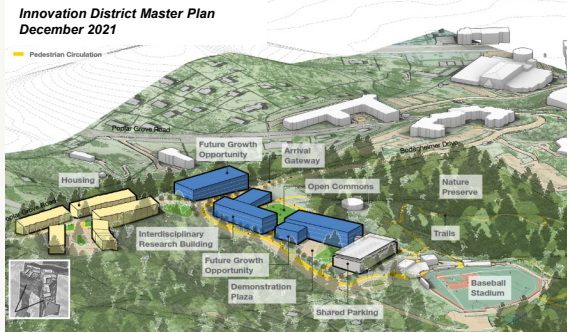
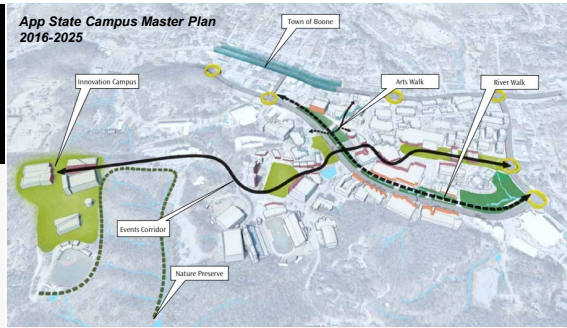
APPSTATE

Agenda

- Introductions
- Project background & overview
- Material terms
- Post-BOG meeting timeline & next steps
- Wrap-up / questions

Project Background

- The Innovation District is located on the site of the former Broyhill Inn & 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.



Appalachian State University Innovation District

January 2023

Phase 1 Concept

Faculty and Staff Housing

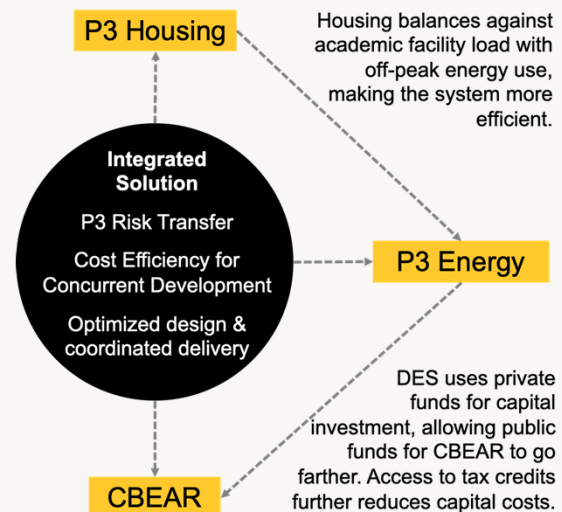
- 156 units of faculty and staff housing.
- Helps University compete for faculty and staff amid housing scarcity and cost inflation in Boone.
- University contributes no capital.

Academic Facility

- Conservatory for Biodiversity Education and Research (CBEaR).
- Will also include cross-disciplinary collaboration space and encourage K-12 partnership.
- Utilizes state funding.

District Energy System

- Net zero-carbon energy system that begins campus transition away from steam.
- Establishes national example for sustainable solutions, enables ambitious future certification.
- University contributes no upfront capital.



3

Appalachian State University Innovation District

January 2023

Project Teams

In July 2022, the Board of Governors authorized App State to sign a Letter of Intent with Radnor Property Group and Harrison Street.

District Energy System:



Faculty and Staff Housing:



Appalachian State University Innovation District

January 2023

Faculty and Staff Housing

- **High quality, financially accessible housing** is not available for professionals moving to Boone. The rental market is focused on student housing almost exclusively.
- App state is **losing talent** from lack of affordable housing options for faculty and staff.
- **300+ housing units demanded** from housing survey.
- P3 will provide **150+ new, on-campus housing units with below-market rents.**
- Approximately \$55M project cost.
- **Transfers** Design, construction, finance, operations, and asset management **risks** to a private partner while addressing a critical need employee recruitment and retention need for App State.



Appalachian State University Innovation District

January 2023

Market Snapshot

The Faculty and Staff Housing Project will be unique in the Boone market. The existing apartment or rental home inventory does not meet the needs of App State employees.

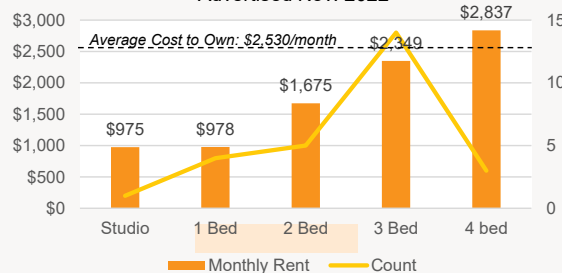
Current apartment inventory is neither available nor desirable.

Four “non-student” apartment properties built since 2010:

- King Street Flats (2020, filled with students)
- Skyline Terrace (2018, still has students)
- Watauga Green (2015, LIHTC)
- The Lofts in Boone (2010, still has students)

SFH/Condo rentals are misaligned with need.

Watauga County Rental Homes / Condos
Advertised Nov. 2022



P3 Housing Project Program

Unit Type	Count
1-bed	10
1-bed w/ den	56
2-bed	60
3-bed	30
Total	156

Appalachian State University Innovation District

January 2023

Market Comparison

Cost

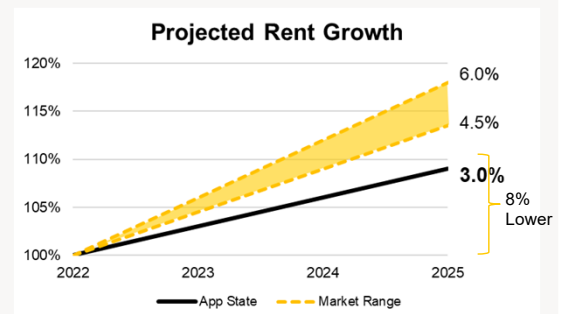
- Project rents below cost of new properties and home ownership
- Residents will save on transportation expense (\$100-\$400/mo.)
- Highly efficient building & energy systems

Growth Assumptions

- Project underwriting **3%** annual rent growth
- Boone average rent growth for past 5 years **higher than 4%**
- North Carolina Metro areas averaged **16% rent growth** in 2022

Designed for a non-student market

- No studio units
- Annual rent by unit rather than by bed
- Leases available throughout the year



Appalachian State University Innovation District

January 2023

Housing Ground Lease Terms

App State is requesting authority for a Ground Lease Agreement that would include the following terms:

Ground Lease Agreement Material Terms

Lessor	Appalachian State University
Lessee	501(c)3 non-profit entity
Ground Lease Term	Not to exceed 50 years
Financing	Taxable debt issues by 501(c)3 non-profit entity covering 100% of development and construction costs.
Improvements	Five residential buildings, including approximately 173,000 GSF and 230 parking spaces
Owner of Improvements During Lease Term	501(c)3 non-profit entity
Owner of Improvements Upon Lease Expiration	Appalachian State University
Purchase Option	App State will have the option to purchase the project and terminate the Ground Lease Agreement at specified date intervals for a payment equal to the amount necessary to retire the Project Debt in full.

Housing Ground Lease Terms (cont.)

Ground Lease Agreement Material Terms

Ground Rent:	Net available cash flow
Net Available Cash Flow	<p>Net available cash flow is produced from the Project annually.</p> <p>Net available cash flow is the result of rents from tenants and non-rent revenues (including parking rents, fees, etc.), following the payment of debt service, operating expenses, and required reserves. Net available cash flow is driven by the financing requirement to meet minimum coverage ratios on Project Debt. The University may allocate a portion of its Ground Rent for the accelerated retirement of the subordinate debt when financially beneficial.</p>
Failure to Deliver on Schedule	If the Project is not delivered on time, the Developer will arrange for temporary housing arrangements for any contracted tenants impacted by the delay and bear all associated costs.

Housing Ground Lease – Related Agreements

Under a Ground Lease Agreement, App State will negotiate related agreements that include:

Related Housing Agreements

Cooperation and Services Agreement	<p>App State will enter into a Cooperation and Services Agreement with the Lessee that facilitates information exchange and coordination in the management of the Project.</p> <p>App State will collaboratively develop a leasing plan with Lessee and assist the Lessee with marketing the project to faculty and staff.</p> <p>University does not assume occupancy risk, and employees cannot be required to live in the project.</p>
Management Agreement	<p>Lessee will enter into Management Agreement with third-party manager to provide operating and management services.</p>
Development Agreement	<p>Lessee will enter into a Development Agreement with the Developer at financial closing. The Developer will enter into a guaranteed maximum price (GMP) contract with a Contractor. App State's approval will be required for any material changes to the project during construction.</p>

Appalachian State University Innovation District

January 2023

District Energy System

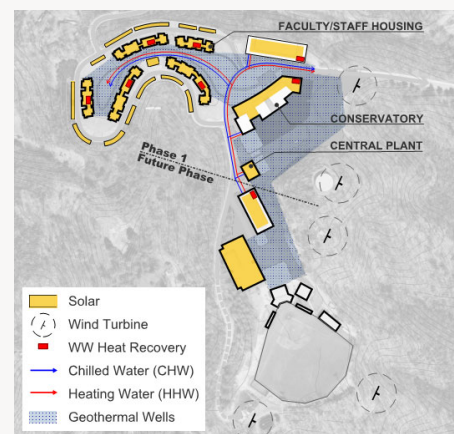
Background:

- 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.

