



OPEN SESSION

FOR ACTION

1. **CONSENT AGENDA**
 - a. [Approval of Allocations from the Endowment's Distribution from the Investment Fund](#) (Attachment A)
Matthew Fajack, Vice Chancellor for Finance and Administration
 - b. [Annual Audit Certification Letter Process](#) (Attachment B)
Phyllis Petree, Director of Internal Audit
 - c. Designer Selection
 - [Joan H. Gillings Auditorium](#) (Attachment C)
 - [Carolina Performing Arts at Carolina Square](#) (Attachment D)
 - [McGavran Greenberg DLAM Facility Improvements](#) (Attachment E)
 - [Hooker Field Improvements](#) (Attachment F)*Bruce Runberg, Associate Vice Chancellor for Facilities Services*

FOR INFORMATION ONLY (No formal action is requested at this time)

1. Update on Facilities (Saunders Hall and Silent Sam) and Campus Monuments
Bruce Runberg, Associate Vice Chancellor for Facilities Services
2. [Semi-Annual Capital Report](#) (Attachment G)
Bruce Runberg, Associate Vice Chancellor for Facilities Services
3. [Semi-Annual Lease Report](#) (Attachment H)
Gordon Merklein, Executive Director for Real Estate Development
4. [Development Report](#) (Attachment I)
David Routh, Vice Chancellor for University Development
5. [Financial Update](#) (Attachment J)
Matthew Fajack, Vice Chancellor for Finance & Administration
6. [Century Bonds](#)
Brian T. Smith, Assistant Vice Chancellor for Finance and Accounting

COMMITTEE MEMBERS

Haywood D. Cochrane Jr., Chair
William (Ed) McMahan, Vice Chair
Jefferson W. Brown
W. Lowry Caudill
Kelly Matthews Hopkins
Hari H. Nath

Administrative Liaison:

Matthew (Matt) Fajack, Vice Chancellor for Finance and Administration

ATTACHMENT A

TRANSFER TO THE UNIVERSITY OF THE ENDOWMENT'S DISTRIBUTION FROM THE INVESTMENT FUND

Annually the Chapel Hill Investment Fund authorizes a distribution to its participating investors, including the Endowment Fund. Attachment A is a table showing the proposed June 30, 2015 transfer of that distribution from the Endowment to the University, by category, for expenditure during the 2015-2016 fiscal year as well as a page of explanatory notes. Regulations adopted by the Board of Governors require that the Trustees approve any transfer of Endowment principal or income to the useful possession of the institution. The Board of Trustees of the Endowment Fund approved, by mail ballot, the proposed June 30, 2015 transfer for University expenditure during the 2015-2016 fiscal year.

Exhibit 1 provides a flowchart of the approval process as background information.

RECOMMENDED ACTION

A motion to approve the June 30, 2015 transfer from the Endowment to the University of the amounts shown on Attachment A for University expenditure during the 2015-2016 fiscal year.

**BOARD OF TRUSTEES OF THE ENDOWMENT FUND OF THE UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL JUNE 2015 TRANSFERS FOR FISCAL YEAR 2015-2016 EXPENDITURES**

	<u>Transfer</u> <u>June 2015</u>
Restricted Funds:	
Kenan Professorships	\$3,090,695
William R. Kenan, Jr. Professorships	2,934,810
Johnston Professorships	3,687,971
Other Professorships	24,291,504
Visiting Professors and Lectures	618,645
Scholarships	6,547,659
Fellowships	2,662,532
Prizes and Awards	701,641
Departmental Uses	10,610,267
Library	<u>3,337,360</u>
Total Restricted	<u>58,483,084</u>
Unrestricted Funds:	
Pogue Fund:	
Development Program	1,435,000
Library Acquisitions	247,700
Approved Research/Study Programs	152,800
Scholarships	539,800
Fellowships	194,400
Chancellor's Fund	<u>507,239</u> (1)
Subtotal - Pogue Fund	<u>3,076,939</u>
Clayton Fund:	
Chancellor's Carolina Scholars Program	867,400
Faculty Research and Study	53,700
Jr. Faculty Development	92,600
Library Acquisitions	57,500
University Research Council	150,000
Scholarships	73,100
Fellowships	58,300
Undergraduate Advising	231,500
Chancellor's Fund	<u>786,679</u> (1)
Subtotal - Clayton Fund	<u>2,370,779</u>
Other Unrestricted	<u>812,057</u>
Total Unrestricted	<u>6,259,775</u>
Grand Total	<u><u>\$64,742,859</u></u>

(1) Some of this allocation has been previously committed by the Chancellor.

NOTES TO THE PROPOSED ENDOWMENT TRANSFER OF FUNDS JUNE 2015

Consistent with the procedures for implementing the Uniform Prudent Management of Institutional Funds Act (UPMIFA) presented to the Board of Trustees of the Endowment Fund in 2009, the recommended distribution and transfer exclude any invasion of principal. There were no underwater endowments at the end of fiscal year 2014-15, so the distribution and transfer were not reduced from the calculated payout distribution.

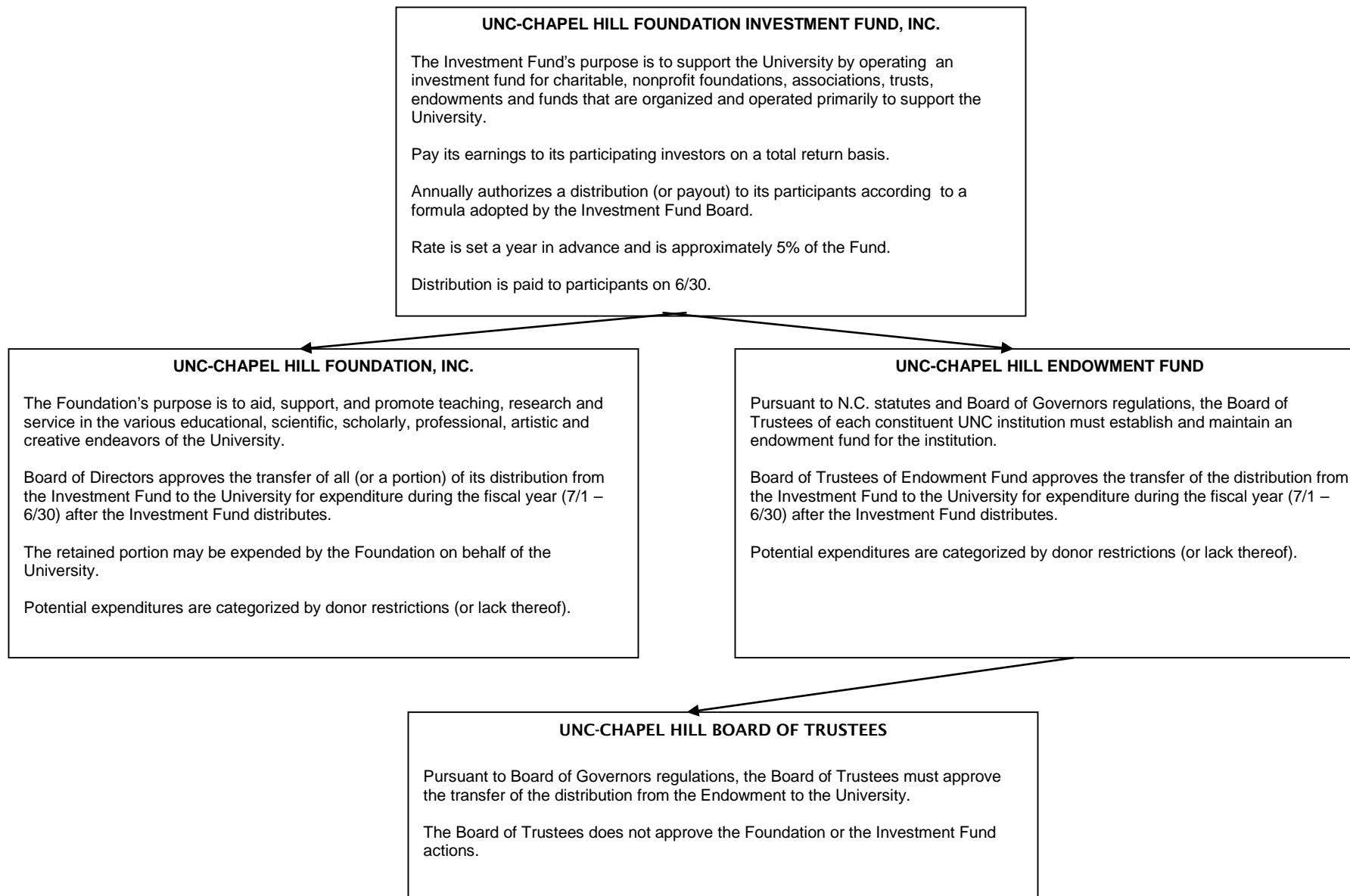
The Restricted and Unrestricted Funds amounts are a direct pass through of the approved Investment Fund distribution. The Unrestricted Funds category reflects allocations as recommended by University management to the Board for approval. Unrestricted Funds in the *Pogue Fund – Chancellor's Fund*, the *Clayton Fund - Chancellor's Fund* and the *Other Unrestricted* categories are allocated by the University Budget Committee.

Unspent prior year allocations are not carried forward for use by the campus unit but are available for reallocation by the University's Budget Committee. The recent history of the unrestricted allocations follows:

	2015	2014	2013	2012	2011
Unrestricted Funds:					
Pogue Fund:					
Development Program	\$1,435,000	\$1,435,000	\$1,435,000	\$1,435,000	\$1,435,000
Library Acquisitions	247,700	247,700	247,700	247,700	247,700
Approved Research/Study	152,800	152,800	152,800	152,800	152,800
Scholarships	539,800	539,800	539,800	539,800	539,800
Fellowships	194,400	194,400	194,400	194,400	194,400
Chancellor's Fund / Unallocated	507,239	479,336	451,627	445,924	383,858
Subtotal - Pogue Fund	3,076,939	3,049,036	3,021,327	3,015,624	2,953,558
Clayton Fund:					
Chancellor's Carolina Scholars	867,400	867,400	867,400	867,400	867,400
Faculty Research and Study *	53,700	53,700	53,700	-	-
Jr. Faculty Development *	92,600	92,600	92,600	-	-
Library Acquisitions *	57,500	57,500	57,500	-	-
University Research Council *	150,000	150,000	150,000	-	-
Scholarships *	73,100	73,100	73,100	-	-
Fellowships *	58,300	58,300	58,300	-	-
Undergraduate Advising	231,500	231,500	231,500	231,500	231,500
Chancellor's Fund / Programs	786,679	764,682	742,851	1,223,174	1,172,443
Subtotal - Clayton Fund	2,370,779	2,348,782	2,326,951	2,322,074	2,271,343
Other Unrestricted	812,057	796,031	791,990	760,979	738,564
Total	\$6,259,775	\$6,193,849	\$6,140,268	\$6,098,677	\$5,963,465

* Beginning in June 2013 allocations for Faculty Research and Study, Jr. Faculty Development, Library Acquisitions, University Research Council, Scholarships, and Fellowships were made from the *Clayton Fund* rather than The University of North Carolina at Chapel Hill Foundation, Inc. The change in funding source allows the Foundation's unrestricted distribution to be allocated for other important needs supporting the University.

**THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
APPROVAL PROCESS FOR ENDOWMENT PAYOUT**





July 22, 2015

Ms. S. Lynne Sanders, CPA
Vice President for Compliance and Audit Services
The University of North Carolina
140 Friday Center Drive
Chapel Hill, North Carolina 27517

Dear Ms. Sanders:

In accordance with the Best Financial Practices Guidelines adopted by the Board of Governors in November 2005, I confirm that the Board of Trustees (BOT) Finance and Infrastructure Committee of the University of North Carolina at Chapel Hill is in compliance with the following (any exceptions must be identified and explained in an accompanying statement):

1. The Board of Trustees (BOT) Finance and Infrastructure Committee met at least four times this past fiscal year.
2. Reviewed the results of the annual financial audit with representatives of the North Carolina Office of the State Auditor (OSA) and discussed corrective actions, if needed.
3. Reviewed the results of any other audit performed and report/management letter (i.e. investigations, Statewide Federal Compliance Audit Reports, etc.) issued by the OSA with representatives of the State Auditor's Office, the Director of Internal Audit and/or appropriate campus official.
4. For any audit finding contained within a report or management letter issued by the OSA, reviewed the institution's corrective action plan and the report of the internal auditor on whether or not the institution has made satisfactory progress in resolving the deficiencies noted, in accordance with North Carolina General Statute 116-30.1 as amended.
5. Reviewed all audits and management letters of University Associated Entities as defined in Section 600.2.5.2 [R] of the UNC Policy Manual.
6. Received and reviewed quarterly reports from the institution's Director of Internal Audit that, at a minimum, reported material (significant) reportable conditions, the institution's corrective action plan for these conditions and a report once these conditions have been corrected.

