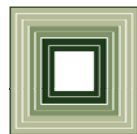


University of North Carolina Capital Assets and Funding Capital Improvements

**Senate Finance Subcommittee
on Capital and Infrastructure
Financing
March 20, 2007**

**Jim Klingler, Fiscal Analyst
Fiscal Research Division**

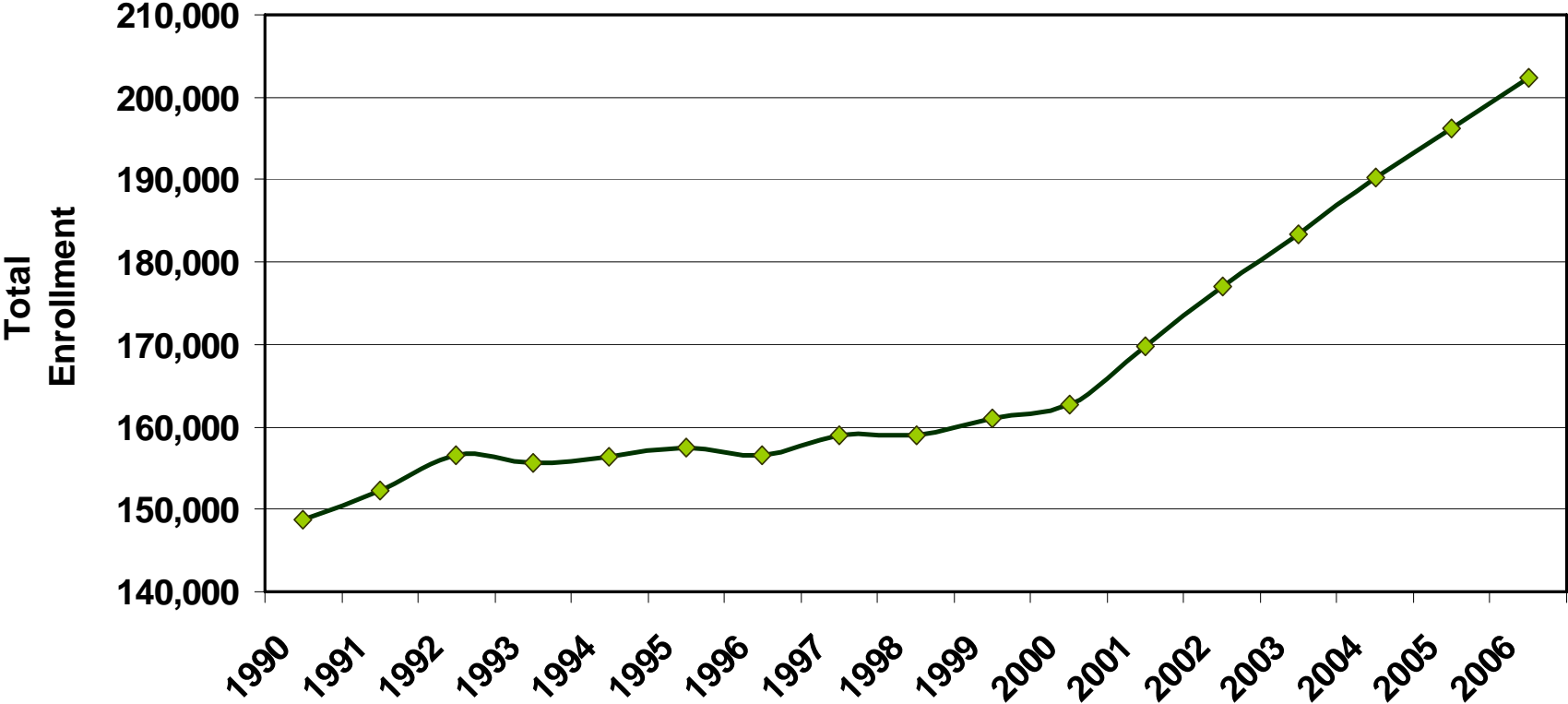


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Preview

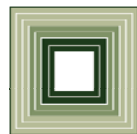
- UNC Capital Assets
- Methods of Funding Capital Improvements
- Capital Improvement Funding Trends

UNC Enrollment for all Campuses



UNC Capital Assets

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UNC Assets – The Big Picture

- The State owns 107.3 million gross square feet of building space
- Of which, 62.2 million gross square feet are allocated to UNC
- 58% of all State building space