System Overview:

- On-site renewable energy generation including wind and rooftop solar.
- Approximately \$29M project cost.
- 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.

Innovation District Energy System at Full Buildout



Appalachian State University Innovation District

January 2023

District Energy System (DES) Utility Agreement Terms

App State is requesting authority for long-term utility agreement that would include the following terms:

DES Utility Agreement Material Terms

Service Provider	Harrison Street Real Estate Capital will create an affiliate entity to design, build, finance, operate, and manage the Innovation District Energy System (DES).
Term	Not to exceed 50 years
Financing	Service Provider will fund all costs to design and construct the DES through a combination of debt and equity.
Improvements	<ol style="list-style-type: none"> 1. Renewable Electricity: Approx. 4MW of wind power turbine generators and 120kW of solar PV 2. Thermal Heating & Cooling: Geothermal heat pumps and wastewater heat recovery system 3. Central Plant for managing the distribution of heating, cooling, and electricity within the District
Monthly Utility Fee	<p>App State will purchase "energy services" for a monthly fee (indexed to CPI). The Monthly Utility Fee will have two components, tied to the expected useful life of the improvements:</p> <ol style="list-style-type: none"> 1. Heating and cooling fee, effective for the full 50-year term 2. Renewable electricity fee, effective for the useful life of the renewable energy assets
Purchase Option	App State will have the right to purchase all of the Service Provider's rights, title, and interest in the DES at specified dates

Post Board of Governors Meeting Timeline

Date	Milestone
January 2023	Board of Governors delegates authority to App State for Ground Lease Agreement and DES
Spring 2023	Engage Housing and DES contractor(s) Complete detailed engineering and design of DES Guaranteed Maximum Price bidding
June 2023	Targeted Financial Close for Housing and DES Ground Lease and Related Agreements executed concurrently
Summer 2023	Initiate site work
Fall 2025	DES and Faculty & Staff Housing are fully open and operational

Additional Information

Appalachian State University Innovation District

January 2023

Partner Selection Process

- **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.



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



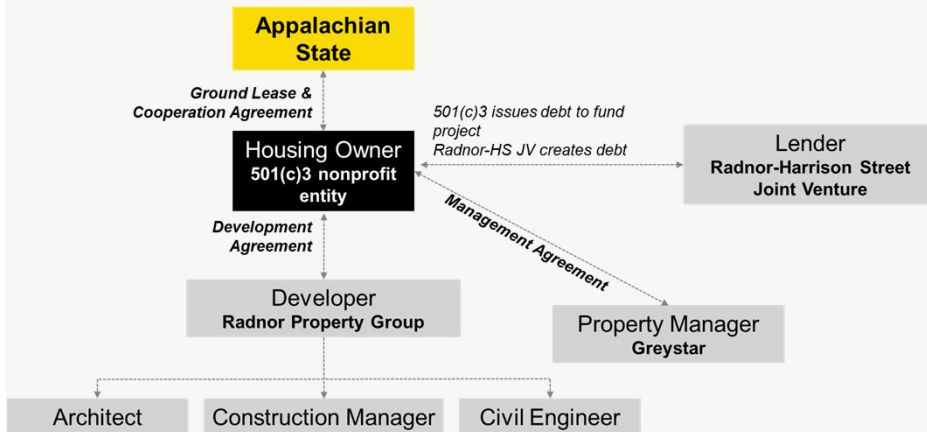
- **55 years** combined team member experience investing in utility and P3 assets
- **65 clean energy assets** since 2018
- Leadership Team with **\$15 billion** in transactions for over **40GW+ of power assets**

Innovation District will be 7th **Joint Venture** between Radnor & Harrison Street

Appalachian State University Innovation District

January 2023

Housing Transaction Structure



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

Radnor and Harrison Street lend 100% of the project costs and are repaid through debt service payments.

University receives a portion of excess cash flow.

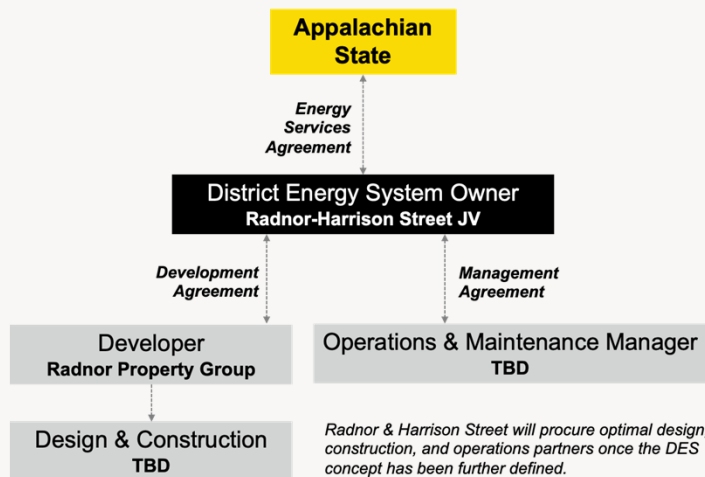
Risks Transferred:

- Design
- Construction
- Financing
- Operations
- Maintenance

Appalachian State University Innovation District

January 2023

DES Transaction Structure



Harrison Street entity finances and operates the energy infrastructure for the benefit of the university.

App State repays investment through an availability payment for the energy assets over time.

Risks Transferred:

- Design
- Construction
- Financing
- Operations
- Maintenance

Radnor & Harrison Street will procure optimal design, construction, and operations partners once the DES concept has been further defined.

Appalachian State University Innovation District

January 2023

Authorization of Public-Private Partnership (Housing Ground Lease) – Appalachian State University

ISSUE OVERVIEW

The Appalachian State University Board of Trustees requests authorization to enter a public private partnership (P3) for the development of faculty and staff housing located in the Innovation District. App State proposes to enter into a ground lease and related agreements with Radnor Property Group, LLC, a 501 (c)(3) non-profit corporation to develop, construct, finance, own, operate, and manage approximately 156 multi-family, multistory residential units on campus. The residential units will provide housing for employees in a highly competitive housing market at below-market rates. App State will execute a ground lease for a term not to exceed 50 years for approximately 22 acres. Additional agreements will be executed to support the management and operations and the development of the project. A summary of the material terms is provided on the term sheet. Any material changes to the terms will require approval by the University of North Carolina Board of Governors.

In September 2015, the Board of Governors approved the expansion of App State's millennial campus designation to include approximately 77 acres at the former Broyhill Conference Center, which includes the Innovation District. 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 District which will fund the new academic building. Future phases would add two additional academic buildings.

The development of faculty and staff housing will support the university by providing housing options that will aid in attracting and retaining employees for App State. The faculty and staff housing project will be developed in conjunction with the new district energy system and the academic buildings.

The App State Board of Trustees approved the P3 agreements on June 17, 2022.

RECOMMENDATION

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

**Appalachian State University
Innovation District P3 Term Sheet
January 2023**

Public-Private Partnership for Faculty & Staff Housing

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

I. Faculty and Staff Project Overview	
1. Project	<p>An on-campus residential development consisting of approximately 156 units of employee housing contained in up to five (5), multi-story buildings, parking, and related infrastructure (“the Project”). The Project will be owned by a 501(c)(3) non-profit corporation whose purpose is to support other charitable organizations, by, among other things, owning and managing affordable housing (the “Lessee”).</p> <p>The number of units, parking spaces, and square footage may change slightly as the Project design is finalized, though any material changes will require prior review and approval by Appalachian.</p>
2. Project Participants	<p>The developer will be RPG Boone, LLC, an affiliated entity of Radnor Property Group, LLC which specializes in the development of on- and off-campus student housing, market rate housing, commercial office, childcare facilities, specialty retail and recreation centers in locations with growing educational and medical industries (the “Developer”).</p> <p>The Developer’s project team, including designers, contractors, engineers, and consultants, is intended to consist of the following firms:</p> <ul style="list-style-type: none">- Design Architect: NELSON- Civil Engineer: Bohler Engineering- Placement Agent: RBC Capital Markets- General Contractor: <i>Under Procurement</i>- Property Manager: <i>Under Procurement</i> <p>The ground lessee and Project owner is intended to be a 501(c)(3) non-profit corporation experienced in partnering with higher education institutions, or a single-member subsidiary thereof.</p> <p>The Project lender (“Lender”) is intended to be a combination or joint venture of an affiliate of Radnor Property Group, LLC, and an affiliate of Harrison Street Real Estate Capital LLC.</p>