7. Received, reviewed, and approved, at the beginning of the audit cycle, the annual audit plan for the internal audit department.
8. Received and reviewed, at the end of the audit cycle, a comparison of the annual audit plan with internal audits performed by the internal audit department.

I further attest the following:

1. The institution's Director of Internal Audit reports directly to the Chancellor with a clear and recognized reporting relationship to the chair of the BOT Audit Committee.
2. The Audit Committee charter defines appropriate roles and responsibilities. One of these responsibilities is the assurance that the institution is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.
3. Internal audit functions are carried out in a way that meets professional standards.
4. The institution's Director of Internal Audit forwarded copies of both the approved audit plan and the summary of internal audit results, including any material reportable conditions and how they were addressed, to UNC General Administration in the prescribed format.

Haywood D. Cochrane, Jr.
Chair of Finance and Infrastructure Committee

Note: A summary of these certifications from each campus will be provided annually to the current Audit Committee Chair of the Board of Governors.

DESIGNER SELECTION – JOAN H. GILLINGS AUDITORIUM

This project will improve the overall quality of the space, add advanced technology and install fixed seats in an existing 270 seat auditorium in Rosenau Hall.

The project budget is \$2,400,000 and will be funded by University funds.

This project was advertised on April 30, 2015. Fifteen letters of interest were received. Five firms were interviewed on June 16, 2015. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

The firms were selected for their past performance on similar projects, strength of their consultant team and knowledge and experience with campus projects.

Recommended action:

A motion to approve the three firms in the following priority order:

- | | |
|--------|---------|
| 4. XXX | XXX, XX |
| 5. XXX | XXX, XX |
| 6. XXX | XXX, XX |

ATTACHMENT D

DESIGNER SELECTION – CAROLINA PERFORMING ARTS AT CAROLINA SQUARE

This project will provide new performance and rehearsal space of approximately 8,400 sf of leased space for the Carolina Performing Arts at the 123 West Franklin Street mixed use development.

The project budget is \$4,000,000 and will be funded by University funds.

This project was advertised on May 27, 2015. Twelve letters of interest were received. Five firms were interviewed on July 10, 2015. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

The firms were selected for their past performance on similar projects, strength of their consultant team and knowledge and experience with campus projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

ATTACHMENT E

DESIGNER SELECTION - MCGAVRAN-GREENBERG HALL DLAM ANIMAL FACILITY IMPROVEMENTS

This project will replace the existing bulk autoclave and install new isolation cubicles for the Division of Laboratory Animal Medicine in the McGavran-Greenberg Building.

The project budget is \$1,949,968 and will be funded by a NIH grant and University funds.

This project was advertised on May 26, 2015. Three proposals were received. Three firms were interviewed on July 7, 2015. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

The firms were selected for their past performance on similar projects, strength of their consultant team and knowledge and experience with campus projects.

RECOMMENDED ACTION:

A motion to approve the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

DESIGNER SELECTION – HOOKER FIELDS IMPROVEMENTS

This project will replace the existing synthetic turf field and lights with new synthetic turf and high-efficiency lighting system. The field will be reconfigured to provide regulation-size playing fields and to provide improved playing area for the Campus Recreation program

The Project budget is \$1,991,000 with funding from UNC Campus Recreation through student fees.

This project was advertised on June 15, 2015. Seven proposals were received. Three firms were interviewed on July 15, 2015. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order.

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

**STATUS OF CAPITAL IMPROVEMENT PROJECTS
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
FACILITIES SERVICES**

July 1, 2015

PROJECTS COMPLETED SINCE LAST REPORT (JULY 2014)

1. Student Recreation Center and Fetzer Gymnasium (340)	\$3,469,564
2. Berryhill 3 rd Floor Renovation (508)	\$3,601,000
3. Vivarium Equipment Replacement and Taylor Hall Compreher	\$4,304,554
4. Burnett Womack CTRC Renovation (505)	\$3,200,000
5. Public Safety and Giles Horney Buildings Roof Replacements a	\$715,000
6. McGavran Greenberg Roof Replacement (519)	\$762,000
7. N. Branch Stormwater Trunkline Improvements (552)	\$2,614,675
8. Anderson Softball Batting Cage Structure	\$500,000
9. Bingham Facility Wastewater System Improvements	\$16,731,968
Total	\$35,898,761

PROJECTS UNDER CONSTRUCTION:

Marsico Hall (formerly Imaging Research Building) (378) - \$245,600,000

(Funding - Appropriations)

Construction began June 2009 and beneficial occupancy was granted March 2014. Additional work was added to the lower basement levels extending the project completion to December 2015.

Craige Parking Deck Expansion (368) - \$35,711,600

(Funding - University Non-Appropriated/Receipts)

Construction began July 2013 and is 98% complete. Project completion is expected in August 2015.

Cogen Steam Tunnel Rehabilitation (495) - \$6,000,000

(Funding - University Non-Appropriated)

Construction began June 2014 and is 92% complete. Project completion is expected in July 2015.

Rizzo Center Phase III (517) - \$36,000,000

(Funding - University Non-Appropriated)

Construction began October 2013 and is 68% complete. Project completion is expected in January 2016.

Upper Quad HVAC & Window Replacement (469) - \$6,450,000

(Funding - University Non-Appropriated)

Construction for Phase 2 began in May 2015 and is 75% complete. Project completion is expected in August 2015.

Lighting Upgrades for Parking Decks (464) - \$3,000,000

(Funding - University Non-Appropriated)

Construction began March 2015 and is 20% complete. Project completion is expected in May 2016.

Howell Hall Renovation (503) - \$12,300,000

(Funding - University Non-Appropriated/Repair&Renovation)

Construction began April 2015 and is 25% complete. Project completion is expected in December 2015.

Aycock Family Medicine Center Renovation (504) - \$3,600,000**(Funding - University Non-Appropriated)**

Construction began January 2015 and is 47% complete. Project completion is expected in November 2015.

North Chiller Plant Capacity Upgrade (509) - \$4,500,000**(Funding - University Non-Appropriated)**

Construction began February 2015 and is 25% complete. Project completion is expected in December 2015.

Morehead Chemistry Building Roof Replacement and Fall Protection Installation (521) - \$663,000**(Funding - Repair & Renovation)**

Construction began March 2015 and is 95% complete. Project completion is expected in July 2015.

208 West Franklin Street Renovation (513) - \$3,932,598**(Funding - University Non-Appropriated)**

Construction began March 2015 and is 38% complete. Project completion is expected in November 2015.

Skipper Bowles Drive Repair & Resurface (448) - \$2,367,100**(Funding - Appropriated Repair & Renovation)**

Construction began April 2015 and is 25% complete. Project completion is expected in September 2015.

Rosenau Hall, Beard Hall and Old Clinic Building Roof Repairs and Fall Protection Installation (523) - \$743,000**(Funding - University Non-Appropriated)**

Construction began June 2015 and is 5% complete. Project completion is expected in November 2015.

Craige Residence Hall Roof Replacement (554) - \$702,370**(Funding - University Non-Appropriated)**

Construction began May 2015 and is 65% complete. Project completion is expected in August 2015.

Thurston Bowles DLAM Renovation (558) - \$2,000,001**(Funding - University Non-Appropriated)**

Construction began June 2015 and is 5% complete. Project completion is expected in November 2015.

Murray Hall Renovation 3401 Lab Up-Fit (563) - \$550,000**(Funding - Appropriated Repair & Renovation)**

Construction began May 2015 and is 75% complete. Project completion is expected in July 2015.

Volleyball Suite Renovation, Woolen Gym (562) - \$1,047,000**(Funding - Athletics Foundation)**

Construction began June 2015 and is 10% complete. Project completion is expected in September 2015.

PROJECTS IN DESIGN:**Renovations to Mary Ellen Jones Building (501) - \$117,264,518****(Funding - University Non-Appropriated)**

Project is in construction documents phase.

Hill Hall Renovation (502) - \$17,054,590**(Funding - University Non-Appropriated, Gifts, and Repair&Renovation)**

Project is in bid phase.

Improvement to Pedestrian, Bicycle & Vehicular Access to an Area between Franklin Street and Cameron Avenue , Porthole Alley (531) - \$1,350,000

(Funding - University Non-Appropriated)

Project is in schematic design phase.

Hamilton Hall Envelope Restoration (516) - \$1,500,000

(Funding - University Non-Appropriated)

Project is in schematic design phase.

Campus Way Finding Signage (514) - \$2,466,250

(Funding - University Non-Appropriated)

Project is in construction documents phase.

South Road Street Improvements (536) - \$675,000

(Funding - University Non-Appropriated)

Project is in feasibility study phase.

Campus Wide Sidewalk Improvements for Pit Area Walkway (538) - \$1,000,000

(Funding - University Non-Appropriated)

Project is in design development phase.

Cogeneration Environmental Site Investigation/Remediation (467) - \$750,000

(Funding - University Non-Appropriated)

Site investigation completed.

Campus Recreation Master Plan (535) - \$200,000

(Funding - University Non-Appropriated)

Final report completed.

Davis Library Sprinklers and Fire Alarm Panel Replacement (551) - \$8,778,300

(Funding - University Non-Appropriated)

Project is in schematic design phase.

Kenan Lab - Energy Conservation (543) - \$1,000,000

(Funding - University Non-Appropriated)

Design development phase completed.

Medical Biomolecular Research Building - Energy Conservation (553) - \$1,500,000

(Funding - University Non-Appropriated)

Project is in construction documents phase.

Power Generation & Chilled Water Plant Addition (547) - \$65,000,000

(Funding - University Non-Appropriated)

Project is in bid phase.

HVAC Controls Upgrade - Energy Efficiency in Hanes, Mitchell, Swain and Steele Halls (542) - \$498,000

(Funding - State Appropriated 1292 Funds)

Project is in construction documents phase.

Sitterson Bus Stop (541) - \$250,000

(Funding - University Non-Appropriated)

Project is in construction documents phase.

Stadium Drive Road Improvements (537) - \$150,000**(Funding - University Non-Appropriated)**

Designer selection underway.

Ridge Road Pedestrian Safety Zones- Advance Planning (540) - \$200,000**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Davis Library Roof Replacement West Sector (524) - \$305,000**(Funding - University Non-Appropriated)**

Project is in construction documents phase.

School of Dentistry Vacuum System Feasibility Study (578) - \$945,375**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Abernethy Hall Exterior Repairs (577) – \$450,000**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Department of Athletics Master Plan - \$200,000**(Funding - University Non-Appropriated)**

Project is in feasibility study phase.

Campus Master Plan - \$1,500,000 (570)**(Funding - University Non-Appropriated)**

Project is in pre-planning phase.

Main Campus Ductbank Improvements (465) - \$1,900,000**(Funding - University Non-Appropriated)**

Project is in construction document phase.

Craige Residence Hall Elevator Repairs (555)- \$683,000**(Funding - University Non-Appropriated)**

Project is in construction document phase.

Davie Hall, Gardner Hall and Lineberger Cancer Center Elevator Repairs (582) - \$2,035,375**(Funding - University Non-Appropriated)**

Project is in feasibility study phase.

Ehringhaus, Hinton James and Carmichael Residence Halls Elevator Repairs – (568) \$1,900,000**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Ehringhaus, Hinton James and Carmichael Residence Halls Roof Replacement (569) - \$1,200,000**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Kenan Laboratory Building and Friday Center Roof Replacement (575) - \$1,505,860**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Knapp – Sanders Building Structural Repairs (576) - \$626,700**(Funding - University Non-Appropriated)**

Project is in construction document phase.

Morehead Chemistry Building HVAC Repairs (581) - \$682,500**(Funding - University Non-Appropriated)**

Project is in schematic design phase.

Murray Hall Renovation (559) - \$3,373,000**(Funding - University Non-Appropriated)**

Project is in construction document phase.

Phillips Hall Renovation (560)- \$1,797,000**(Funding - University Non-Appropriated)**

Project is in construction document phase.

Taylor Hall Fire Safety Improvements –(583) \$1,896,000**(Funding - University Non-Appropriated)**

Project is in feasibility study phase.

Emergency Declaration –Cheek/Clark Building Repairs (598) \$2,500,000**(Funding – University Non-Appropriated)**

Project is in feasibility study phase.

Medical Biomedical Research Building (MBRB)/Glaxo Building (584) - \$440,000**(Funding –University Non-Appropriated)**

Project is in bid phase.

Morehead Planetarium Building, Renovation of Classrooms, Offices (585) \$5,576,122**(Funding – Foundation/gifts)**

Awaiting approval to complete advance planning.

South Building Accessibility Improvements (586) \$319,700**(Funding: University Non-Appropriated)**

Project is in schematic design phase.

Battle Grove Regenerative Stormwater Conveyance (587) \$362,439**(Funding: University Non-Appropriated)**

Project is in construction document phase.

Campus Safety Upgrade (588) \$4,750,000**(Funding: University Non-Appropriated)**

Project is in construction document phase.

Joan H. Gillings Auditorium (590) \$2,400,000**(Funding: Foundation and Endowment Income)**

Awaiting Board of Trustee designer approval.