UNC Assets – The Big Picture

- The Replacement Value for all State buildings is \$14.9 billion
- Of which, \$10 billion in buildings are allocated to UNC
- 67% of the Replacement Value for all State building space

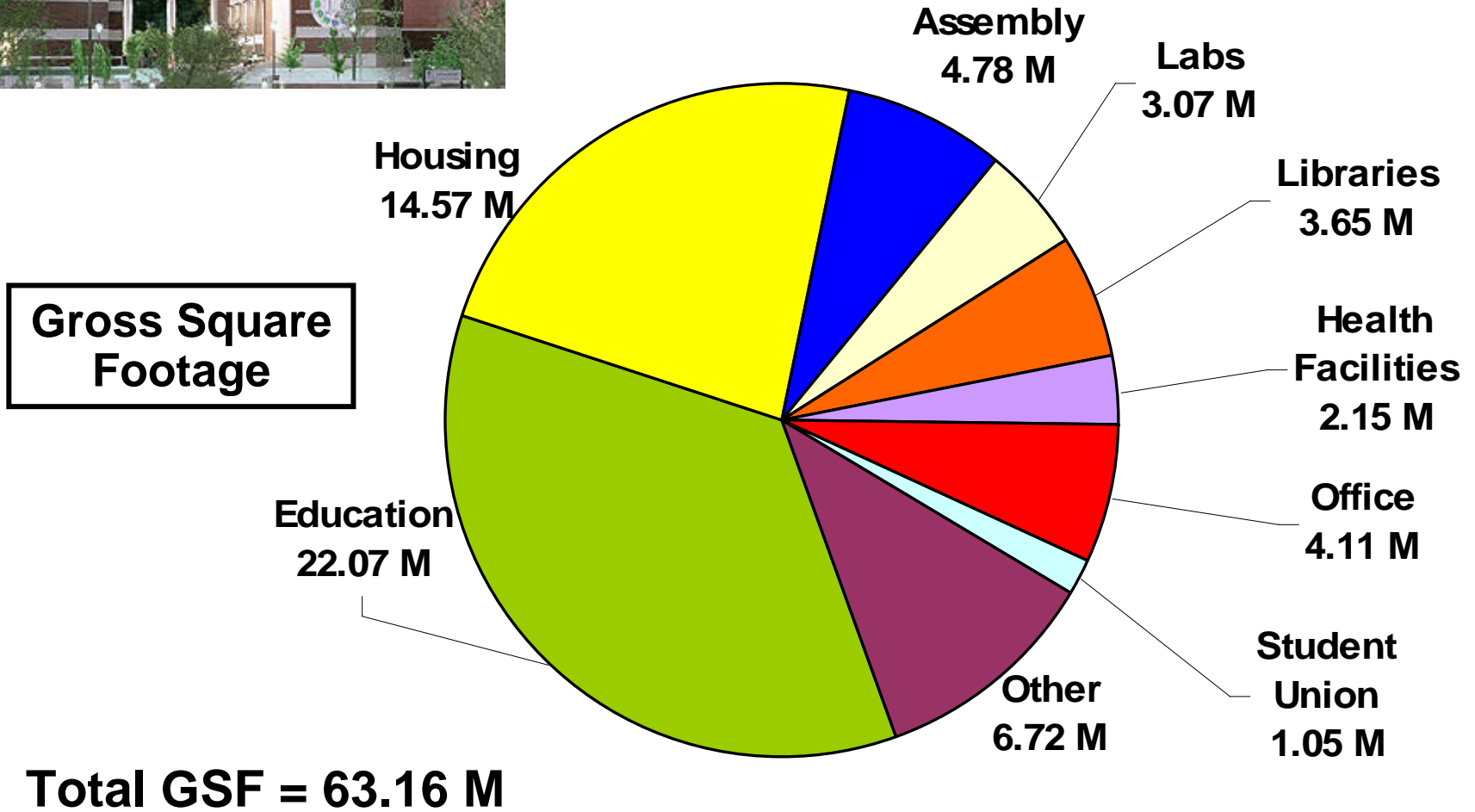


UNC Assets – By Campus

	Gross Square Footage	Insurance Value	Number of Buildings	Acreage	Number of Parcels
Appalachian State	3.88 M	\$217.87 M	119	968	113
East Carolina	5.77 M	\$386.80 M	188	1,396	216
Elizabeth City State	1.10 M	\$61.73 M	72	870	49
Fayetteville State	1.10 M	\$64.47 M	42	197	139
NC A&T	2.73 M	\$142.81 M	134	756	179
NC Central	2.24 M	\$107.40 M	67	69	133
School of the Arts	.84 M	\$36.77 M	65	58	43
NC State	11.83 M	\$653.79 M	1,162	22,583	252
UNC-Asheville	1.19 M	\$56.32 M	62	356	47
UNC-Chapel Hill	13.53 M	\$833.29 M	453	5,255	263
UNC-Charlotte	4.27 M	\$196.34 M	109	1,253	34
UNC-Greensboro	3.94 M	\$215.04 M	118	355	260
UNC-Pembroke	.93 M	\$62.93 M	33	153	33
UNC-Wilmington	2.49 M	\$131.44 M	125	1,003	33
Western Carolina	2.63 M	\$161.19 M	116	1,497	142
Winston-Salem State	1.24 M	\$89.64 M	35	67	81
Other	2.46 M	\$174.18 M	93	524	64
Total	62.16 M	\$3,592.00 M	2,993	37,360	2,081

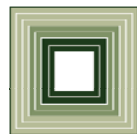


UNC Buildings by Use



Methods of Financing Capital

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Methods of Financing Capital

- General Fund Appropriations
- General Obligation Bonds
[Article V, Sec. 3]
- Legislative Bonds (or two-thirds bonds)
[Article V, Sec. 3(f)]
- Security Interest Indebtedness or COPs
[Chap.142 Art.9]
- Revenue bonds
[Chap.159 Art.5]



Methods of Financing Capital

Special obligation debt

[Chap.116D Art.3]

- Secured by non-tax revenues, but revenues are not related to the project
- GA authorized the Board of Governors to issue special obligation bonds payable from any source of income or receipt except tuition and GF appropriations

Other

- **Private gifts or grants**
- **Federal grants**
- **Receipts - Housing Fees; Student Fees; Debt Service Fees; Overhead Receipts**



General Policy for Funding Capital

Academic Mission

- Facilities that support the Academic Mission of the University are typically funded by the General Fund
- Classroom Buildings, Offices, Research Labs
- Private Gifts, Private Grants, and Federal Grants

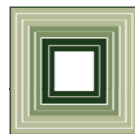
Student Support and Auxiliary Facilities

- Typically funded through non-General Fund sources
- Student Fees, Gifts, and Grants
- Student Housing, Activity Centers, Athletic Facilities, and Parking Facilities