II. Ground Lease	
3. Ground Lease Agreement	<p>A Ground Lease Agreement will be entered into between Appalachian (for itself and on behalf of the State of North Carolina, collectively, the “Ground Lessor”) and Lessee at financial closing. “Leased Property” will include land and existing improvements thereon, if any, plus non-exclusive easements for common areas, certain open space areas and temporary construction easements.</p> <p>The Lessee will hold a fee simple interest in the housing buildings and improvements located on the Leased Property that Lessee constructs during the term of the Ground Lease</p> <p>The Ground Lease Agreement will obligate Lessee to own the Project, and enter into agreements providing for the design, construction, and management of the Project. The Ground Lease Agreement will permit the Lessee to finance and mortgage the Project.</p>
4. Financing	<p>100% of Project costs are to be financed with the proceeds of long-term debt issued for the benefit of Lessee (the “Project Debt”).</p> <p>Appalachian shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of Lessee under the Project Debt documents including without limitation, the payment of any portion of the principal of, interest on, or prepayment premium, if any, of the Project Debt. Appalachian will not guarantee or otherwise be obligated to financially support Lessee’s Project Debt repayment obligations.</p>
5. Ground Lease Term	<p>The Ground Lease Agreement will provide that Appalachian will lease the Leased Property to Lessee to build the Project and own the Project for a term not to exceed 50 years or, if, earlier, until the repayment in full of the Project Debt.</p>
6. Ownership of Improvements	<p>Lessee will own the improvements comprising the Project for the duration of the Ground Lease Agreement.</p> <p>At the expiration or earlier termination of the Ground Lease Agreement, the Leased Property will revert to Appalachian and ownership of the Project improvements will be transferred to Appalachian, free and clear of all liens and unpermitted encumbrances, without any contribution or compensation. At the expiration or termination of the Ground Lease Agreement, the Project must be in a condition consistent with the requirements of the Ground Lease Agreement, subject to the age and reasonable wear and tear, and casualty and condemnation with respect to the buildings.</p>

7. Ground Lease Rent to Appalachian	Under the Ground Lease Agreement, the Lessee will pay ground rent to Appalachian in an amount equal to a portion of the surplus cash flow generated by the Project. Surplus cash flow will be calculated by subtracting operating expenses, fixed or minimum debt service, and reserve deposits from operating revenue. A portion of surplus cash flow will be applied to accelerated redemption of Project Debt, with the remainder paid as ground rent to Appalachian.
8. Early Termination Option	The Ground Lease Agreement will provide Appalachian or an associated entity the option to purchase the Project and terminate the Ground Lease Agreement at specified date intervals. The payment under the optional termination will be equal to the amount necessary to retire the Project Debt in full. The Project Debt documentation will include a make-whole provision for the prepayment of Project Debt.
9. Failure to Deliver Project On Schedule	If the Project is not delivered on time, the Ground Lease Agreement, and/or a separate Development Agreement, will provide that, if needed, temporary housing will be arranged for the contracted tenants until such time as the Project is ready for occupancy. Responsibility for making such arrangements (and all associated temporary housing costs for contracted tenants) will be assigned to the Developer.
III. Additional Project Agreements	
1. Cooperation and Services Agreement	<p>A Cooperation and Services Agreement ("CSA") will be entered into between Appalachian and Lessee at financial closing. The CSA will include the services to be provided by Appalachian to the Project and will facilitate information exchange and coordination between the parties to support the management, marketing, occupancy, operation, and maintenance of the Project.</p> <p>Appalachian shall develop with Lessee an annual leasing plan to encourage leasing of the Project. Appalachian will further be required to market and promote the project, use commercially reasonable efforts to encourage the full leasing and occupancy of the Project, provide Lessee with structured access to faculty departments and faculty and staff groups, and identify the Project as the Appalachian-sponsored residence option for the university's faculty and staff.</p> <p>The CSA will require that Lessee establish an Operations Committee or similar structure made up of three representatives of Lessee and two representatives of Appalachian. The Operations Committee shall provide advice and input to the ground lessee regarding Project operations (including, without limitation, marketing, budgeting, financial reporting, and repairs, maintenance, and capital improvements, ongoing and anticipated).</p>

<p>2. Development Agreements</p>	<p>A Development Agreement will be entered into by Developer and Lessee at financial closing.</p> <p>The Development Agreement will require Appalachian's approval of material changes of the Project during construction. The agreement will include Appalachian's participation in regular meetings regarding the progress of the Project and addressing any concerns of Appalachian regarding the Project.</p> <p>All agreements and contracts with the Contractors and Architects will be between the Developer and the respective party. This will include a guaranteed maximum price (GMP) contract between the Developer and the Contractor for the construction of the Project.</p>
<p>3. Management Agreement</p>	<p>Lessee will contract with an approved Manager to provide certain operating and management services for the Project (the "Management Agreement").</p> <p>The Manager's operational and management responsibilities are to be defined in the Management Agreement.</p> <p>Asset management of the Project will be a responsibility of Lessee, including:</p> <ul style="list-style-type: none"> - Fulfilling reporting requirements and maintaining compliance with covenants defined in financing documents - Overseeing repairs and capital improvements over the lifecycle of the assets <p>The payment of operating expenses for the Project will be set out in the Management Agreement.</p>

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA DELEGATING THE AUTHORITY TO APPALACHIAN STATE UNIVERSITY TO ENTER INTO A GROUND LEASE AND RELATED AGREEMENTS WITH THE HOUSING PROJECT OWNER (AS DEFINED BELOW) FOR THE DEVELOPMENT OF A FACULTY AND STAFF HOUSING PROJECT DESCRIBED HEREIN AS PART OF PHASE ONE OF APPALACHIAN'S INNOVATION DISTRICT.

WHEREAS, by Chapter 116 of the General Statutes of North Carolina (the "Act"), the Board of Governors of The University of North Carolina (the "UNC Board of Governors") is vested with general control and supervision of the constituent institutions, as defined in the Act, which includes Appalachian State University ("Appalachian"); and

WHEREAS, the UNC Board of Governors is authorized under G.S.116-198.34 to (1) designate real property held by a constituent institution as a "Millennial Campus" of the institution, (2) provide for the acquisition and construction of projects located on the Millennial Campus, and (3) enter into contracts and agreements related to the acquisition and construction of such projects; and

WHEREAS, at the request of the Board of Trustees of Appalachian (the "Appalachian Board"), and in accordance with N.C. Gen. Stat. § 116-198.34(8b), the UNC Board of Governors previously designated a portion of Appalachian's campus as a Millennial Campus to facilitate the development of an innovation district ("Innovation District Project Site"); and

WHEREAS, Phase 1 of the Innovation District Project Site will include a Conservatory for Biodiversity Education and Research ("CBEaR"), faculty and staff housing facilities and related surface parking (the "Housing Project"), and a net zero-carbon, renewable and resilient district energy system, utilizing proven technologies in innovative configuration (the "DES Project"); and

WHEREAS, the North Carolina General Assembly appropriated funds to Appalachian during the 2021-2022 legislative session for use in the construction of the CBEaR; and

WHEREAS, Appalachian conducted a competitive selection process which included a request for qualifications followed by requests for proposals to solicit public-private partnership proposals for Housing Project and the DES Project (collectively, the "Innovation District Project") and has selected Radnor Property Group ("Radnor") and Harrison Street Real Estate Capital LLC ("Harrison Street") (collectively the "Development Team") to deliver Phase 1, with Radnor being responsible for delivering the Housing Project and Harrison Street being responsible for delivering the DES Project; and

WHEREAS, Appalachian is unwilling and unable to incur any debt to fund the Housing Project and DES Project, which are integral and critical to the Innovation District Project, and therefore has asked Radnor to develop the Housing Project, and to engage a third-party 501(c)(3) entity (the "Housing Project Owner") to ground lease land, provide financing for development and construction costs, and to own the Housing Project improvements for the term of the ground lease, under a financing structure wherein Appalachian will not be liable or responsible in any manner for the debt incurred by the Housing Project Owner to develop the Housing Project; and

WHEREAS, the CBEaR will be developed by Appalachian with State-appropriated funds, and

WHEREAS, the Housing Project will be developed by Radnor using private funds under a financing structure whereby Appalachian will not be liable or responsible in any manner for the debt incurred by Radnor to develop the Housing Project; and

WHEREAS, Appalachian now seeks authorization from the UNC Board of Governors for the authorization of certain Appalachian officials to (1) ground lease a portion of the Innovation District Project Site to the Housing Project Owner for development of the Housing Project; and (2) enter into those agreements anticipated by the ground lease, or that are necessary to bring Phase 1 of the Innovation District Project, including the Housing Project and other related improvements to completion; and

WHEREAS, THE FOREGOING RECITALS ARE HEREBY INCORPORATED INTO THE BODY OF THE RESOLUTION BY REFERENCE HERETO.

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

Section 1. **Authorization of the Ground Lease Agreement.** The authority to enter into a ground lease agreement with the Housing Project Owner is hereby delegated to the Chancellor of Appalachian, or the Chancellor's designee (the "Authorized Officer"). The form and content of such ground lease agreement shall be consistent with the material terms and provisions of the term sheet made available to the UNC Board of Governors and shall be in a form acceptable to the Authorized Officer.

Section 2. **Authorization of a Cooperation and Services Agreement.** The authority to enter into a Cooperation and Services Agreement with the Housing Project Owner that facilitates information exchange and coordination in the marketing and operation of the Housing Project is hereby delegated to the Chancellor of Appalachian, or the Chancellor's Authorized Officer. Appalachian will collaboratively develop a leasing plan with the Housing Project Owner and assist the Housing Project Owner with marketing the Housing Project to Appalachian faculty and staff.