Rizzo Center Guest Room Upgrade (591) \$4,978,050**(Funding: Foundation)**

Project is in construction document phase.

Carolina Performing Arts at Carolina Square (123 W Franklin St) (592) \$4,000,000**(Funding: University Non-Appropriated)**

Awaiting Board of Trustee designer approval.

Children's Wonder Garden – NC Botanical Garden (593) \$765,839**(Funding: Foundation)**

Awaiting approval to complete advance planning.

Pharmacy School – Classroom Renovation to Beard Hall 2nd Floor (594) \$499,859

(Funding: University Non-Appropriated)

Project is in bid phase.

McGavran Greenburg Animal Facility Improvements (595) \$1,949,968

(Funding – Grant (\$475,925 & University Non-Appropriated \$1,474,043)

Awaiting Board of Trustee designer approval.

Lineberger Laboratory Renovations (596) \$495,000

(Funding University Non-Appropriated)

Project is in construction document phase.

Hooker Fields Improvements (597) 1,990,098

(Funding: Univesrity Non-Appropriated)

Awaiting Board of Trustee designer approval.

SUMMARY OF MAJOR CAPITAL IMPROVEMENT ACTIVITY:

	<u>No. of Projects</u>	<u>Dollar Value</u>
Completed since 1/2015	9	\$ 35,898,761
Under Construction	17	\$ 365,166,669
In Design	48	\$ 304,163,543

HISTORICAL RECORD OF ACTIVITY:

<u>UNDER CONSTRUCTION</u>			<u>IN DESIGN</u>		
<u>Date</u>	<u>No. of Projects</u>	<u>Dollar Value</u>	<u>No. of Projects</u>	<u>Dollar Value</u>	
Dec. 1983	10	\$ 62,326,000	8	\$ 18,645,000	
Jun. 1984	10	\$ 66,858,320	11	\$ 14,956,950	
Oct. 1984	13	\$ 77,924,820	16	\$ 28,455,450	
Jun. 1985	15	\$ 75,753,450	18	\$ 57,302,500	
Feb. 1986	13	\$ 67,684,000	30	\$190,990,620	
Aug. 1986	11	\$ 61,093,000	25	\$191,213,620	
Feb. 1987	14	\$ 39,924,000	27	\$183,061,220	
Aug. 1987	13	\$ 26,817,520	25	\$210,316,100	
Feb. 1988	12	\$ 42,354,520	26	\$222,477,900	
Aug. 1988	14	\$ 61,721,870	34	\$254,328,430	
Feb. 1989	15	\$157,882,770	40	\$168,321,630	
Aug. 1989	20	\$158,003,370	29	\$170,550,730	
Feb. 1990	18	\$153,331,770	34	\$174,785,500	
Aug. 1990	14	\$161,479,980	29	\$165,398,600	
Feb. 1991	10	\$191,489,780	26	\$147,486,500	
Aug. 1991	11	\$202,564,380	28	\$132,000,800	
Jan. 1992	9	\$193,656,480	31	\$123,015,800	
Aug 1992	16	\$196,850,380	25	\$132,470,400	
Jan 1993	15	\$178,790,400	27	\$137,062,000	
July 1993	9	\$ 91,072,000	21	\$121,141,100	
Jan 1994	6	\$ 90,707,300	33	\$154,615,300	
July 1994	15	\$101,999,300	28	\$147,370,700	
Jan 1995	13	\$ 66,320,700	52	\$175,385,600	
July 1995	14	\$101,192,800	46	\$164,311,800	
Jan 1996	11	\$ 89,901,800	67	\$246,980,600	
July 1996	17	\$ 92,701,100	61	\$299,168,300	
Jan. 1997	19	\$131,072,400	63	\$282,872,700	
July 1997	37	\$235,425,600	44	\$223,235,350	
Jan 1998	33	\$158,837,100	50	\$278,691,575	
July 1998	36	\$183,705,300	43	\$285,946,375	
Jan 1999	26	\$153,298,200	42	\$314,955,275	
July 1999	20	\$175,689,300	44	\$374,499,175	
Jan 2000	18	\$173,787,000	38	\$380,677,875	
July 2000	20	\$171,732,100	44	\$402,994,475	
Jan 2001	20	\$265,311,575	56	\$255,342,400	
July 2001	30	\$277,577,875	57	\$509,245,260	
Jan 2002	28	\$282,315,475	51	\$533,569,700	
July 2002	25	\$297,186,000	51	\$533,569,700	
Jan 2003	18	\$246,220,200	52	\$700,266,390	
July 2003	15	\$239,095,165	58	\$677,135,478	
Jan 2004	18	\$345,073,797	59	\$607,602,868	
July 2004	24	\$435,597,765	61	\$837,011,823	
Jan 2005	32	\$540,484,649	77	\$997,282,175	
July 2005	42	\$604,951,066	62	\$848,018,466	
Jan 2006	39	\$606,059,278	50	\$681,154,808	
July 2006	36	\$753,387,157	55	\$697,916,808	
Jan 2007	39	\$493,513,761	60	\$729,086,980	
July 2007	38	\$559,519,076	50	\$586,321,980	
Jan 2008	29	\$510,723,322	46	\$733,693,000	
July 2008	27	\$570,815,114	51	\$715,328,000	
Jan 2009	25	\$429,973,546	47	\$906,213,000	
July 2009	24	\$633,089,281	40	\$577,740,422	
Jan 2010	18	\$600,252,605	22	\$409,120,032	
July 2010	18	\$618,429,022	32	\$539,620,032	
Jan 2011	15	\$605,745,206	30	\$474,190,032	
July 2011	19	\$802,905,823	28	\$292,000,000	
Jan 2012	15	\$742,125,183	28	\$313,100,000	
July 2012	17	\$655,508,823	31	\$309,600,000	
Jan 2013	12	\$550,585,206	34	\$389,726,000	
July 2013	10	\$311,575,000	34	\$334,449,095	
Jan 2014	9	\$338,372,095	45	\$337,177,000	
July 2014	14	\$349,553,714	42	\$376,843,592	
Jan 2015	19	\$377,846,839	50	\$423,639,550	
July 2015	17	\$365,166,669	48	\$304,163,543	

Lease Report

Board of Trustees
The University of North Carolina at Chapel Hill

July 22, 2015

Review of the Types of Leases Held by The University of North Carolina at Chapel Hill

I. Lease Acquisitions (Space Leased to the University by Others)

A. Office Space Leases

- 415,077 square feet of office space leased to the University with annual rent payments of \$8,631,871.72 (representing 2.06% increase in leased square feet and 2.03% increase in annual rent payments since the last lease report in January, 2015)
- 63,471 square feet of office space (included in the above-referenced 415,077 square feet) leased to the University in

Endowment owned buildings with annual rent payments of \$1,352,567.01 (representing no change in leased square feet and no change in annual rent payments since last lease report in January, 2015)

B. Miscellaneous Leases

- Leases to the University with annual rent payments of \$345,851.03. (representing 2.12% decrease in annual rent payments since last lease report in January, 2015)

C. Storage Space Leases

- 2,908 square feet of storage space leased to the University with annual rent payments of \$18,396.00 (representing 11.50% increase in leased square feet and 24.33% increase in annual rental payments since the last lease report in January, 2015)

II. Lease Dispositions (Space Leased by the University to Others)

A. Rental Houses

- 21 houses (22 leases) with projected annual rent receipts of \$348,302.00. (representing a 1.66% increase in annual rent receipts since the last lease report In January, 2015)

B. Rental Buildings

- 2 buildings with annual rent receipts of \$5,409,721.00 (representing no change in annual rent receipts since the last lease report in January, 2015)

C. Land Leases

- 78.08 acres of land leased with nominal rent receipts (representing no change in land leased and no change in nominal annual rent receipts since the last lease report in January, 2015)

The University of North Carolina at Chapel Hill
Office Space Leased to UNC-CH Chapel Hill within Chapel Hill/Carrboro
As of July 1, 2015

	Owner/Lessor	Lessee Division	Department	Lessee Classification	Funding Source	Location	Lease End Date	Sq Ft	Annual Rent	\$ Per Sq Ft	Renewal Options
1	Riddle Properties, Inc.	University Administration	Ackland Museum Store/ Equal Opportunity/ADA *	University Support	100% F & A	100 East Frankin Street	Mth to Mth	6,332	\$ 101,312.04	\$ 32.00	None
2	137 East Franklin Street LP	Health Affairs	Office of University Counsel	University Support	100% Departmental Overhead Funds	137 East Franklin Street	Mth to Mth	264	\$5,073.75	\$ 25.63	None
3	137 East Franklin Street LP	University Administration	UNC-CH Research Compliance Program	University Support	100% F & A	137 E. Franklin Street	Mth to Mth	220	\$ 4,900.08	\$ 22.27	None
4	137 East Franklin Street LP	University Administration	UNC-CH Research Compliance Program	University Support	100% F & A	137 E. Franklin Street	Mth to Mth	1,037	\$ 23,097.36	\$ 22.27	None
5	Board of Trustees of Endowment Fund	See Page 5	See Page 5	See Page 5	See Page 5	720, 725, 730 MLK Blvd	Mth to Mth	63,471	\$ 1,352,567.01	\$ 21.31	None

6	137 East Franklin Street LP	University Administration	Office of Research Information Systems	Public Service	100% F & A	136 E. Rosemary Street	7/31/2015	2,686	\$ 60,431.64	\$ 22.50	One 1 yr w/2.5% inc
7	Legacy Real Property Group	Health Affairs	OB-GYN, Horizon Program	Clinical Program	80% F & A Funds 20% Trust Funds	123 & 127 Kingston Drive	7/31/2015	10,000	\$ 125,000.00	\$ 12.50	None
8	The Yaggy Corporation	University Administration	University Development	University Support	100% Dept. Overhead Funds	400 Roberson Street	8/31/2015	17,864	\$ 342,393.00	\$ 23.00	Two 1 month w/ no inc.
9	137 East Franklin Street LP	University Administration	Office of Research Information Systems	Public Service	100% F & A	136 E. Rosemary Street	11/30/2015	3,150	\$ 72,245.70	\$ 22.94	None
10	137 East Franklin Street LP	Health Affairs	SPH, Collaborative Studies Coordinating Ctr	Research Program	100% F & A	137 E. Rosemary Street	12/31/2015	17,218	\$ 405,384.90	\$ 23.54	Four 6 mth w/2.5% inc
11	137 East Franklin Street LP	University Administration	Office of Sponsored Research	University Support	100% Dept. Overhead Funds	137 E. Franklin Street	12/31/2015	996	\$ 22,848.48	\$ 22.94	One 1 yr w/ 2.5% inc
12	Phillip D. Pearsall	Health Affairs	SPH, Department of Nutrition	Research Program	100% F & A	800 Eastowne Drive	12/31/2015	3,186	\$ 46,616.32	\$ 14.63	One 1 yr w/3% inc
13	Ambient Air, LLC	Health Affairs	SPH, Dept. of Epidemiology	Research Program	100% Contracts/Grants	116-A South Merritt Mill	12/31/2015	2,400	\$ 44,676.00	\$ 18.62	One 1 yr w/2% inc.
14	Carr Mill Mall Limited Partnership	Health Affairs	Department of Cardiology, Dr. Adams	Research Program	100% Contracts/Grants	200 North Greensboro St.	2/29/2016	549	\$ 9,659.65	\$ 17.60	None
15	Europa Center, LLC	Academic Affairs	Morehead Planetarium & Science Ctr	University Support	100% Trust Funds	100 Europa Drive	3/31/2016	1,000	\$ 12,000.00	\$ 12.00	One 2 yr w/no inc
16	Europa Center, LLC	University Administration	College of Arts & Sciences, Deans Office	University Support	100% Dept. OH	100 Europa Drive	3/31/2016	4,284	\$ 83,430.90	\$ 19.48	One 1 yr w/2.5% inc
17	* 137 East Franklin Street LP	Academic Affairs	Carolina Population Center	University Support	100% F & A	136 E. Rosemary Street	4/30/2016	1,073	\$ 24,632.50	\$ 22.96	None
18	Carr Mill Mall Limited Partnership	University Administration	University Development	University Support	100% F & A	200 N. Greensboro Street	5/31/2016	1,812	\$ 31,257.00	\$ 17.25	None
19	* 137 East Franklin Street LP	Health Affairs	SPH, Dept. of Epidemiology	Research Program	100% F & A	137 E. Franklin Street	5/31/2016	12,193	\$ 275,736.55	\$ 22.62	One 1 yr w/ 2.5% inc
20	137 East Franklin Street LP	Health Affairs	SOM, Health Behavior and Health Education	Research Program	100% Trust Funds	136 E. Rosemary Street	7/31/2016	2,014	\$ 45,312.48	\$ 22.50	Two 2 yr w/2.5% inc
21	Carr Mill Mall Limited Partnership	Health Affairs	Medical Allied Health	Clinical Program	100% Trust Funds	200 N. Greensboro Street	8/31/2016	1,803	\$ 31,723.79	\$ 17.60	Two 1 yr w/2% inc.
22	137 East Franklin Street LP	Health Affairs	SPH, Injury Prevention Research Center	Research Program	42% F & A 58% Trust Funds	136 E. Rosemary Street	9/30/2016	6,555	\$ 156,482.65	\$ 23.87	One 3yr w/2.5%
23	West Franklin Preservation Ltd. Partnership	Health Affairs	Carolina Population Center	Research Program	100% F & A	206 West Franklin Street	11/30/2016	11,600	\$ 209,147.88	\$ 18.03	One 1 yr w/ 3% inc
24	Madison Partners, LLC	Health Affairs	Carolina Population Center	Research Program	100% F & A	211-B West Cameron St.	2/28/2017	5,730	\$ 103,741.65	\$ 18.11	Two 1 yr w/2% inc
25	Europa Center, LLC	University Administration	Office of Technology Development	University Support	100% Trust Funds	100 Europa Drive, Ste.430	5/31/2017	3,759	\$73,206.53	\$ 19.48	Two 1 yr.w/2.5% inc
26	600 Franklin Square, LLC	Health Affairs	Dept. of Psychology, PEP Lab	Research Program	100% F & A Funds	1829 E. Franklin Street	6/30/2017	2,435	\$ 46,569.38	\$ 19.13	Two 1 yr w/2% inc.
27	Europa Center, LLC	University Administration	Student Affairs Development Office	University Support	100% State Funds	100 Europa Drive	6/30/2017	1,725	\$ 34,960.96	\$ 20.27	Two 1 yr w/2.5% inc
28	* 137 East Franklin Street LP	University Administration	Title IX /ADA Office	University Support	100% F & A	136 E. Rosemary Street	7/31/2017	1,829	\$ 41,153.31	\$ 22.50	None
29	137 East Franklin Street LP	Health Affairs	Carolina Population Center	Research Program	100% F & A	136 E. Rosemary Street	7/31/2017	9,085	\$ 203,469.93	\$ 22.40	None
30	Riddle Properties, Inc.	Academic Affairs	Center for Developmental Science	Research Program	100% F & A	100 E. Franklin Street	9/30/2017	11,026	\$ 254,898.00	\$ 23.12	One 5 yr w/2% inc
31	DDRM Meadowmont Village Center, LLC	Health Affairs	Carolina Population Center	Research Program	100% F & A	400 Meadowmont Village Circle	11/30/2017	15,524	\$ 383,753.28	\$ 24.72	One 5 yr w/3% inc
32	West Franklin Preservation Ltd. Partnership	Health Affairs	Carolina Population Center	Research Program	100% F & A	206 West Franklin Street, Ste. 200B	11/30/2017	1,428	\$ 31,402.44	\$ 21.99	None
33	Madison Partners, LLC	University Administration	UNC Development Office	University Support	100% Trust Funds	207 Wilson Street	11/30/2017	2,970	\$ 53,120.00	\$ 17.89	Two 1 yr w/ 3% inc