Capital Funding History

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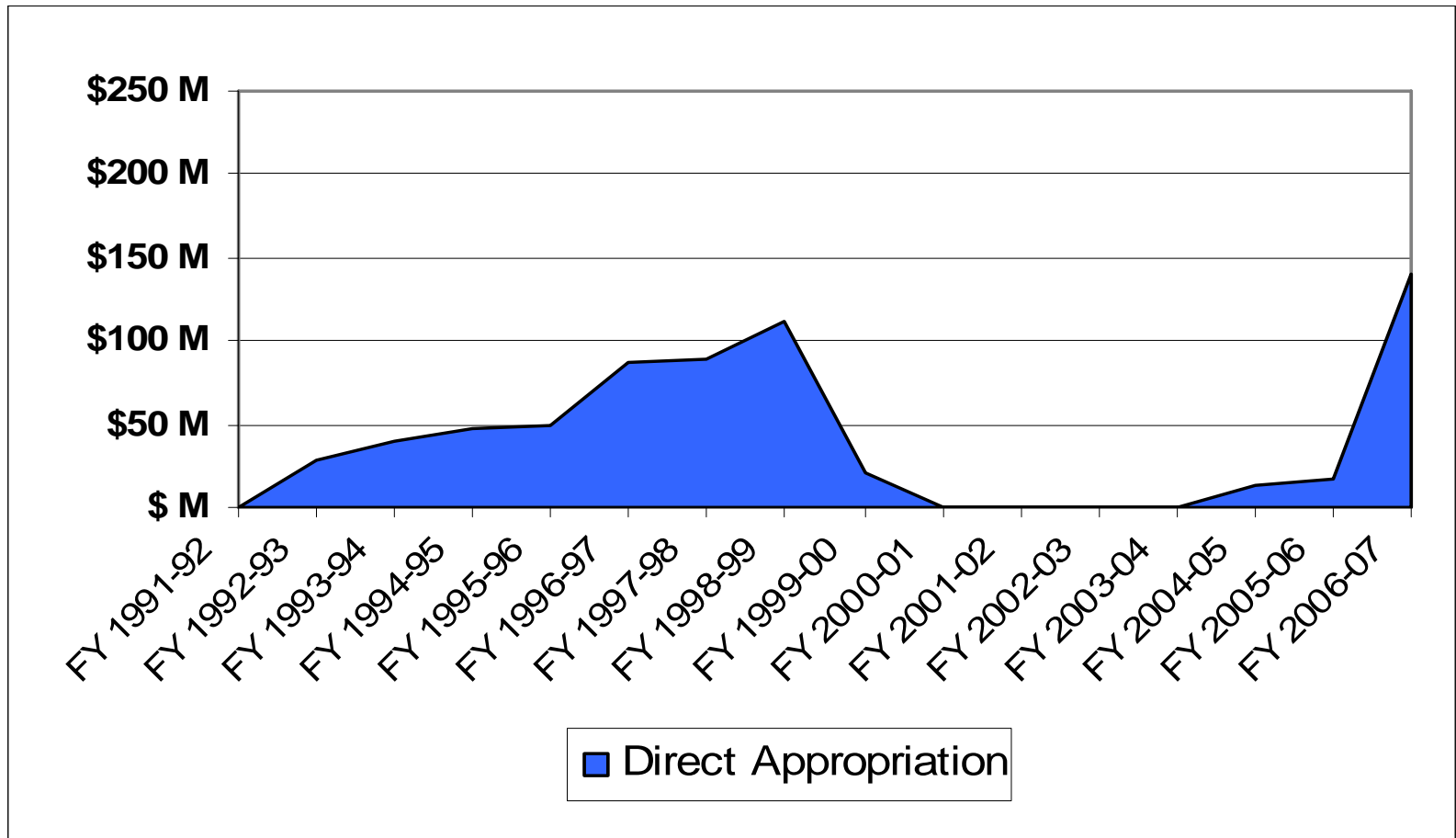
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General Fund Appropriations