Section 3. **General Authorization.** Appalachian, by and through its Authorized Officer, is hereby delegated the authority, to enter into those agreements anticipated by the ground lease agreement that are necessary for financial closure of the Housing Project and to bring the Housing Project to completion.

Section 4. **Conflicting Provisions.** All resolutions or parts thereof of the Board of Governors in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 5. **No Indebtedness.** Nothing in this resolution shall be construed to create any obligation, or liability of Appalachian in any respect whatsoever arising out of or pertaining to the financing or pertaining to the acquisition, development, construction, and operation of the Housing Project, and the payment of costs incurred in connection therewith. No statement, representation, or recital herein shall be deemed to constitute a legal conclusion or determination that any particular action or proposed action is required, authorized, or permitted under the laws of the State or any other state, or the United States. The Housing Project financing will not constitute an indebtedness or pledge of Appalachian, The University of North Carolina, or the State of North Carolina within the meaning of any constitutional or statutory provision, and the owners of the Housing Project will not be paid in whole or in part out of any funds raised or to be raised by taxation or any other revenues of Appalachian.

Section 6. **Material Modifications.** Notwithstanding any of the foregoing provisions of this Resolution, and as provided by UNC Policy 600.1.6, any material modifications or amendments to the Innovation District Project, including the public-private partnership agreement(s), the underlying Ground Lease Agreement, and Cooperation and Services Agreement, shall require prior review and approval of the UNC Board of Governors.

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

PASSED, ADOPTED, AND APPROVED this the ___ day of January 2023.

AGENDA ITEM

- A-5. Authorization of Public-Private Partnership (Utility System Agreement) –
Appalachian State University Dr. Layzell

Situation: App State requests authorization from the University of North Carolina Board of Governors to enter into a long-term utility agreement with a private developer for the development and operation of a district energy system (DES) located on the Innovation District.

Background: The App State Board of Trustees requests authorization to enter a public-private partnership (P3) agreement with Harrison Street Real Estate, LLC for the development, construction, and operation of a net-zero carbon district energy system (DES) and related infrastructure to serve the Innovation District. The DES is required to for the generation and distribution of energy to support the planned buildings on the Innovation District, including the Conservatory for Biodiversity Education and Research (CBEaR) and faculty and staff multi-family housing. The DES will include renewable electricity, thermal heating and cooling, and a central plant to manage distribution within the Innovation District. Under the long-term utility service agreement, App State will purchase energy services for a fixed monthly utility fee for a term not to exceed 50 years. The monthly utility fee may be adjusted from periodically due to increasing capacity for future project improvements or the renewal of the initial renewable energy assets at the end of their useful life.

Assessment: The P3 agreement will facilitate the development of a net-zero carbon district energy system to support 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.

Authorization of Public-Private Partnership (Utility System Agreement) – Appalachian State University

ISSUE OVERVIEW

The Appalachian State University Board of Trustees requests authorization to enter into a long-term utility agreement with a public private partner for a new district energy system (DES) to support the development of the Innovation District.

Upon approval, App State will enter a public-private partnership (P3) agreement with Harrison Street Real Estate, LLC to form a special purpose entity (“Service Provider”) for the development, construction, and operation of a net-zero carbon district energy system (DES) and related infrastructure to serve the Innovation District. The DES is required for the generation and distribution of energy to support the planned buildings on the Innovation District, including the Conservatory for Biodiversity Education and Research (CBEaR) and faculty and staff multi-family housing. The DES will include development of a district energy system based on renewable and sustainable clean energy sources that include the following:

- renewable electricity, including wind and solar;
- thermal heating and cooling, including geothermal heat pumps and wastewater heat recovery tanks;
- and a central plant to manage the distribution and supply of heating and cooling within the Innovation District.

App State will enter into a long-term service agreement with the service provider for a term not to exceed 50 years to purchase energy services for the Innovation District for a fixed monthly fee. The monthly fee will include two components: (1) heating and cooling capabilities from the DES including the central plant for the full 50-year term, and (2) renewable electricity, effective for the useful life of the renewable electricity assets. The monthly utility fee will be fixed, with an adjustment indexed to the consumer price index (CPI). The monthly utility fee may also be adjusted periodically for additional project improvements or replacement of renewable energy assets at the end of their useful life. A summary of the material terms is provided on the term sheet. Any material changes to the terms will require approval by the Board of Governors.

In September 2015, the University of North Carolina Board of Governors approved the expansion of App State’s millennial campus designation to include approximately 77 acres at the former Broyhill Conference Center, which includes the Innovation District. 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 District which will fund the new academic building. Future phases would add two additional academic buildings.

The development of a DES is required to support the development of the Innovation District. The DES will be developed in conjunction with the new academic building and faculty and staff housing.

The App State Board of Trustees approved the P3 agreements on June 17, 2022.

RECOMMENDATION

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

Appalachian State University
Innovation District P3 Term Sheets
January 2023

Public-Private Partnership for a District Energy System

Appalachian State University (“Appalachian”) is requesting authority to negotiate and enter into a Long-Term Utility Agreement to facilitate the development, construction, and operations of a net-zero carbon district energy system and related infrastructure, as described herein, to serve the Innovation District, on substantially the terms set forth in this Term Sheet.

I. Project Overview	
1. Project	<p>Harrison Street Real Estate, LLC (“HS”) will form a special purpose entity, (the “Service Provider”) to develop, design, build, finance, operate and maintain utility systems which is expected to include the following initial components (collectively, the “Initial Innovation District Utility System”) which are located at Appalachian’s Innovation District:</p> <ul style="list-style-type: none">• Renewable Electricity<ul style="list-style-type: none">○ Wind: [4]MW of on-site wind power comprised of [two] [1.5]MW+ wind turbine generators○ Solar: [120]kW-dc of rooftop solar• Thermal Heating & Cooling<ul style="list-style-type: none">○ Geothermal heat pumps with [9,680] kBtu/hr of peak heating capacity and [1,314] tons of peak cooling capacity○ Wastewater heat recovery tank capacity of [6,700] gallons• Central plant to manage the distribution and supply of heating and cooling, and electricity within the Innovation District. <p>System capacity and configuration is subject to change based on the detailed design process and the incorporation of building energy use intensity estimates. The Initial Innovation District Utility System shall be designed such that it is reasonably flexible to add additional electricity generation, thermal generation, and/or electricity and thermal storage with the same or alternative clean technologies.</p>
2. Project Participants	<p>The Service Provider will be a to-be-created affiliate of HS which develops, finances, owns, operates, and manages energy infrastructure assets including district energy systems under public-private-partnerships (“P3s”) with higher education institutions.</p> <p>The Service Provider’s project team, including designers, contractors, engineers, and consultants, is intended to consist of the following firms:</p> <ul style="list-style-type: none">- Development Manager: Radnor Property Group- Geothermal, Solar, and MEP Design Engineer: Salas O’Brien- Electrical and Wind Design Engineer: Faith Technologies- Owner’s Engineer: Stanley Consultants- Operator: TBD

II. Long-Term Utility Agreement	
3. Long-Term Utility Agreement	<p>A Long-Term Utility Agreement will be entered into between Appalachian and Service Provider at closing. Under the Long-Term Utility Agreement, the Service Provider will develop, design, build, finance, operate, and maintain the Innovation District Utility System for the term of the agreement in exchange for a Monthly Utility Fee (defined below) paid by Appalachian.</p> <p>“Innovation District Utility System” means the personal property, improvements, fixtures, and equipment to be operated by the Service Provider in order to provide utility services to the Innovation District, including (i) the Initial Innovation District Utility System and (ii) any additional utility facilities operated by the Service Provider pursuant to the Long-Term Utility Agreement in order to provide the utility services to the Innovation District.</p> <p>The Long-Term Utility Agreement will include mechanisms for the expansion, modification, and renewal of the Innovation District Utility System over the term of the agreement.</p>
4. Financing	<p>The Service Provider will fund the costs to design and construct the Innovation District Utility System through a combination of debt and equity using a project finance structure.</p> <p>Appalachian shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of Service Provider under the project finance documents including without limitation, the payment of any portion of the principal of, interest on, or prepayment premium, if any, of the project debt. Appalachian will not guarantee or otherwise be obligated to financially support Service Provider’s debt repayment obligations.</p>
5. Term	<p>The Long-Term Utility Agreement will remain in effect through but excluding the 50th anniversary of the initial commercial operation date.</p>
6. Monthly Utility Fee	<p>Appalachian will purchase “energy services” (including energy outputs) from the Service Provider under a fixed monthly fee (indexed to CPI) (the “Monthly Utility Fee”). The Monthly Utility Fee will be sized at closing to provide Appalachian with predictability in annual budgeting and allow for recovery of the Service Provider’s expected costs of operating the Innovation District Utility System for the term of the Long-Term Utility Agreement (including opex, third-party service contracts, maintenance costs, financing, and capital recovery). The Monthly Utility Fee may be adjusted from time to time due to an addition to the project improvements or replacement of the initial renewable energy assets at the end of their useful life, as approved by Appalachian.</p> <p>The Monthly Utility Fee for the Initial Innovation District Utility System will be bifurcated into two components:</p> <ul style="list-style-type: none"> • One component attributable to the heating and cooling portion of the system (including within the central plant), effective for the full 50-year term • A second component attributable to the renewable electricity portion of the system, effective for the useful life of the initial renewable electricity assets (to be confirmed by the independent engineer).