The University of North Carolina at Chapel Hill
Office Space Leased to UNC-CH Chapel Hill within Chapel Hill/Carrboro
As of July 1 2015

34	West Franklin Preservation Ltd. Partnership	University Administration	UNC Development Office	University Support	100% Trust Funds	206 West Franklin Street	12/31/2017	3,446	\$ 66,059.82	\$19.17	Two 1 yr w/<3% inc.
35	137 East Franklin Street LP	University Administration	Ombuds Office	University Support	100% F & A	137 E. Franklin Street	3/31/2018	1,823	\$ 45,966.95	\$ 25.22	One 5 yr w/2.5% inc
36	Europa Center, LLC	Health Affairs	Institute for the Environment	University Support	100% Trust Funds	100 Europa Drive	3/31/2018	12,104	\$ 226,420.45	\$ 18.71	Two 1 yr w/2.5% inc
37	Madison Partners, LLC	Academic Affairs	Graduate Student Center	University Support	100% F & A	211-A West Cameron Ave	4/30/2018	2,797	\$ 48,785.27	\$ 17.45	Two 1 yr w/2% inc.
38	Venable Group, LLC	Health Affairs	SOM, Emergency Medicine	Research Program	65% C/G 25% Trust Funds 10% Dept. Overhead Funds	100 Market Street	6/30/2018	5,176	\$ 120,806.16	\$ 23.34	One 5 yr w 3% inc
39	Carr Mill Mall Limited Partnership	Health Affairs	Lineberger Cancer Ctr	Research Program	100% Trust Funds	200 N. Greensboro Street	10/31/2018	6,862	\$ 146,984.04	\$ 21.42	One 5 yr w/2% inc
40	Stone Launis Associates, LLC	Health Affairs	SOM, Women's Health Research/Child Maltreatment	Research Program	100% Departmental Ovehead	104 Market Street	11/30/2018	5,840	\$ 147,372.40	\$ 25.24	One 5 yr w/3%
41	FIGCH, LLC	Health Affairs	Carolina Population Center	Research Program	100 F & A	308 West Rosemary Street	11/30/2018	5,333	\$ 134,578.26	\$ 25.24	One 5 yr w/ 3% inc
42	Madison Partners, LLC	University Administration	Center for Public Service	University Support	100% F & A	205 Wilson Street	7/31/2019	1,955	\$ 40,057.95	\$ 20.49	Two 1 yr w/2% inc
43	* Europa Center, LLC	Health Affairs	Institute for the Environment & Galapagos Studies	University Support	100% Departmental Ovehead	100 Europa Center Drive	1/31/2020	2,605	\$ 50,797.50	\$ 19.50	None
44	* Carr Mill Mall Limited Partnership	Health Affairs Health Affairs Health Affairs	Lineberger Cancer Center (7,523 sq ft) Scales (2,536 sq ft) SOM, Infectious Diseases (126 sf)	Research Programs	73.86 % Trust Funds 24.9% F & A Funds 1.24% C/Grant	101 E. Weaver Street	2/29/2020	10,185	\$ 203,190.75	\$ 19.95	Two 2 yr w/ 2% inc
45	Cedar Plank, LLC	Health Affairs	SOM, CIDD	Research Program	100% Trust Funds	101 Renee Lynn Court	9/30/2020	17,824	\$ 456,389.40	\$ 25.61	Two 5 yr w 3% inc
46	Cedar Plank, LLC	Health Affairs	SOM, TEACCH	Research Program	100% Trust Funds	100 Renee Lynn Court	6/30/2022	16,701	\$ 415,179.20	\$ 24.86	Two 5 yr w 3% inc
47	Sheryl-Mar, LLC	Health Affairs	Frank Porter Graham Child Development Institute	Research Program	100% F & A	517 South Greensboro St.	12/31/2023	24,418	\$ 502,522.44	\$ 20.58	None
48	* Sheryl-Mar, LLC	Health Affairs	Frank Porter Graham Child Development Institute	Research Program	100% F & A	521 South Greensboro St.	12/31/2023	23,532	\$ 484,288.56	\$ 20.58	None
49	* Europa Center, LLC	University Administration	Office of Research Information Systems (ORIS)	Public Service	100% F & A	100 Europa Center Drive	6/30/2025	6,265	\$150,046.75	\$ 23.95	None
374,084									\$ 7,951,651.06	\$ 21.21	

Notes:

1. Leases executed or renewed since last report(1/2015) are denoted by an asterisk (*). During this time, the amount of office space leased in Chapel Hill/Carrboro increased by 8,059 square feet. The average cost per square foot increased from \$20.84 per square foot to \$21.21 per square foot.
2. Amounts shown for Annual Rent and \$ Per Square Foot are based on amounts currently being paid. Most leases include provisions for annual rent increases based on a fixed schedule or increases in building operating costs.
3. Utilities and Janitorial are paid by the Lessor for all leases shown except for lease #1, #13,#24, #37, #38, #41, and #46
4. Janitorial services are provided at the Lessor's cost for all leases shown except #42 4. Utilities are provided at the Lessor's cost for all leases shown except #30 5. Item #1 reflects 6 months

The University of North Carolina at Chapel Hill
Office Space Leased to UNC-CH Outside of Chapel Hill/Carrboro As
of July 1, 2015

	Owner/Lessor	Lessee Division	Department	Lessee Classification	Lessee Source of Funding	Location	Lease End Date	Building Sq Ft	Annual Rent	\$ Per Sq ft
1	The Raleigh Building	Health Affairs	School of Social Work	Research Program	100% Contracts & Grants	Raleigh	Mth to Mth	320	\$ 1,050.00	\$ 13.13
2	Partnership For Children of Cumberland Co.	Health Affairs	SOM, Fayetteville TEACCH Program	Clinical Program	100% State Funds	Fayetteville	2/28/2016	786	\$ 12,756.00	\$16.23
3	* Wainwright Property Management, LLC	Health Affairs	SOM, Greenville TEACCH Program	Clinical Program	100% State Funds	Greenville	7/31/2016	2,800	\$ 30,282.00	\$10.82
4	31 College Place, LLC	Health Affairs	SOM, Asheville TEACCH Program	Clinical Program	100% State Funds	Asheville	1/31/2017	3,540	\$ 49,560.00	\$14.00

5 *	HKL Commercial, LLC c/o James Little Real Estate	Health Affairs	SOM, Thurston Arthritis Center	Clinical Program	100% Contracts & Grants	Smithfield	6/30/2017	2,776	\$ 33,312.00	\$12.00
6	Edgemont Tenant LLC	Academic Affairs	School of Journalism/Mass Communication	Academic Program	100% State Funds	Durham	12/31/2017	167	\$ 1.00	\$0.00
7	Abinto Corporation	Health Affairs	SOM, Wilmington TEACCH Program	Clinical Program	100% State Funds	Wilmington	1/31/2018	3,353	\$ 55,860.98	\$16.66
8	Abinto Corporation	Health Affairs	SOM, Wilmington TEACCH Program	Clinical Program	100% State Funds	Wilmington	1/31/2018	689	\$ 11,473.51	\$16.65
9	Beacon Ventures	Health Affairs	Hunt Institute	Research Program	100% State Funds	Durham	3/31/2018	4,527	\$ 111,364.20	\$24.60
10	Keystone 630 TT, LLC	Health Affairs	Institute of Medicine/Sheps	Research Program	50% Trust Funds 50% F & A	Durham	4/30/2018	4,328	\$ 97,762.76	\$22.59
11	Self-Help Ventures Fund	Health Affairs	SOM, Infectious Diseases	Clinical Program	100% State Funds	Durham	4/30/2018	1,472	\$ 29,348.82	\$19.94
12	Revolution Tenant, LLC	Health Affairs	SOM, Greensboro TEACCH Program	Clinical Program	100% State Funds	Greensboro	4/30/2018	3,800	\$ 53,372.52	\$14.05
13	Blue Ridge Plaza, Associates	Health Affairs	SOM, Infectious Diseases	Clinical Program	15% Contracts & Grants 85% Dept. Overhead	Raleigh	7/31/2018	1,827	\$ 37,006.87	\$20.26
14	Fortune's Ridge Associates	Health Affairs	SOM. CCCDP/CASTLE	Clinical Program	70% Foundation Funds 30% Trust Funds	Durham	12/31/2019	6,329	\$ 88,606.00	\$14.00
15 *	Charlotte East, LLC	Health Affairs	SOM, Charlotte TEACCH Program	Clinical Program	25% State Funds 50% Trust Funds 25% Clinical Funds	Charlotte	4/30/2020	4,279	\$68,464.00	\$16.00
								40,993	\$680,220.66	\$16.50

NOTES:

1. Leases executed or renewed since the last report (1/2015) are denoted with an asterisk (*). During this time, the amount of sq ft outside Chapel Hill/Carrboro decreased by 824 sq. feet. The average cost per square foot decreased from \$16.26 per sq. foot. to \$15.63 per sq. foot and represents a 1.99% decrease in leased square feet since last lease report in July, 2014.
2. Amounts shown for Annual Rent and \$ Per Square Foot are based on amounts currently being paid. Most leases include a provision for annual rent increases based on a fixed schedule or increases in building operating costs.
3. Utilities and janitorial services are provided by the Lessor for all leases except #4, #8, and #9.
4. Janitorial services not included in #15.
5. Item #1- \$ amount showing reflects 3 month lease
5. Item #5 - \$ amount showing reflects 10 month lease

The University of North Carolina at Chapel Hill
Endowment Owned Buildings on MLK Jr. Blvd. Office Space Leased to UNC-CH
As of July 1, 2015

Lessor	Lessee Division	Lessee Department (Program)	Lessee Classification	Lessee Source of Funds	Square Feet	Annual Rent	\$ Per Square Ft
Endowment Fund	Health Affairs	Office of Human Research Ethics	Research Program	100% F & A	5,162	\$110,002.22	\$21.31
Endowment Fund	Health Affairs	Office of Clinical Trials	Research Program	100% F & A	4,188	\$89,246.28	\$21.31
Endowment Fund	Health Affairs	School of Public Health (Biostatistics Dept, Survey Res. Unit)	Research Program	100% F & A	5,811	\$123,832.41	\$21.31
Endowment Fund	Health Affairs	Cecil G. Sheps Center For Health Services Research	Research Program	100% F & A	34,777	\$741,097.87	\$21.31
Endowment Fund	Health Affairs	Highway Safety Research Center	Research Program	85% F & A 15% Trust Funds	13,533	\$288,388.23	\$21.31