UNC New Construction

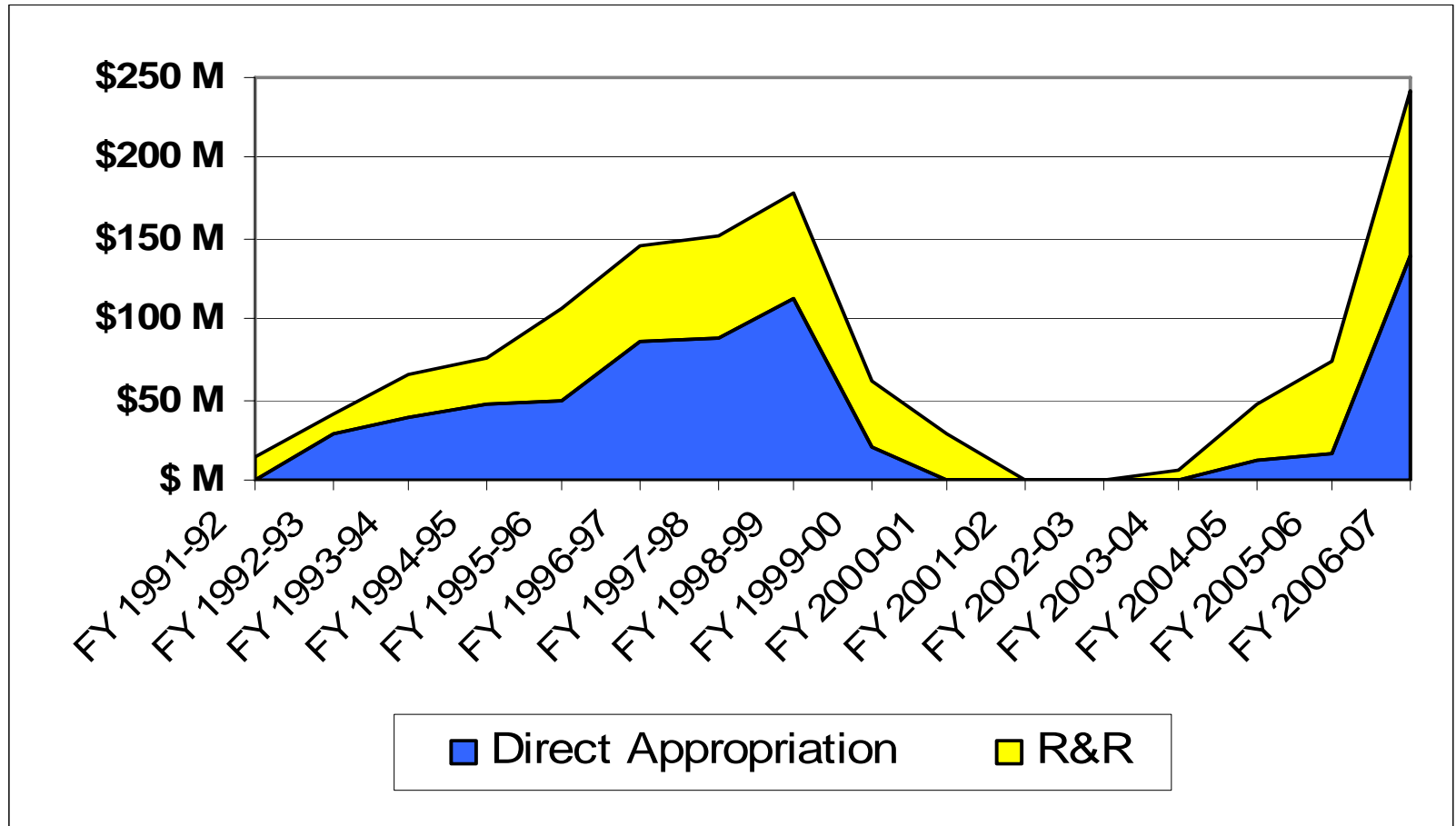


General Fund Appropriation - New Construction

- Since 1991, the General Assembly has appropriated \$640.7 million in General Fund monies for planning and new construction
- 22.9% for NC State
- 18.8% for UNC-Chapel Hill
- 2006 Session – The largest UNC Capital appropriation in the period reviewed (\$140 million)
- Of the 16 years reviewed – 73% of capital appropriations were made in the first 9 years.

General Fund Appropriations

Repairs and Renovations



General Fund Appropriation – R&R

- R&R Policy – Reserve 3% of the Replacement Value of General Fund supported buildings, annually
- Allocation Policy – Of R&R reserves, 46% goes to UNC
- Since 1991, \$597.2 million in R&R has been allocated to UNC.
- 34% since FY 2003-04
- Does not include \$300 million in R&R special indebtedness, of which \$157 million (53%) went to UNC

Debt Financing - General Obligation Bonds

Campus	1993 GO Bonds	%	2000 GO Bonds	%
Appalachian State	\$23,794,900	7.7%	\$88,295,748	3.5%
East Carolina	\$33,900,000	10.9%	\$190,609,500	7.6%
Elizabeth City State	\$6,432,600	2.1%	\$46,767,970	1.9%
Fayetteville State	\$9,479,600	3.1%	\$46,489,768	1.9%
NC A&T	\$13,013,300	4.2%	\$163,446,758	6.5%
NC Central	\$10,989,200	3.5%	\$121,977,231	4.9%
School of the Arts	\$6,999,200	2.3%	\$42,547,500	1.7%
NC State	\$43,887,200	14.2%	\$472,740,939	18.9%
UNC-Asheville	\$11,950,000	3.9%	\$50,464,200	2.0%
UNC-Chapel Hill	\$35,059,100	11.3%	\$515,234,968	20.6%
UNC-Charlotte	\$22,610,400	7.3%	\$190,733,501	7.6%
UNC-Greensboro	\$23,357,000	7.5%	\$166,858,255	6.7%
UNC-Pembroke	\$6,146,000	2.0%	\$56,873,600	2.3%
UNC-Wilmington	\$19,514,950	6.3%	\$110,313,165	4.4%
Western Carolina	\$9,600,000	3.1%	\$100,336,744	4.0%
Winston-Salem State	\$7,192,850	2.3%	\$47,156,581	1.9%
School of Science & Math	\$8,073,700	2.6%	\$5,163,000	0.2%
Other	\$18,000,000	5.8%	\$83,990,572	3.4%
Total	\$310,000,000		\$2,500,000,000	