7. Purchase Option	Appalachian will have the right to purchase all of the Service Provider's rights, title and interest in the Innovation District Utility System and the Additional Utility Service upgrades, if any, at any time after the later to occur of (x) the date on which the Service Provider has fully realized the value of all Financial Incentives available in connection with the Innovation District Utility System and the Additional Utility Service upgrades and (y) the 20th anniversary of the initial commercial operation date.
--------------------	--

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA DELEGATING THE AUTHORITY TO APPALACHIAN STATE UNIVERSITY TO ENTER INTO A LONG-TERM UTILITY AGREEMENT AND RELATED AGREEMENTS WITH HARRISON STREET REAL ESTATE CAPITAL, LLC FOR THE DEVELOPMENT OF A DISTRICT ENERGY SYSTEM DESCRIBED HEREIN AS PART OF PHASE ONE OF APPALACHIAN'S INNOVATION DISTRICT

WHEREAS, by Chapter 116 of the General Statutes of North Carolina (the "Act"), the Board of Governors of The University of North Carolina (the "UNC Board of Governors") is vested with general control and supervision of the constituent institutions, as defined in the Act, which includes Appalachian State University ("Appalachian"); and

WHEREAS, the UNC Board of Governors is authorized under G.S.116-198.34 to (1) designate real property held by a constituent institution as a "Millennial Campus" of the institution, (2) provide for the acquisition and construction of projects located on the Millennial Campus, and (3) enter into contracts and agreements related to the acquisition and construction of such projects; and

WHEREAS, at the request of the Board of Trustees of Appalachian (the "Appalachian Board"), and in accordance with N.C. Gen. Stat. § 116-198.34(8b), the UNC Board of Governors previously designated a portion of Appalachian's campus as a Millennial Campus to facilitate the development of an innovation district ("Innovation District Project Site"); and

WHEREAS, Phase 1 of the Innovation District Project Site will include a Conservatory for Biodiversity Education and Research ("CBEaR"), faculty and staff housing facilities and related surface parking (the "Housing Project"), and a net zero-carbon, renewable and resilient district energy system, utilizing proven technologies in innovative configuration (the "DES Project"); and

WHEREAS, the North Carolina General Assembly appropriated funds to Appalachian during the 2021-2022 legislative session for use in the construction of the CBEaR; and

WHEREAS, Appalachian conducted a competitive selection process which included a request for qualifications followed by requests for proposals to solicit public-private partnership proposals for Housing Project and the DES Project (collectively, the "Innovation District Project") and has selected Radnor Property Group ("Radnor") and Harrison Street Real Estate Capital LLC ("Harrison Street") (collectively the "Development Team") to deliver Phase 1, with Radnor being responsible for delivering the Housing Project and Harrison Street being responsible for delivering the DES Project; and

WHEREAS, the CBEaR will be developed by Appalachian with State-appropriated funds, and

WHEREAS, the Housing Project will be developed by Radnor using private funds under a financing structure whereby Appalachian will not be liable or responsible in any manner for the debt incurred by Radnor to develop the Housing Project; and

WHEREAS, Appalachian has determined that the Phase 1 Improvements, specifically the district energy system component, will serve the strategic needs of Appalachian by assisting Appalachian with achieving objectives contained in its Climate Action Plan, as well as climate action initiatives in the broader Town of Boone and Watauga County area; and

WHEREAS, Appalachian has determined that the Phase 1 Improvements, specifically the district energy system component, are necessary for enhancing its research, teaching, and service missions, as well as enhancing the economic development of the region served by Appalachian by promoting the health and general welfare of the residents of the region served by Appalachian and the creation of jobs, commerce, industry, and additional housing for the Town of Boone and Watauga County and their respective residents; and

WHEREAS, Appalachian is unwilling and unable to incur any debt for the Housing Project and DES Project, which are integral and critical to the Innovation District Project, and therefore has asked Harrison Street to develop the DES Project and to provide financing or arrange financing for the DES Project under a financing structure wherein Appalachian will not be liable or responsible in any manner for the debt incurred by Harrison Street to develop the DES Project; and

WHEREAS, Appalachian now seeks authorization from the UNC Board of Governors for the authorization of certain Appalachian officials to (1) enter into a Long-Term Utility Agreement with Harrison Street for the development, design, building, financing, maintenance, and operation of the DES Project; and (2) enter into those agreements anticipated by the Long-Term Utility Agreement that are necessary to bring Phase 1 of the Innovation District Project, including the DES Project, and other related improvements to completion; and

WHEREAS, THE FOREGOING RECITALS ARE HEREBY INCORPORATED INTO THE BODY OF THE RESOLUTION BY REFERENCE HERETO.

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

Section 1. **Authorization of a Long-Term Utility Agreement.** The authority to enter into a Long-Term Utility Agreement, pursuant to which Harrison Street will develop, design, build, finance, operate, and maintain the DES Project for the term of the agreement in exchange for a monthly utility fee to be paid by Appalachian is hereby delegated to the Chancellor of Appalachian, or the Chancellor's Authorized Officer. The form and content of such Long-Term Utility Agreement shall be consistent with the material terms and provisions of the term sheet made available to the UNC Board of Governors and shall be in a form acceptable to the Authorized Officer executing the Long-Term Utility Agreement.

Section 2. **General Authorization.** Appalachian, by and through its Authorized Officer, is hereby delegated the authority, to enter into those agreements anticipated by the ground lease agreement that are necessary for financial closure of the DES Project and to bring the DES Project to completion.

Section 3. **Conflicting Provisions.** All resolutions or parts thereof of the Board of Governors in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 4. **No Indebtedness.** Nothing in this resolution shall be construed to create any obligation, or liability of Appalachian in any respect whatsoever arising out of or pertaining to the financing or pertaining to the acquisition, development, construction, and operation of the DES Project, and the payment of costs incurred in connection therewith. No statement, representation, or recital herein shall be deemed to constitute a legal conclusion or determination that any particular action or proposed action is required, authorized, or permitted under the laws of the State or any other state, or the United States. The DES Project financing will not constitute an indebtedness or pledge of Appalachian, The University of North Carolina, or the State of North Carolina within the meaning of any constitutional or statutory provision, and the owners of the DES Project will not be paid in whole or in part out of any funds raised or to be raised by taxation or any other revenues of Appalachian.

Section 5. ***Material Modifications.*** Notwithstanding any of the foregoing provisions of this Resolution, and as provided by UNC Policy 600.1.6, any material modifications or amendments to the Innovation District Project, including the public-private partnership agreement(s), and the underlying Long-Term Utility Agreement shall require prior review and approval of the UNC Board of Governors.

Section 6. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this the ___ day of January 2023.

AGENDA ITEM

A-6. Expansion of Millennial Campus – University of North Carolina at Charlotte Dr. Amon

Situation: The University of North Carolina at Charlotte Board of Trustees requests an expansion of the millennial campus by 170 acres to support the development of human performance and exercise science research and teaching and to support the university's existing and future partnerships.

Background: The UNC Charlotte Board of Trustees proposes to expand the millennial campus to include 145 acres on the western-central side of campus and 25 acres on the eastern edge of campus. The designation also includes the existing buildings, improvements, and auxiliary facilities. The university currently partners with a technology, data, and science-driven human performance organization that has the potential to significantly impact the region's economy through research, state-of-the-art human performance training and diagnostic equipment, and numerous competitions and events. Expanding the millennial campus designation will enhance the university's ability to finance collaborative projects and partner with industry on innovative ventures. The expansion of the millennial campus also aligns with the university's strategic plan.

Assessment: The expansion of the millennial campus designation by 170 acres to facilitate partnership opportunities to enhance the university's research, teaching, and service missions, and to continue to enhance the economic development of the region is consistent with the purpose of the millennial campus.