The University of North Carolina at Chapel Hill
Miscellaneous Leases to the University
As of July 1, 2015

Owner/Lessor		Lessee Division	Department	Type	Location	Lease End Date	Sq Ft or Acres	Annual Rent	
1		Carolina Telephone and Telegraph Company	University Admin	WUNC Radio	Tower & Roof Top	Dare County (See Note 1)	Mth-to-Mth	0	\$0.00
2		Kingswood Apartments	Health Affairs	OB-GYN, Horizon Program	Apartments	Chapel Hill (see Note 2)	7/31/2015	10,287 sq. ft.	\$107,952.00
3		Sunstone Apartments, LLC	Health Affairs	OB-GYN, Horizon Program	Apartments	Carrboro (See Note 2)	7/31/2015	17,044 sq. ft.	\$207,240.00
4	*	Loretta Malcolm	Health Affairs	SPH, Environmental Sciences & Engineering	Land	Chatham	6/30/2016	2 acres	\$3,025.00
5		GTP Acquisition Partner II, LLC	University Admin	WUNC Radio	Tower & Roof Top	Edgecombe County (See Note 1)	12/31/2017	100 sq. ft.	\$19,186.03
6		Chapel Hill City Board of Education	Health Affairs	Frank Porter Graham Child Development Institute	Land	Chapel Hill	9/17/2019	10.81 acres	\$0.00
7		Secretary of the Army	University Admin	University of North Carolina	Land	Kerr Lake (see Note 3)	12/31/2020	230 acres	\$0.00
8		RDU International	Health Affairs	AHEC Facility	Land	RDU - Durham	7/31/2031	70,390 sq. ft.	\$8,448.00
									\$345,851.03

Notes:

* Leases executed or renewed since the last report (1/2015) are denoted with an asterisk (*).

1. Tower, rooftop and associated land space to locate FM broadcast antenna and transmitter.

2. 32 individual apartment leases for the OB-Gyn, Horizon Program. Items 4 & 5

3. Item #8- Use of space for picnics, boating, camping, swimming and nature studies or current and retired University employees, University Hospital employees and General Administration employees.

The University of North Carolina at Chapel Hill
Lease Summary Storage Space Leases
As of July 1, 2015

Owner/Lessor		Department	Storage Type	Lease End Date	Building Sq Ft	Annual Rent
1 *	Starpoint, Inc.	Highway Safety Research Center	Mini	4/30/2016	200	\$ 1,680.00
2 *	Starpoint, Inc.	OB-GYN. Horizon Program	Mini	6/30/2016	400	\$ 2,880.00
3	Starpoint, Inc.	Carolina Higher Education Opportunity Programs(CHEOP)	Mini	7/31/2016	120	\$ 1,740.00
4	Yarboro & Hessee Warehouses, LLC	Ackland Art	Bulk	7/31/2016	1,888	\$ 8,496.00
3 *	Starpoint, Inc.	Carolina Higher Education Opportunity Programs(CHEOP)	Mini	3/31/2018	300	\$ 3,600.00
					2,908	\$18,396.00

Notes:

* Leases executed or renewed since the last report (1/15) are denoted with an asterisk (*).

The University of North Carolina at Chapel Hill
Summary of Lease Dispositions
As of July 1, 2015

	Location	Lessee's Name	Sq Ft	Monthly Rent	Annual Rent	Lease End Date
I. Rental Houses						
1	University Lake (Lake Warden's House)	OWASA	1,080	\$ -	\$ 1.00	Mth to Mth
2	Horace Williams House	Preservation Chapel Hill	2,600	\$ -	\$ 1.00	Mth to Mth
3	1404 Mason Farm Road, Chapel Hill	Scott & Kelly Wentland	1,775	\$ 1,450.00	\$ 17,400.00	Mth to Mth
4	1450 Mason Farm Place, Chapel Hill	David Demers	3,196	\$ 1,450.00	\$ 17,400.00	3/31/2016
5	1303 Mason Farm Road, Chapel Hill	Lyneise Williams	2,314	\$ 1,550.00	\$ 18,600.00	4/30/2016
6	1307 Mason Farm Road, Chapel Hill	Eric McAfee	3,010	\$ 1,550.00	\$ 18,600.00	4/30/2016
7	12276 US Highway 15-501 North, Chapel Hill	Marquis & Phyllis Bright	1,300	\$ 1,250.00	\$ 15,000.00	4/30/2016
8	620 Park Place, Chapel Hill	Freddie Kiger	1,400	\$ 1,475.00	\$ 17,700.00	5/31/2016
9	2311 Homestead Road, Chapel Hill	Michael & Denise Lopez	2,306	\$ 1,500.00	\$ 16,200.00	5/31/2016
10	6627 Maynard Farm Road, Chapel Hill	Arthur Menius	1,846	\$ 1,350.00	\$ 18,000.00	5/31/2016
11	107 Chase Avenue, Chapel Hill	Harper Wilson	2,500	\$ 1,500.00	\$ 18,000.00	5/31/2016
12	109 Chase Ave, Chapel Hill	Vicky Lent	2,324	\$ 1,500.00	\$ 18,000.00	5/31/2016
13	114A Chase Avenue, Chapel Hill	Kyle Driggers	1,100	\$ 1,150.00	\$ 13,800.00	7/31/2016
	114B Chase Avenue, Chapel Hill	Daniel Dunn	780	\$ 700.00	\$ 8,400.00	12/31/2016
14	1301 Mason Farm Road, Chapel Hill	Mardi Magoo	2,609	\$ 1,500.00	\$ 18,000.00	3/31/2017
15	1506 Mason Farm Road	Barbara Whitman	3,200	\$ 1,650.00	\$ 19,800.00	4/30/2017
16	6703 Maynard Farm Road, Chapel Hill	David Nichols	3,461	\$ 1,450.00	\$ 17,400.00	4/30/2017
17	301 Chase Avenue, Chapel Hill	Stephen Seiberling	1,940	\$ 1,275.00	\$ 15,300.00	5/31/2017
18	1500 Mason Farm Road, Chapel Hill	Jeremy & Guenieve Moulton	2,429	\$ 1,500.00	\$ 18,000.00	5/31/2017
19	1309 Homestead Road, Chapel Hill	Kelly Glosson	1,649	\$ 1,550.00	\$ 18,600.00	5/31/2017
20	307 W Cameron Ave, Chapel Hill	Andrew Miller	2,936	\$ 2,200.00	\$ 26,400.00	5/31/2017
21	218 Wilson Street, Chapel Hill	Steve Dobbins	1,500	\$ 1,350.00	\$ 16,200.00	7/31/2017

47,255 \$28,900.00 \$348,302.00

Location		Lessee's Name		Monthly Rent	Annual Rent	Lease End Date
II. Rental Buildings						
1	Mason Farm Road, Chapel Hill	Environmental Protection Agency	66,000	\$450,810.00	\$5,409,720.00	1/31/2025
2	Carolina Inn, Chapel Hill NC	BOT of the Endowment Fund	118,780	\$0.00	\$1.00	6/30/2041
184,780				\$450,810.00	\$5,409,721.00	

The University of North Carolina at Chapel Hill
Summary of Lease Dispositions
As of July 1, 2015

Location		Lessee's Name	Land Acreage	Annual Rent	Lease End Date
III. Land Leases					
1	Chapel Hill-Carrboro Bikeway	Town of Carrboro	0.70	\$1.00	mth-mth
2	University Lake	Orange Water and Sewer Authority	9.30	\$0.00	8/8/2016
3	Park & Ride Lot near University Lake, Carrboro	Town of Chapel Hill	7.00	\$1.00	5/19/2019
4	Old Mason Farm Road	Family House at UNC Hospitals	5.83	\$1.00	5/31/2031
5	Smith Middle School Playing Fields	Orange Co., NC	16.60	\$0.00	7/13/2031
6	UNC-CH campus -George Watts Hill Alumni Center	General Alumni Association	4.10	\$1.00	10/1/2034
7	101 Old Mason Farm Road	Ronald McDonald House of Chapel Hill	2.04	\$1.00	10/31/2035
8	208 Finley Golf Course Rd	Beta XI Chapter, Kappa Psi Pharmaceutical Frat.	1.38	\$0.00	8/5/2068
9	Barbee Chapel Rd	UNC Faculty Staff Recreation Association, Inc.	28.00	\$0.00	7/7/2075
10	222 Finley Golf Course Rd.	North Carolina High School Athletic Association	1.45	\$1.00	5/13/2088
11	1411 Homestead Road, Chapel Hill	Town of Carrboro	1.68	\$1.00	11/30/2105
12	Horace Williams Airport (South of Runway 27)	US Dept. of Trans., Federal Aviation Admin.	0.04	\$0.00	9/30/2015
78.12				\$7.00	