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



UNC Charlotte Millennium Campus

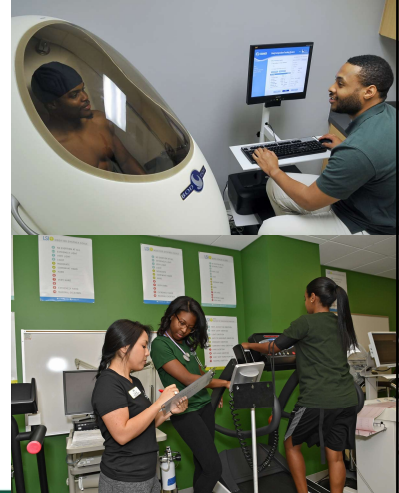
- Last modified in 2014
- Strategic research partnerships
 - Bioinformatics
 - Metrology
 - Energy
 - Transportation
 - Cybersecurity



UNIVERSITY OF NORTH CAROLINA
CHARLOTTE

UNC Charlotte Human Performance Research

- Department of Applied Physiology, Health, & Clinical Sciences
 - Long-term athlete development & health outcomes
 - Longitudinal injury surveillance using diagnostic ultrasound
 - Healthy living (molecular and integrative myology, resistance training)
 - Prevention, treatment, and rehabilitation
 - Athlete health (wearables, impact of athletics on health, concussion assessment)
 - Workforce development



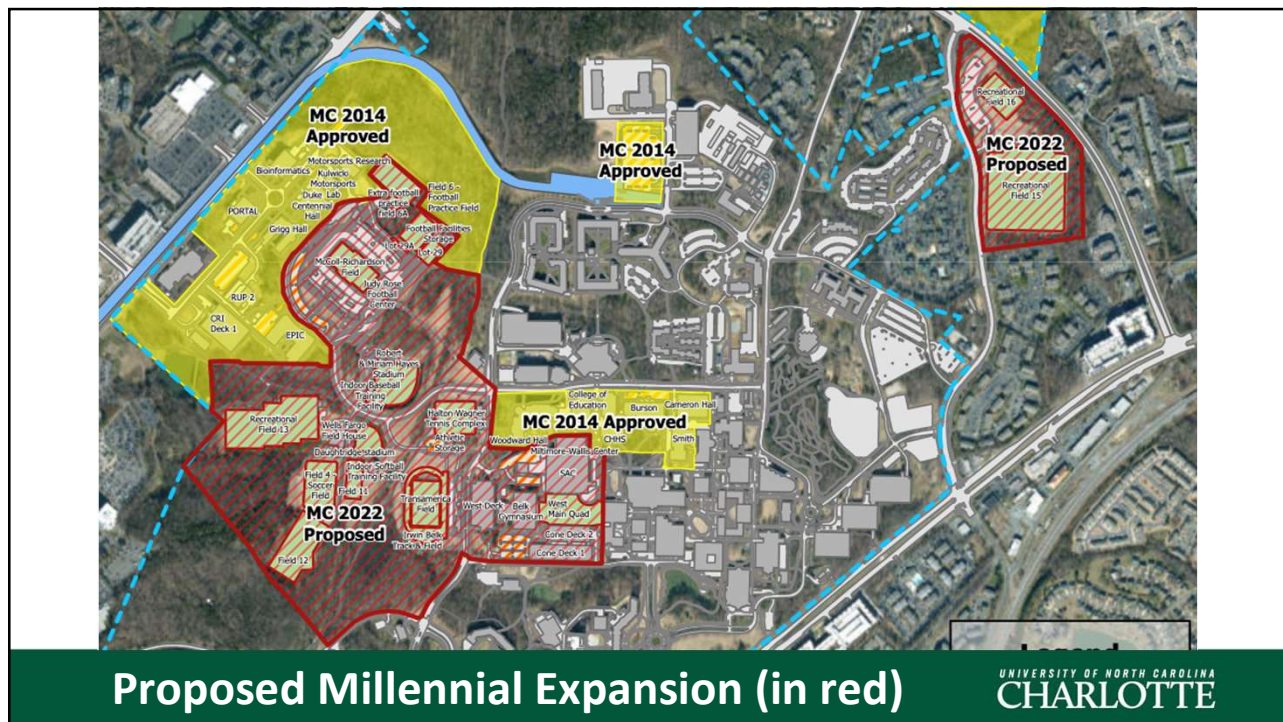
UNIVERSITY OF NORTH CAROLINA
CHARLOTTE

Human Performance and Exercise Science Partnership Opportunities

- US Performance Center
 - Human performance center of excellence and research
 - US Olympic & Paralympic training facilities
- Ground lease for private development
- Investment to enhance facilities
- Student engagement opportunities (internships, research, athlete training)
- Regional economic impact



UNIVERSITY OF NORTH CAROLINA
CHARLOTTE



Expansion of Millennial Campus – University of North Carolina at Charlotte

ISSUE OVERVIEW

G.S. 116-198.34 grants the University of North Carolina Board of Governors authority to designate real property as a millennial campus when recommended by the president. It states that “designation shall be based on an express finding by the Board of Governors that the institution desiring to create a millennial campus has the administrative and fiscal capability to create and maintain such a campus and provided further, that the Board of Governors has found that the creation of the constituent institution’s millennial campus will enhance the institution’s research, teaching, and service missions as well as enhance the economic development of the region served by the institution.”

UNC Charlotte Board of Trustees is requesting an expansion of its millennial campus by 170 acres to facilitate partnership opportunities with the private sector to enhance the university’s research, teaching, and service missions, and to continue to enhance the economic development of the region. The expansion includes 145 acres on the western-central side of campus and 25 acres on the eastern edge of campus. The designation of the 170 acres also includes the following buildings, improvements, and appurtenant facilities:

- Richardson Stadium complex and adjoining properties
- Practice fields (Fields 6 and 6A) and nearby practice field storage facilities
- Barnhardt Student Activities Center (SAC) and adjoining properties
- Belk Gymnasium
- Belk Track and Field Center and adjoining properties
- Halton-Wagner Tennis Complex and adjoining properties
- Daughtridge Stadium
- Wells Fargo Field House
- Indoor Softball Training Facility
- Phillips Field (Field 3)
- Field 4 (Soccer)
- Field 5 (Hammer Throw)
- Recreation Fields 11, 12, 13, 15, and 16, and supporting properties
- Northeast Recreation Field Complex (NRFC) Fieldhouse and storage shed
- Parking Lot 102
- Indoor Baseball Training Facility
- Robert and Miriam Hayes Stadium

The Board of Governors approved the establishment of a millennial campus at UNC Charlotte in January 2002 which included 100 acres. The Board approved expansions to the millennial campus in June 2007 and September 2014, which included 1.5 acres and 105.87 acres respectively. The request to include an additional 170 acres will expand the millennial campus to 377.37 total acres. The millennial campus continues to meet the university’s objectives of creating intellectual capital through technology research with relevance to the regional economy, leveraging the university’s unique role in attracting and developing talent for the region, and building on interdisciplinary strengths. The millennial campus supports the university’s research efforts that have led to over 150 development partnerships and startups, more than \$600 million in research awards, and the creation of more than 246 patents.

The millennial campus expansion will support the development of human performance and exercise science research and teaching and to support the university's existing and future partnerships. The university currently partners with a technology, data, and science-driven human performance organization that has the potential to significantly impact the region's economy through research, state-of-the-art human performance training and diagnostic equipment, and numerous competitions and events. Expanding the millennial campus designation will enhance the university's ability to finance collaborative projects and partner with industry on innovative ventures.

The millennial campus expansion aligns with the following goals included in the university's strategic plan, "Shaping What's Next":

- achieving national prominence as an emerging, top-tier research university;
- fulfilling the university's role as North Carolina's urban research university to benefit the city, region and beyond by co-producing transformative solutions to societal issues and challenges;
- and expanding the use of community programs and activities, including athletics, performing arts, design, gardens, and campus, to enhance the University's reputation, grow enrollment, and bolster engagement.

UNC Charlotte is currently updating their 2010 master plan to align with the strategic plan. The master plan will prioritize space optimization over new construction to address growth and study opportunities to develop the millennial campus through strategic partnerships.

The millennial campus expansion was approved by the UNC Charlotte Board of Trustees on December 1, 2022.

RECOMMENDATION

It is recommended that the Board of Governors approve the millennial campus designation with the understanding that specific projects, leases, and other actions related to the millennial campus, including those on property owned by an endowment board, shall be subject to Board's approval unless otherwise authorized by law or under delegated authority.

Exhibit 1



UNC Charlotte
Center City
Building

MC 2014
Approved

Source: Esri, Maxar,
Earthstar Geographics, and
the GIS User Community

MC 2014
Approved

MC 2022
Proposed

Proposed Millennial Campus Map

MC 2014
Approved

MC 2014
Approved

MC 2014 Approved

MC 2022
Proposed

Legend

- MC 2022 Proposed
- MC 2014 Approved
- Campus Boundary
- Campus Buildings
- Light Rail

0 0.13 0.25 0.5 Miles

AGENDA ITEM

A-7. Capital Improvement Projects..... Ms. Lynn

- Situation:** Appalachian State University, East Carolina University, NC State University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, The University of North Carolina at Greensboro, and University of North Carolina Wilmington have requested new authorizations for 14 capital improvement projects, and East Carolina University, North Carolina Agricultural and Technical State University, North Carolina Central University, NC State University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, The University of North Carolina at Greensboro, and Winston-Salem State University have requested increased authorization for 10 capital improvement projects.
- Background:** The University of North Carolina Board of Governors may authorize capital construction projects at University of North Carolina System institutions using available funds.
- Assessment:** App State, ECU, North Carolina A&T State University, NC Central University, NC State, UNC-Chapel Hill, UNC Charlotte, UNC Greensboro, UNC Wilmington, and Winston-Salem State 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

ISSUE OVERVIEW

University of North Carolina System institutions are required to request authority from the Board of Governors of the University of North Carolina System 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.