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Attachment I

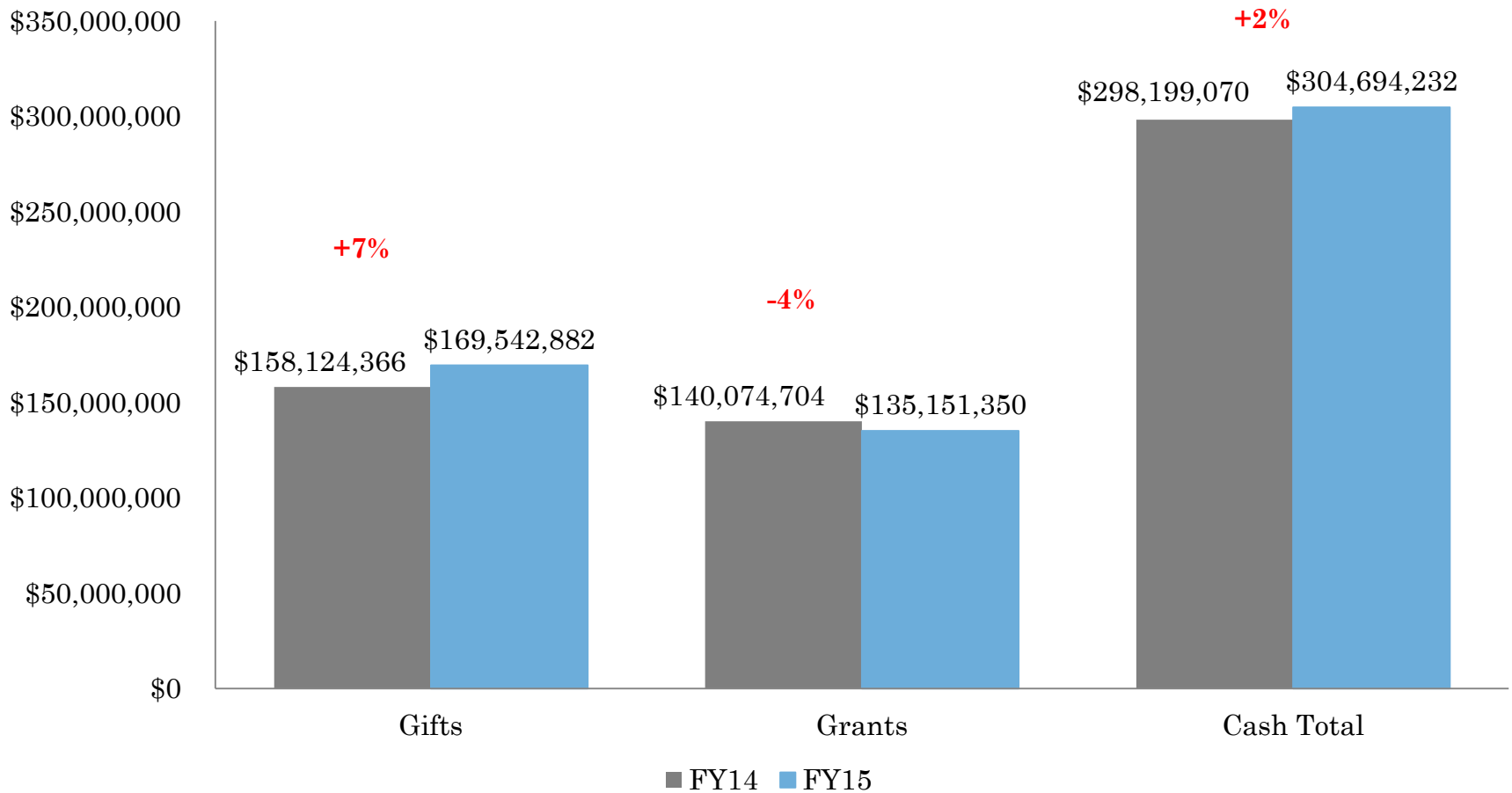
Development Update

July 2015

Meeting of the UNC-CH Board of
Trustees

David S. Routh
Vice Chancellor for Development

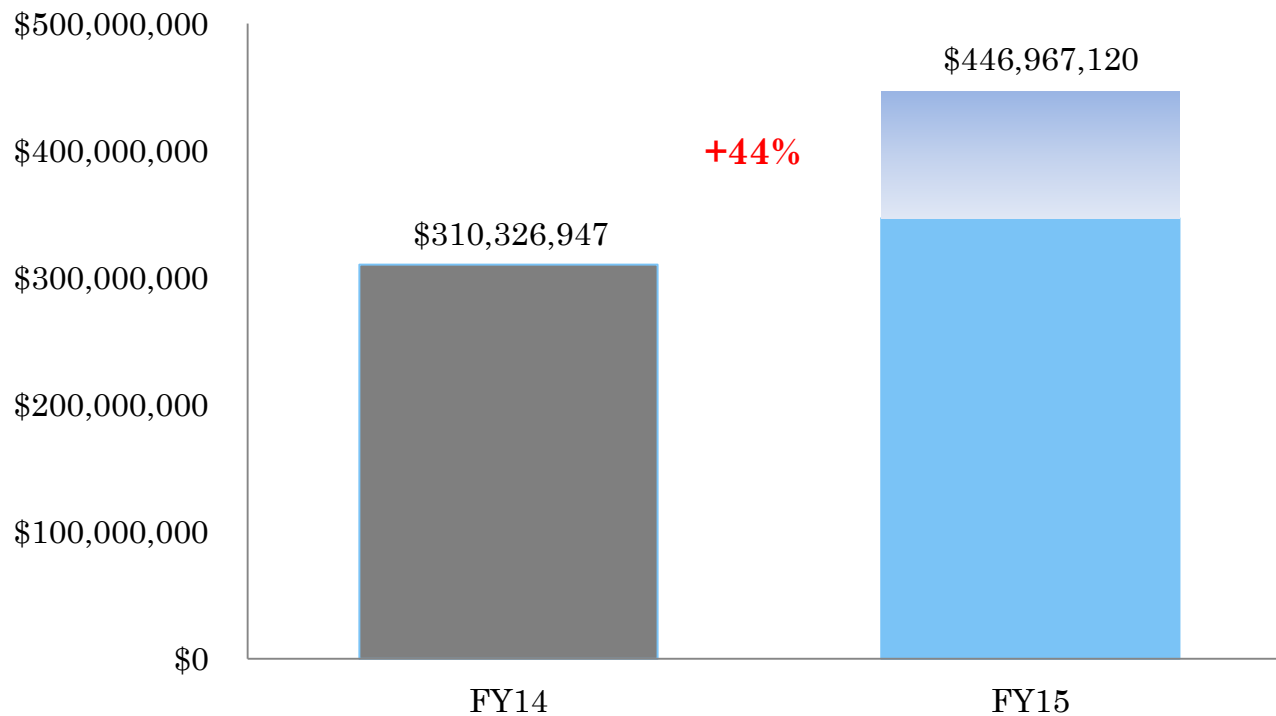
Cash Totals



YTD Comparison as of June 30, 2015



New Cash and Commitments Totals



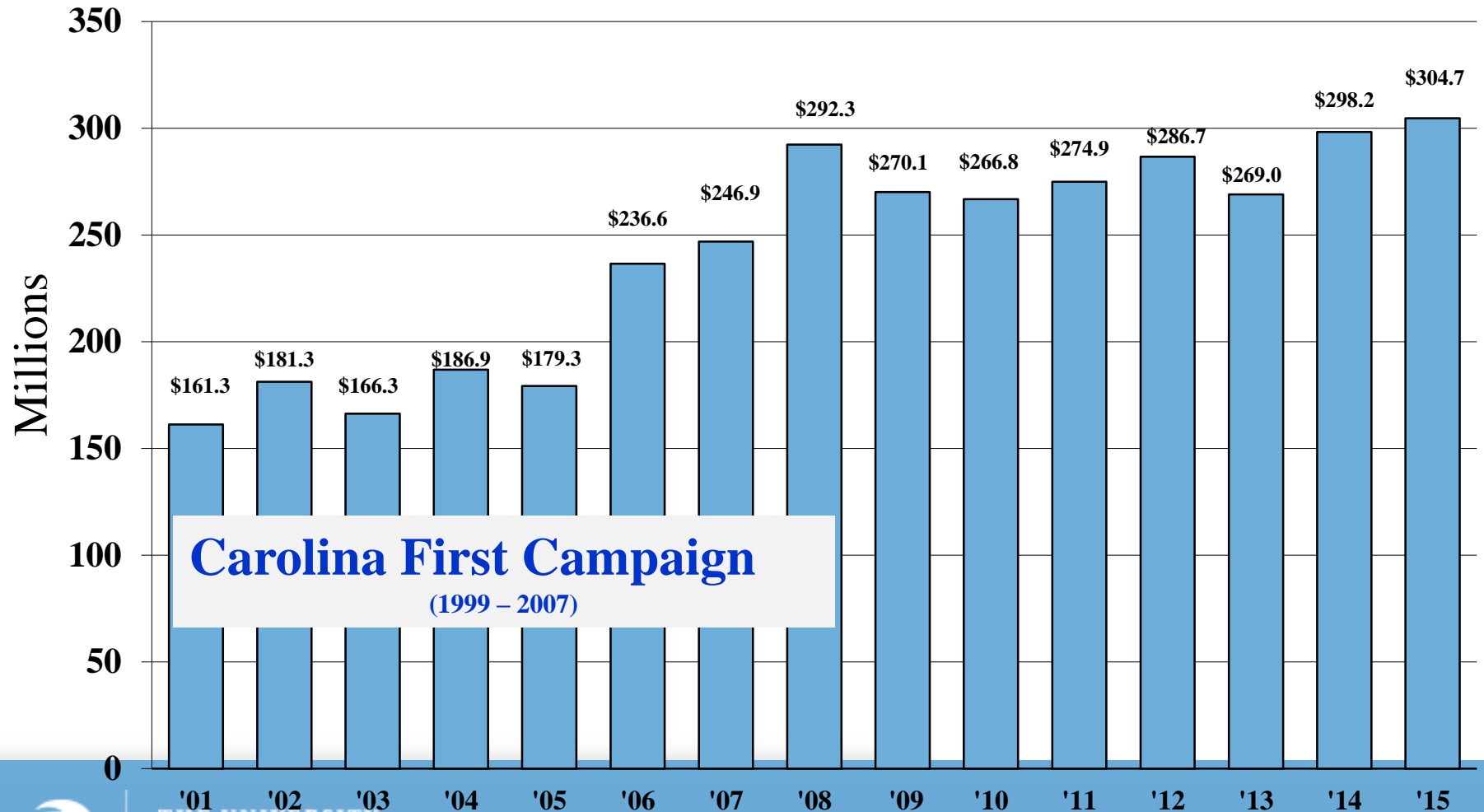
YTD Comparison as of June 30, 2015





Cash Totals

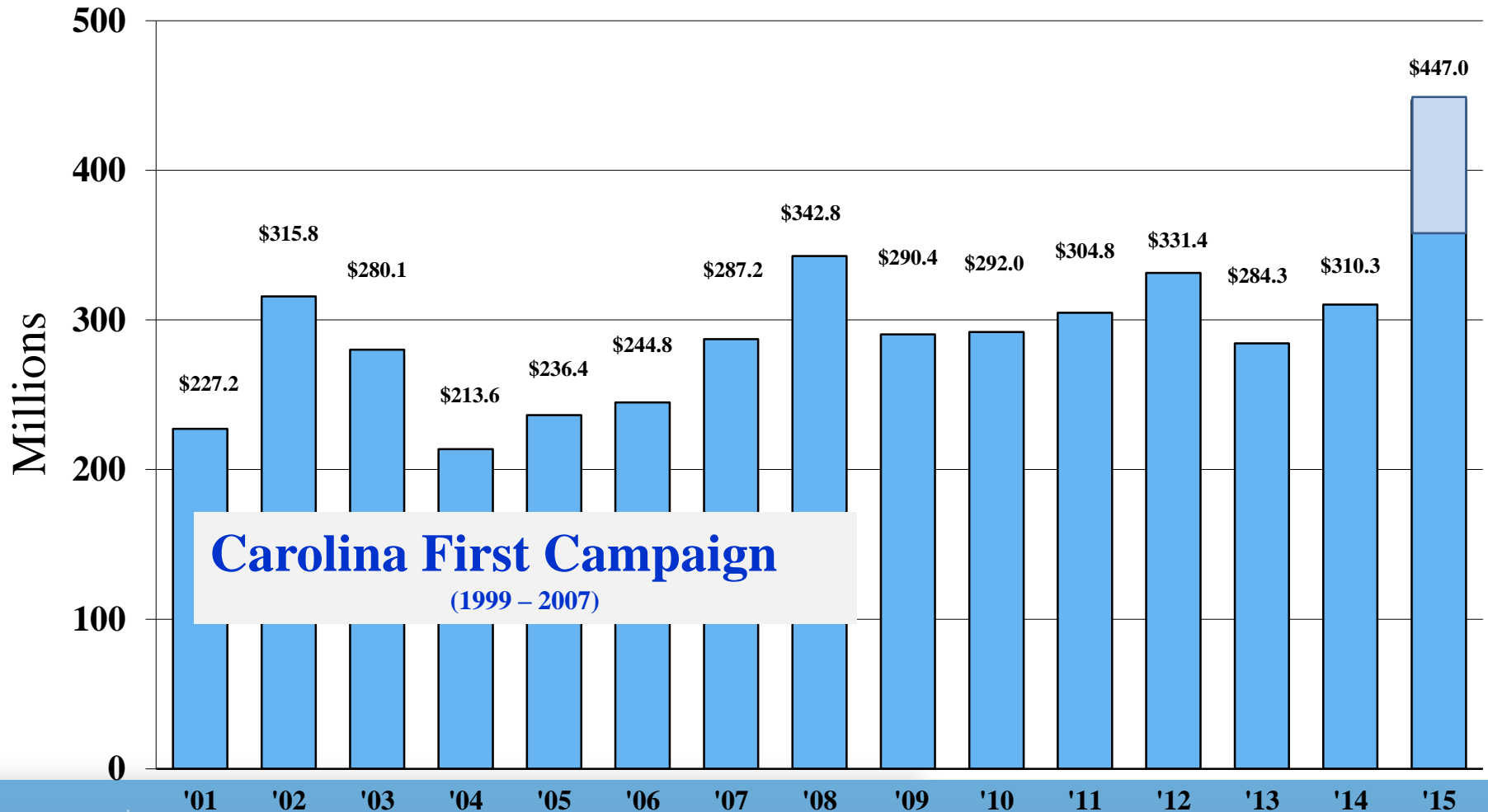
Fiscal Years 2001 - 2015



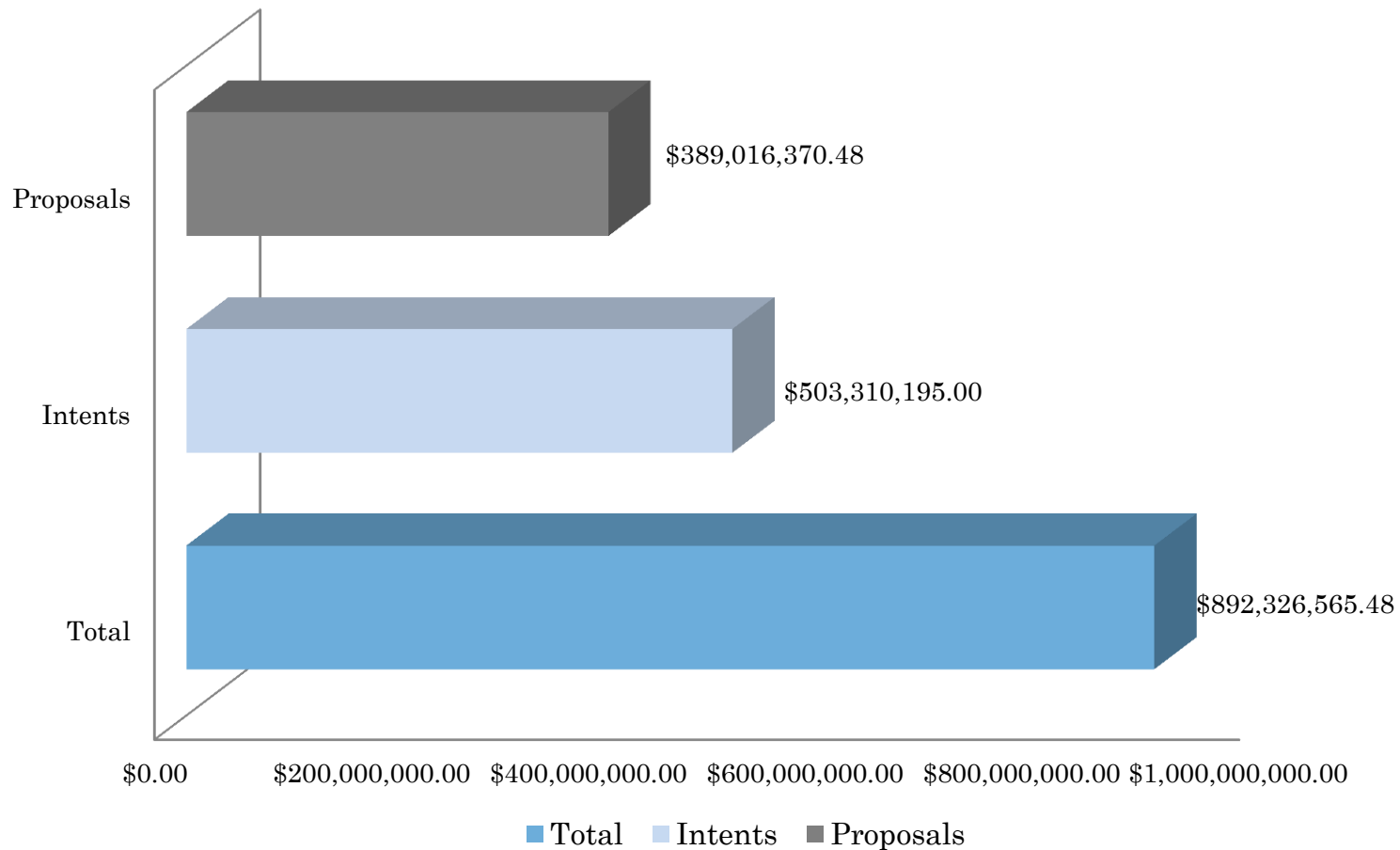


New Cash and Commitments Totals

Fiscal Years 2001 - 2015



The Pipeline



University Development

List of Services

Principal Gifts

- Identify new principal gift prospects
- Create individualized and highly personalized cultivation and stewardship plans
- Provide significant staffing support for the Chancellor
- Offer strategy support—planning, executing, documenting

Annual Giving

- Retain, upgrade, renew and acquire donors on behalf of the University.
- Increase overall participation rate among the various constituents, including alumni, students, faculty, staff and parents.
- Educate current students and young alumni about the importance of creating a habit of supporting UNC.
- Assist University schools and units in their annual fund fundraising.

Gift Planning

- Administer all life income, IRA rollover, real estate, and estate gifts
- Stewardship, probate and donor professional advisor services
- Gift annuity and charitable trust services
- Foundation and major gift officer value-added services

Corporate and Foundation Development

- Targets corporations and foundations with multiple interests across campus
- Identify/cultivate UNC alumni entrepreneurs and private equity investors
- Facilitate collaborative proposals with schools and units to reflect the similar needs and interests of the company/foundation and the university

Regional Development and UNC Global

- Identify leadership donors for the University's various schools, units, departments and programs, nationally and internationally
- Staff regional Development / campaign committees
- Assist and staff UNC senior leaders with international trips and donor engagement

Development Communications

- Provides communications support to schools and units and produces other development related pieces
- Assists with proposals and other campaign related materials

Campaign Planning

- Provide campaign resources and coordination
- Provide campaign reporting

Prospect Management, Research and Analytics

- Provide research reports, briefings and data analytics services in support of the University's development and campaign efforts
- Identify and evaluate prospects
- Implement and administer the prospect management system

Gift Processing

- Receive, receipt, deposit and acknowledge gifts of various types including cash, credit card transactions, bank drafts, payroll deductions, publicly traded and closely held stock, gifts-in-kind, including tangible personal property and real property, matching gifts and memorial gifts
- Create all gift designations for schools and units

Stewardship and Donor Relations

- Prepare gift acknowledgements for Chancellor
- Prepare annual endowment reports for donors
- Assist and support vice chancellor, schools and units with cross campus naming opportunities

Events

- Organize events for the Chancellor, University Development and across campus including regional and international events and commencement
- Serve as a resource to schools and units with services ranging from consultative to substantive, depending on your needs

Information Systems

- Develop and maintain information systems, including specialized services to support online giving and broadcast email efforts
- Provide training, education and ad hoc reporting/data services

Talent Management

- Facilitation and support of Talent acquisition
- Offer development training and professional skill development



Updates from Campus Wide Development Leadership

Principal Gifts: Peggy Glenn, Senior Director of Principal Gifts

Development Communications: Kim Elenez, Senior Director of Development Communication

Prospect Management: Pitt Tomlinson, Director of PMRA

Corporate and Foundation Relations: Associate Vice Chancellor for Corporate and Foundation Relations and Talent Management





THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Development Update

July 2015

Meeting of the UNC-CH Board of
Trustees



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Attachment J

Division of Finance and Administration

UNC-Chapel Hill Financial Update



Photo credit: Sam Kittner '85

Matthew M. Fajack
Vice Chancellor for Finance and Administration
July 22, 2015



Proposed UNC Operating Budgets

FY2015-2017 Comparison

	BOG Budget Priorities		Governor's Adjusted Budget		House (H97, 5th edition)		Senate (H97, 7th edition)	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
Base Budget	2,539,126,467	2,539,134,902	2,539,126,467	2,539,134,902	2,539,126,467	2,539,134,902	2,539,126,467	2,539,134,902
Expansion Items	96,545,221	131,981,634	59,870,640	94,209,318	72,033,145	103,865,613	81,432,758	107,533,950
Reductions/ Adjustments	-	-	(67,827,056)	(67,827,056)	(8,090,455)	(53,269,533)	(22,844,042)	(22,844,042)
Salary and Benefit Changes ¹	-	-	106,173	106,173	64,739,512	63,281,493	105,989	105,989
Total Recommended Changes	96,545,221	131,981,634	(7,850,243)	26,488,435	128,682,202	113,877,573	58,694,705	84,795,897
Total Recommended Budget	2,635,671,688	2,671,116,536	2,531,276,224	2,565,623,337	2,667,808,669	2,653,012,475	2,597,821,172	2,623,930,799
Total Percentage Change	3.8%	5.2%	-0.3%	1.0%	5.1%	4.5%	2.3%	3.3%

¹ The BOG requested salary increase equity with other state employees.



Key Considerations

- A significant difference exists between the budgets of the House (larger budget) and Senate (smaller budget), primary driven by salaries and benefits provisions and management flexibility reductions.
- The House has a 2% across-the-board pay increase for SPA employees and funds for EPA salary increase.
- Both the House and Senate bills include the full amounts for Enrollment Increase Funding: \$49m in FY16 and \$80m in FY17.
- The Senate budget allocates nearly twice as much (\$21m) as much as the House budget (\$12m) to non-recurring items for UNC member institution projects.



Key Considerations

- Senate bill proposes additional oversight of capital projects through the establishment of a Responsible Capital Planning Commission.
- House bill proposes increasing the carryforward rate to 5.0% from 2.5% beginning June 30, 2016, and in place through July 1, 2017.
- House bill includes a limit of \$1 million for state funding of development operations.
- Senate bill decreases funding for UNC School of Law by \$3 million.



Investing and Financing Provisions

Investment Provision: Collateralized Funds in Official Depository

Funds deposited in an official depository shall be adequately secured by deposit insurance, surety bonds, or investment securities of such nature in such amounts and in such manner as may be prescribed by policy of the Board of Governors.

Financing Provision: Debt Affordability Study

Both Senate and House Bills require:

- each constituent institution within the UNC System to conduct an annual debt affordability study;
- the establishment of guidelines for maintaining prudent debt 43 levels;
- require the establishment of a system for prioritizing University capital needs when the needs exceed the University's capacity for new debt.



THE UNIVERSITY
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at CHAPEL HILL

Century Bond Overview

July 22, 2015



Overview of 100-Year (“Century”) Bonds

- The modern use of century bonds began in the early 1990’s when corporate borrowers such as Walt Disney and Coca Cola used this structure to create equity-like capitalization at low long-term rates.
- Tax-exempt borrowers are limited under the United States Internal Revenue Code to issuing debt with a maximum maturity of up to 120% of a project’s useful life.
- Taxable borrowers are typically able to issue bonds with a longer final maturity; however the limit on maturity may depend on state statutes for public institutions.
 - » For example, under current statute in North Carolina, public universities can issue general revenue bonds with a final maturity of up to 30 years.
- A century bond is a taxable fixed rate bond issued with a 100-year bullet maturity.
- These bonds have only been issued with a make-whole call; a par call (enabling refunding savings) is not economic, if available.



Market Rationale for Century Bonds

- From a borrower's perspective, this approach allows for long-term capitalization to fund a variety of needs.
 - » **Equity-Like Capitalization:** Perceived as a form of "equity" given refinancing risk is greatly reduced for a significant period of time. This is particularly applicable for not-for-profit borrowers without access to true equity; bond proceeds can be used for general corporate purposes.
 - » **Central Bank Funding Approach:** Bond proceeds can be used to fund a capital bank that manages and invests funds over time to provide for long-term renovation and development of campuses and infrastructure.
 - » **Inflation Hedge:** The long-term fixed borrowing rate can serve as a means to partially offset a borrower's rising operating costs in the future attributed to inflation.
- From an investor's perspective, these bonds allow life-insurance companies and pension funds to match their long-term liabilities with assets of a like maturity.