Ten UNC System institutions have requested 24 capital improvement projects: 14 new projects and 10 projects for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
1.	Mountain Laurel Hall HVAC Upgrades	\$1,000,409	\$0	\$1,000,409	Housing Receipts
<i>App State Subtotal</i>		<i>\$1,000,409</i>	<i>\$0</i>	<i>\$1,000,409</i>	
East Carolina University					
2.	Jenkins Fine Arts Center Roof Replacement	\$1,000,000	\$0	\$1,000,000	Carry-forward
3.	Main Campus - Replace Electrical Switches (4) - Phase 1	\$1,065,128	\$0	\$1,065,128	Carry-forward
4.	Main Campus - Replacement Steam to Whichard Building	\$1,000,000	\$0	\$1,000,000	Carry-forward
<i>ECU Subtotal</i>		<i>\$3,065,128</i>	<i>\$0</i>	<i>\$3,065,128</i>	
NC State University					
5.	Baseball Renovation & Addition – Doak Field	\$15,000,000	\$450,000	\$14,550,000	Athletic Receipts
6.	Clinic & Class Lab Renovation – Varsity Research Building	\$1,236,565	\$0	\$1,236,565	Carry-forward
7.	Safety System Upgrades & Renovations - Witherspoon Student Center	\$1,500,000	\$52,500	\$1,447,500	Student Fees
8.	Scoreboard and Sound System - Carter Finley Stadium	\$10,000,000	\$300,000	\$9,700,000	Athletic Receipts
<i>NC State Subtotal</i>		<i>\$27,736,565</i>	<i>\$802,500</i>	<i>\$26,934,065</i>	
University of North Carolina at Chapel Hill					
9.	Baity Housing HVAC RTU Replacement	\$2,200,000	\$0	\$2,200,000	Housing Receipts
10.	Bingham Facility Generator System Replacement	\$830,000	\$0	\$830,000	F&A
11.	Morrison Residence Hall Elevator Replacements	\$1,700,000	\$0	\$1,700,000	Housing Receipts
<i>UNC-CH Subtotal</i>		<i>\$4,730,000</i>	<i>\$0</i>	<i>\$4,730,000</i>	

I. NEW PROJECTS continued

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
University of North Carolina at Charlotte					
12.	Atkins AHU3 Repair	\$1,000,000	\$0	\$1,000,000	Carry-forward
<i>UNCC Subtotal</i>		<i>\$1,000,000</i>	<i>\$0</i>	<i>\$1,000,000</i>	
The University of North Carolina at Greensboro					
13.	Phillips Hawkins and the Moore Strong Phased Residence Halls HVAC Renovation	\$10,685,509	\$129,640	\$10,555,869	Housing Receipts
<i>UNCG Subtotal</i>		<i>\$10,685,509</i>	<i>\$129,640</i>	<i>\$10,555,869</i>	
University of North Carolina Wilmington					
14.	Galloway Hall Demolition	\$2,001,453	\$0	\$2,001,453	Housing Receipts
<i>UNCW Subtotal</i>		<i>\$2,001,453</i>	<i>\$0</i>	<i>\$2,001,453</i>	
Grand Total		\$50,219,064	\$932,140	\$49,286,924	

II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
East Carolina University					
15.	Brewster Courtyard ADA Improvements	\$1,017,574	\$687,574	\$330,000	Carry-forward
16.	Howell Science Building South Comprehensive Renovation	\$35,000,000	\$30,000,000	\$5,000,000	SCIF R&R (81%)/ Carry-forward (19%)
<i>ECU Subtotal</i>		<i>\$36,017,574</i>	<i>\$30,687,574</i>	<i>\$5,330,000</i>	
North Carolina A&T State University					
17.	New Community and Urban Food Processing Facility	\$10,800,000	\$9,200,000	\$1,600,000	Federal Funds
<i>N.C. A&T Subtotal</i>		<i>\$10,800,000</i>	<i>\$9,200,000</i>	<i>\$1,600,000</i>	
North Carolina Central University					
18.	New Collaborative Learning and Research Center	\$5,238,660	\$3,555,000	\$1,683,660	Federal Funds (87%)/ Auxiliary Trust Funds (13%)
<i>NCCU Subtotal</i>		<i>\$5,238,660</i>	<i>\$3,555,000</i>	<i>\$1,683,660</i>	
19.	Renovate Telecom Room 110 – Poe Hall	\$1,000,000	\$600,000	\$400,000	Auxiliary Trust Funds
<i>NC State Subtotal</i>		<i>\$1,000,000</i>	<i>\$600,000</i>	<i>\$400,000</i>	
University of North Carolina at Chapel Hill					
20.	Neurosciences Research Bldg. Lab 2124 Equip Repl & Modernization	\$5,500,000	\$2,500,000	\$3,000,000	F&A
21.	PARCS – Parking Access Revenue Control System	\$6,600,000	\$3,100,000	\$3,500,000	Transportation & Parking
<i>UNC-CH Subtotal</i>		<i>\$12,100,000</i>	<i>\$5,600,000</i>	<i>\$6,500,000</i>	

II. INCREASED AUTHORIZATION continued

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
University of North Carolina at Charlotte					
22.	Cameron Second Floor Renovation	\$26,050,000	\$21,050,000	\$5,000,000	SCIF R&R (73.3%)/ Carry-forward (26.7%)
<i>UNCC Subtotal</i>		<i>\$26,050,000</i>	<i>\$21,050,000</i>	<i>\$5,000,000</i>	
The University of North Carolina at Greensboro					
23.	Arts Place at Tate & Gate	\$13,402,119	\$10,330,306	\$3,071,813	Trust Funds (Fund Source Change)
<i>UNCG Subtotal</i>		<i>\$13,402,119</i>	<i>\$10,330,306</i>	<i>\$3,071,813</i>	
Winston-Salem State University					
24.	Chiller at Central Chiller Plant	\$2,657,800	\$1,838,821	\$818,979	Carry-forward (61.8%)/ R&R (24.7%)/ Trust Funds (13.5%)
<i>WSSU Subtotal</i>		<i>\$2,657,800</i>	<i>\$1,838,821</i>	<i>\$818,979</i>	
Grand Total		\$107,266,153	\$82,861,701	\$24,404,452	

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

There are no Chancellor-authorized Repairs and Renovations projects less than \$600,000 to report.

AGENDA ITEM

A-8. Acquisition of Property by Lease – PBS North Carolina Ms. Lynn

- Situation:** PBS North Carolina requests authorization to acquire property by ground lease of 0.39 acres for a PBS NC transmission tower and equipment located in Cullowhee, North Carolina.
- Background:** PBS NC has ground leased property on Reservoir Road in Cullowhee, North Carolina since 1988 for the operation of a television translator site. The new ground lease will be for a five-year term starting October 1, 2023, and includes two options to extend for an additional five years. The annual lease rate is \$2,600 with a three percent annual escalation rate.
- Assessment:** The acquisition of property by ground lease is required to continue operation of the existing television transmission tower and equipment in Cullowhee, North Carolina.
- 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 – PBS North Carolina

ISSUE OVERVIEW

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

PBS North Carolina requests authorization for acquisition of .39 acres of property by ground lease to continue operation of a television transmission tower on Reservoir Ridge Road, in Cullowhee, North Carolina. PBS NC operates various towers throughout the state in support of its statewide broadcasting capabilities. PBS NC has ground leased this property since 1988 for the operation of a television translator site. The previous ground lease has expired, and the property is currently being leased under a short-term lease which will expire September 30, 2023. The new ground lease will be for a five-year term starting October 1, 2023, and includes two options to extend for an additional five years. The annual lease rate is \$2,600 with a three percent annual escalation rate. PBS NC owns the tower and equipment located on the site. Due to the topography in Cullowhee, the site provides the best location for signal strength.

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

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: **PBS North Carolina**

Date: **7 October 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)*. **Lease renewal - revised**

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

Lease renewal of existing PBS NC translator site located Cullowhee, Jackson County, North Carolina. A short term lease expires September 30, 2023.

The term should be for 5 years with 2 optional 5 year renewals. The term should start October 1, 2023. The lease should also include an annual 3% rent amount escalation clause instead of an escalator clause utilizing CPI.

Name and Address of Present Owner: **Mr. Frank H. Brown III**
119 Dublin Woods Drive
Cary, NC 27513-3008

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

Property lease. Building and tower on property are owned by PBS NC.

Estimated value: _____

Rental price *(if applicable)*: **\$2600 per year**


Funds for the acquisition of this property are available in our budget under Account Code:
10141 – 61041 – 163300 – 66205 – 524721

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.

The site is the best location in order to provide a signal to the area required.

Signature: _____

Title: _____


David Crabtree
Chief Executive Officer
PBS North Carolina

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

← Cullowhee



name

Cullowhee

description

Cullowhee aka: Brown's Knob

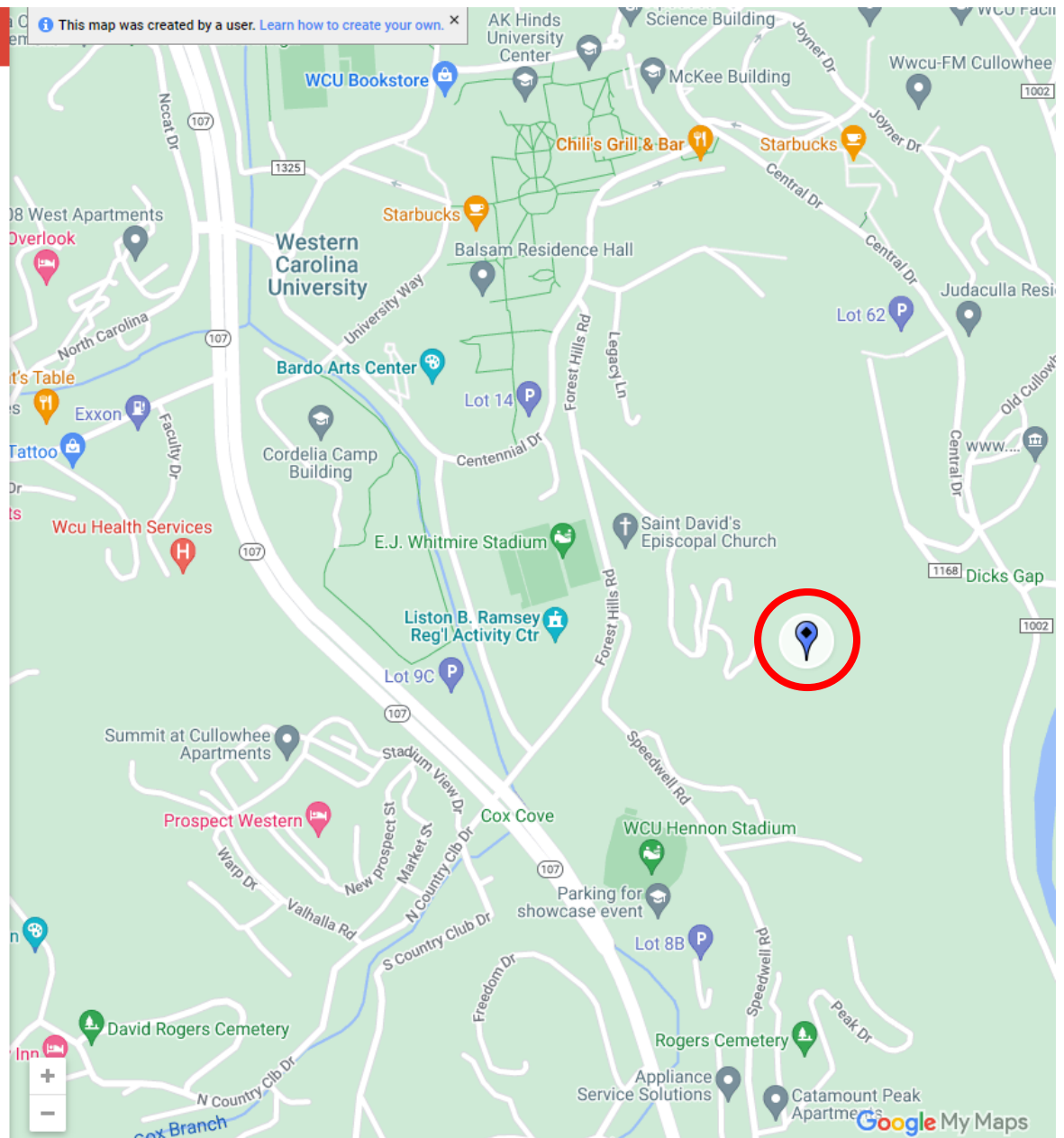
W47DM-D

Reservoir Ridge Road

Cullowhee, NC 28723

35-18-12.4 N 83-10-39.5 W

Site Use: Translator



AGENDA ITEM

A-9. Disposition of Property by Demolition – University of North Carolina Wilmington Ms. Lynn

Situation: The UNC Wilmington Board of Trustees requests authorization to dispose of property by demolition of Galloway Hall, a residential building.

Background: Completed in 1971, Galloway Hall is a six-story residential building with capacity for 400 residents. The building is the first residence hall built on campus and includes traditional-style rooms with shared baths. The building has been vacant for two years and renovation of the residence hall to meet current standards is not feasible or cost effective. The building is approximately 64,912 gross square feet (GSF) and the estimated insurance value is \$15,043,356.

The UNC Wilmington Board of Trustees approved the demolition of Galloway Hall on October 6, 2022.

Assessment: The demolition of Galloway Hall is recommended to remove a potential liability and 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 – University of North Carolina Wilmington

ISSUE OVERVIEW

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

The University of North Carolina Wilmington Board of Trustees requests authorization to demolish Galloway Hall, a six-story residential building constructed in 1971. The building is approximately 64,912 gross square foot and the estimated insurance value is \$15,043,356.

Galloway Hall is the first residence hall built on campus. The building can accommodate approximately 400 students and includes traditional-style rooms with shared bathrooms. The building is beyond its useful life and not suitable for major renovation. The residential units are small and cannot be reconfigured without significantly reducing capacity. The bathrooms are not fully accessible and would require extensive demolition to meet current standards. The building has significant structural and building envelope issues including significant cracks in the cantilevered stair towers, brick veneer that is bulging and not properly anchored, and corroding precast panel connections. In addition, the mechanical, electrical, and plumbing systems are original and require complete replacement to comply with current building code requirements. The building has been vacant for two years and renovation of the residence hall to meet current standards is not feasible or cost effective.

The UNC Wilmington Board of Trustees approved the demolition of Galloway Hall on October 6, 2022.

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 Wilmington

Date: October 10, 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)*. Other (demolition)

This disposition is recommended for the following reasons:

The university is requesting approval for the removal of Galloway Hall. The facility held as many as 400 residents but is no longer utilized and beyond its serviceable life. Renovation expenditures would exceed its replacement value.

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

Galloway Hall (SPO Asset 1-65-06 00000020-0) is 64,912 gross square feet. It was constructed in 1972 and is located on the southern side of main campus on Riegel Road.

Estimated value: \$15,043,356.00

Where deed is filed, if known: New Hanover County deed book 859, page 16

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

University of North Carolina

Rental income, if applicable, and suggested terms:

n/a

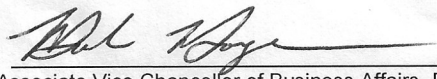
Funds from the disposal of this property are recommended for the following use:

No funding will be received.

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of UNCW and is recorded in the minutes thereof on 10/6/22 (date).

Signature:
Title:


Associate Vice Chancellor of Business Affairs- Facilities

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Mark W. Lanier, duly elected Assistant Secretary of the Board of Trustees of The University of North Carolina at Wilmington, do hereby certify, that the Board and its committees, at their meetings held on October 3, 2022, and on October 6, 2022, approved the attached request from university administration for demolition of Galloway Hall (State Asset 1-65-06 00000020-0), located on Riegel Road on UNCW's main campus.

WITNESS, my hand this 13th day of October, 2022.



Mark W. Lanier, Assistant Secretary



UNIVERSITY of NORTH CAROLINA WILMINGTON
601 SOUTH COLLEGE ROAD, WILMINGTON, NC 28403

Building	Code	Location
Alderman Hall	AL	D7
Almquist-Nixon	SM	F7
Administrative Annex	AA	H8
Bear Hall	BR	B6
Belk Hall	BK	E4
Burney Center	BU	E6
Cameron Hall	CH	C4
Central Parking Deck	CD	E4
Coastal Engineering Building	CE	B5
Congdon Hall	CI	C5
Cultural Arts Building	CA	A4
DeLoach Hall	DL	C7
DePaolo Hall	DE	D7
Dobo Hall	DO	C4
East Deck	ED	B3
Education Building	EB	B4
Fisher Student Center (Bookstore)	FSC	D6
Fisher University Union	FUU	D5-6
Friday Annex	FA	B4-5
Friday Hall	FR	B5
Galloway Hall	GA	F4
Graham Hall	GR	F3
Hewlett Hall	HE	F3
Hoggard Hall	HO	D7
Housing and Residence Life	HRL	D2
Innovation House	IH	B2
Isaac Bear	IB	H7
James Hall (Admissions)	JA	E7
Kenan Auditorium	KA	C7
Kenan Hall	KE	C-D7
Keystone House	KH	B1-2
King Hall	KI	C-D6
Leutze Hall	LH	C5
Loggerhead Hall	LO	F3
McNeill Hall	MC	C3
Morton Hall	MO	C6
Morton Modulares	MM	B-C6
Osprey Hall	OH	C5
Pelican Hall	PH	E3-4
Printing Services	PS	F1
Randall Library	RL	C6
Recycling Depot	RD	E-F1
Sandpiper Hall	SH	E3
Schwartz Hall	SZ	D2
Seahawk Crossing	SC	B2-3
Seahawk Landing	SL	A1-2
Seahawk Village	SB	C-D1
Seahawk Village Clubhouse	SVC	C1
Student Recreation Center	SRC	D2-3
Teaching Laboratory Building	TLB	C3
Terrapin Hall	TE	E3
The Shore Dining Hall	SO	D3-4
Trask Coliseum	TR	E7
University Film Center	FI	F1
University Police Department	PD	F2
University Suites	US	D2
Veterans Hall	VH	C3
Visitor Information & Parking	Lot M	E5
Wagoner Hall (Dining Hall)	WA	C2
Warehouse	WH	E1
Warwick Center (Financial Aid)	WC	E6



Action Item: 2 Galloway Hall Demolition