The WALT DISNEY Company



Cleveland Clinic



The Coca-Cola Company



Massachusetts
Institute of
Technology



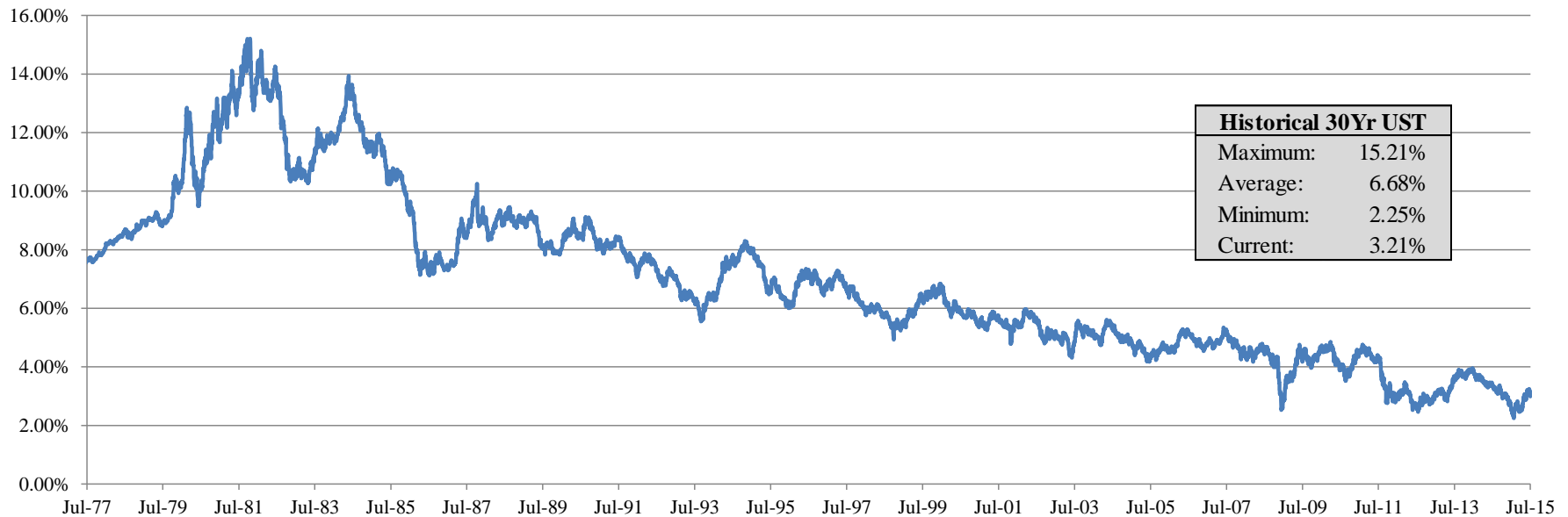
Bristol-Myers Squibb





Historical Interest Rates

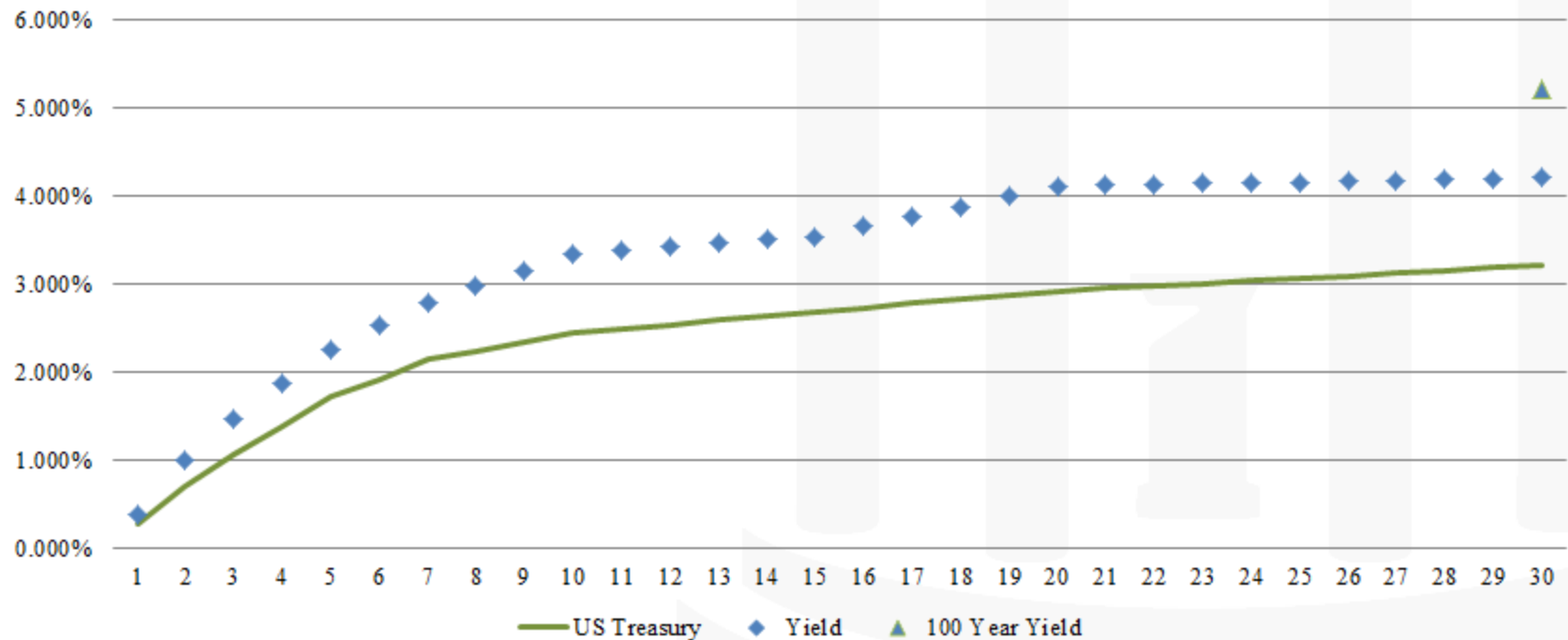
- The 30-Year US Treasury yield is the benchmark rate for taxable century bond issues.
- Since 1977, the 30-Year Treasury yield has averaged 6.68% and is currently 3.21%.
- The 30-Year Treasury yield reached its all-time low of 2.25% in February 2015.





Indicative Pricing & Debt Service

UNC - Chapel Hill - Taxable Interest Rates			
Tenor	Benchmark Treasury	Spread to Treasury	Interst Rate
10 Years	10 Year	0.90%	3.34%
20 Years	30 year	0.90%	4.11%
30 Years	30 Year	1.00%	4.21%
100 Years	30 Year	2.00%	5.21%





Benefits and Considerations

BENEFITS

- Not subject to IRS restrictions on permitted use of bond proceeds.
- Long-term treasury rates are relatively low compared to history with potential to lock in attractive cost of capital over a long period of time.
- Can be used as funding mechanism to address deferred maintenance needs.
- Equity-like characteristics that increase may increase balance sheet flexibility
- Diversification of debt capital along the yield curve.

CONSIDERATIONS

- Issuing tax-exempt debt today for specific capital projects may achieve a lower cost of capital or shorter tenor.
- Depending on use of proceeds, may use up debt capacity for operating needs versus capital needs
- Repayment discipline and policy are critical given long-term nature of obligations and potential changes in administration over term of the debt.
- Low likelihood of economic benefit to redeeming bonds prior to maturity.
- Regardless of the use of funds, rating agencies will include the bonds as long-term debt in their credit analysis; management policy is critical.
- Relatively higher coupons may have greater upfront budgetary impact.
- Investment of proceeds may invoke unrelated business income tax (UBIT).



Century Bonds for Higher Education Borrowers

- Century bonds have emerged in the higher education sector over the past four years with \$4.8 billion issued by ten institutions including three public universities – University of California, Ohio State University and Ohio University.
- In addition to the transactions shown below, there have been century bond transactions for other not-for-profit borrowers including District of Colombia Water and Sewer Authority (\$350 million) and Cleveland Clinic (\$400 million).

Closing Date	Borrower	Ratings	Par Amount	Maturity	Coupon	Spread to 30yr UST
04/08/1996	Yale University	Aaa/AAA/AAA	125,000,000	2096	7.375%	0.700%
11/01/1996	Massachusetts Institute of Technology	Aaa/AAA/AAA	75,000,000	2096	7.250%	0.600%
06/27/1997	Boston University	A1/A/NR	100,000,000	2097	7.625%	0.950%
05/18/2011	Massachusetts Institute of Technology	Aaa/AAA/AAA	750,000,000	2111	5.600%	1.300%
08/10/2011	University of Southern California	Aa1/AA/AA	300,000,000	2111	5.250%	1.740%
10/19/2011	Ohio State University	Aa1/AA/AA	500,000,000	2111	4.850%	1.700%
11/29/2011	California Institute of Technology	Aa1/AA+/AA+	350,000,000	2111	4.700%	1.800%
02/21/2012	University of California	Aa1/AA/AA+	860,000,000	2111	4.860%	1.650%
03/22/2012	Tufts University	Aa2/AA-/NR	250,000,000	2112	5.017%	1.650%
03/29/2012	University of Pennsylvania	Aa2/AA+/NR	300,000,000	2112	4.674%	1.400%
06/26/2012	Bowdoin College	Aa2/NR/NR	128,500,000	2112	4.693%	2.000%
04/30/2013	Hamilton College	Aa2/NR/NR	103,000,000	2113	4.750%	1.980%
04/08/2014	Massachusetts Institute of Technology	Aaa/AAA/AAA	550,000,000	2114	4.678%	1.080%
11/06/2014	Ohio University	Aa3/A+/NR	250,000,000	2114	5.590%	2.500%
04/01/2015	University of California	Aa2/AA/AA	500,000,000	2115	4.770%	2.300%



Recent Higher Education Century Bonds

(Use of Proceeds)

Institution	Use of Proceeds
Bowdoin College	<ul style="list-style-type: none">A portion will be used in the near-term for capital projects; the majority of proceeds will be used to refinance outstanding debt in 2019 and create more permanent capitalization.
Hamilton College	<ul style="list-style-type: none">Proceeds will be used to refinance outstanding debt in 2012 and 2017. This long-term funding is expected to serve as a hedge against declining demographic/economic trends.
Massachusetts Institute of Technology	<ul style="list-style-type: none">The proceeds from these bonds will enable the continued acceleration of the campus renewal program and other strategic research buildings and infrastructure projects.
Ohio University	<ul style="list-style-type: none">Plan to use a central bank concept to fund ongoing deferred maintenance needs and reinvestment in facilities.
Ohio State University	<ul style="list-style-type: none">Intend to use proceeds as part of existing internal bank to fund capital projects including medical center expansion, student housing, and infrastructure improvements.
Tufts University	<ul style="list-style-type: none">Proceeds will be used to pay for capital and infrastructure projects in the University's five-year plan, including deferred maintenance, building renovations and upgrades in IT systems.
University of California	<ul style="list-style-type: none">Creating revolving fund (i.e. central bank) at the campus level to provide funding for deferred maintenance. Included financial metrics and repayment set aside for each campus.
University of Pennsylvania	<ul style="list-style-type: none">Created a Century Bond Program with input from facilities and real estate services to fund ongoing building energy efficiency projects and deferred maintenance.



Case Study: University of California (“UC”)

- The University of California issued two series of century bonds (total of \$1.36 billion) to create a revolving fund at the campus level to provide funding for deferred maintenance.
- UC identified and approved certain capital projects and deferred maintenance needs across its campuses.
- Each campus was subject to a financial feasibility study which included benchmark metrics: (i) debt service to operations; (ii) debt service coverage; and (iii) expendable resources to debt.
- External financing approval requires the campus to meet the debt service to operations benchmark and one of the two other benchmarks for approval.
- The financial feasibility study also included an amount of funds to be set aside for principal repayment.
- Campuses have reported the intended uses of their century bond proceeds. The most common intended uses are deferred maintenance and capital renewal.
- Each campus will manage the bond proceeds as internal loans that will be amortized and repaid over time horizons of approximately 15-30 years, depending on use, until maturity of the century bonds.
- As projects pay back loans, funds could be recycled to fund additional projects of the same campus’ choosing.



Case Study: Ohio University (“OHIO”)

- Ohio University issued \$250 million of century bonds to create a funding mechanism for ongoing deferred maintenance and campus reinvestment.
- In 2010, a study projected that OHIO would reach a \$1 billion deferred maintenance backlog in 20 years should it continue on its current spending path.
- The proposed strategy for addressing the backlog and rising cost per square foot of deferred maintenance included issuance of a century bond to create a funded depreciation model.
- Individual colleges, departments and planning units will borrow from the Central Bank to complete building renovations and restoration, and repay the loans with interest.
- The principal on the bond, payable to investors in 2114, will be paid from the earnings accumulated on an initial \$7 million reserve set aside from University working capital.
- OHIO’s Board of Trustees also approved guiding principles for management of the century bond including: (i) creation of a reserve fund for principal repayment; (ii) investment policy for bond proceeds; (iii) creation of a central bank construct; and (iv) reporting requirements for Board of Trustees oversight.



Illustrative Example

Reserve for Principal Repayment

- Higher education borrowers that issue century bonds typically set aside an initial reserve for future principal repayment. The reserve amount, investment assumption and fiscal discipline are the key variables in this analysis.
- Assuming a \$250 million century bond issue and a 5.00% reinvestment rate, the borrower would need to deposit approximately \$1.79 million today in order to have sufficient funds to repay principal in 100 years.
- Given the long time horizon, the ability to repay principal in the future is sensitive to changes in the reinvestment rate.

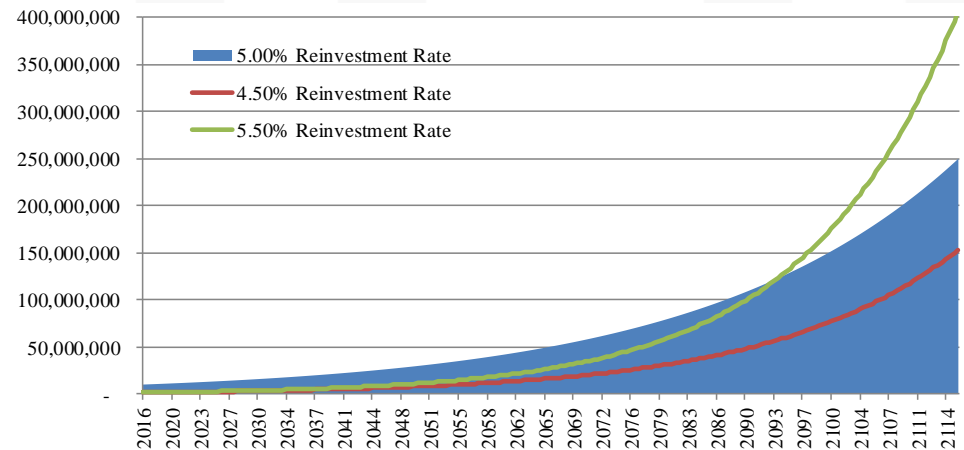


Illustrative Example

Reserve for Principal Repayment

- As shown in the graph on the bottom right, a 50 basis point difference in the reinvestment rate over 100 years can result in an ending balance ranging from \$153 to \$407 million.
- From a different perspective, if the borrower were to deposit \$10 million today, the reserve fund would need to earn at least 3.24% in order to grow its balance to \$250 million in 100 years for principal repayment.

Time Period	Beginning Balance	Earnings	Ending Balance
Year 0 - 10	10,000,000	3,797,297	13,797,297
Year 11 - 20	13,797,297	5,239,243	19,036,539
Year 21 - 30	19,036,539	7,228,739	26,265,278
Year 31 - 40	26,265,278	9,973,705	36,238,983
Year 41 - 50	36,238,983	13,761,017	50,000,000
Year 51 - 60	50,000,000	18,986,483	68,986,483
Year 61 - 70	68,986,483	26,196,214	95,182,697
Year 71 - 80	95,182,697	36,143,693	131,326,390
Year 81 - 90	131,326,390	49,868,526	181,194,916
Year 91 - 100	181,194,916	68,805,084	250,000,000



For illustration purposes only; assumes 5.00% reinvestment rate for 100 year period, compounded semiannually.



Legislative and Tax Considerations

- State statutes would need to be amended to change the maximum term from 30 years to 100 years and may need changes to project definition depending on use of proceeds.
- Changes to state statutes would require support of the Board of Governors, State Treasurer, State Budget Director, State Controller, and General Assembly.
- Generally such statute amendments would need to be considered in long session of legislature (2017), so flexibility would be required for earlier consideration.
- Due diligence is required on potential “Unrelated Business Income Tax” (UBIT) as it pertains to investment income generated off of the proceeds of investment.



Questions