Debt Financing - Certificates of Participation

Campus	Project	2004	2006
East Carolina	Cardiovascular Center	\$60,000,000	
Elizabeth City State	Pharmacy School	\$28,000,000	
Fayetteville State	Nursing School	\$10,000,000	
UNC-Asheville	Center for Health Promotion	\$35,000,000	
UNC-Chapel Hill	Cancer Center	\$180,000,000	
UNC-Charlotte	Bioinformatics Center	\$35,000,000	
UNC-Charlotte	Centercity Classroom Bldg.		\$45,827,400
UNC-Greensboro	Millennial Campus Research Bldg.	\$10,000,000	
UNC-Pembroke	Nursing School	\$10,000,000	
Western Carolina	Center for Health and Aging	\$10,000,000	
Winston-Salem State	Center for Design Innovation	\$10,000,000	
Total		\$388,000,000	\$45,827,400

- Two authorizations 2004 and 2006
- COPs authorized primarily for Justice and Public Safety and Health and Human Service Agencies
- Could become a growing source for UNC capital

Self-Liquidating Capital Projects

- Sometimes referred to as “Non-Appropriated Projects”
- Funded through various non-General Fund sources
- Includes pay-as-you-go and debt financed capital projects
- Since 2000, UNC has made significant use of Special Obligation Bonds

Self Liquidating Projects - Special Obligation Bonds

- Pledges all non-dedicated sources, except tuition receipts and General Fund appropriations
- Debt is serviced from the particular receipt of the facility – parking fees, dining hall receipts, facilities and auxiliary receipts
- When direct receipts are not available or insufficient, debt service fees are levied
- By pledging all available resources, UNC diversifies risk to bond buyers and lowers the interest rate

Self Liquidating Project Authorizations

Campus	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	Total
Appalachian State	\$12.7 M	\$21.5 M	\$12.0 M	\$40.8 M	\$4.0 M	\$32.0 M	\$4.9 M	\$127.8 M
East Carolina	\$5.6 M	\$8.7 M	\$6.2 M	\$40.0 M	\$8.4 M	\$45.5 M	\$48.3 M	\$162.6 M
Elizabeth City State			\$1.2 M			\$13.5 M	\$1.5 M	\$16.2 M
Fayetteville State			\$2.8 M					\$2.8 M
NC A&T		\$8.2 M		\$2.7 M	\$6.8 M			\$17.7 M
NC Central		\$7.7 M		\$5.0 M	\$17.8 M	\$40.0 M		\$63.5 M
School of the Arts	\$1.0 M							\$1.0 M
NC State	\$34.5 M	\$91.8 M	\$110.7 M	\$54.0 M	\$45.5 M	\$75.1 M	\$68.5 M	\$480.1 M
UNC-Asheville	\$3.7 M				\$12.7 M			\$16.4 M
UNC-Chapel Hill	\$9.0 M	\$54.0 M	\$176.6 M	\$249.2 M	\$214.6 M	\$195.9 M	\$279.7 M	\$1,179.1 M
UNC-Charlotte	\$3.3 M	\$9.9 M	\$37.5 M	\$42.7 M	\$31.7 M	\$21.5 M	\$52.8 M	\$190.4 M
UNC-Greensboro	\$11.0 M	\$7.5 M		\$17.3 M	\$14.0 M	\$13.5 M	\$30.5 M	\$93.8 M
UNC-Pembroke	\$8.8 M		\$5.4 M	\$2.1 M			\$2.0 M	\$10.2 M
UNC-Wilmington			\$38.4 M			\$3.5 M	\$16.9 M	\$58.8 M
Western Carolina		\$8.2 M	\$19.5 M	\$36.9 M		\$1.3 M	\$19.5 M	\$85.3 M
Winston-Salem State		\$3.1 M				\$4.5 M	\$4.5 M	\$12.1 M
Total	\$81.6 M	\$204.5 M	\$410.2 M	\$490.7 M	\$355.5 M	\$446.1 M	\$529.0 M	\$2,517.6 M

\$2.5 billion from 2000-2007 = 2000 Higher Ed Bonds

Self Liquidating Projects – Overhead Receipts

- UNC-Chapel Hill and NC State generate sufficient Overhead Receipts to fund Capital Projects
- OH receipts are used to service debt on authorized capital projects

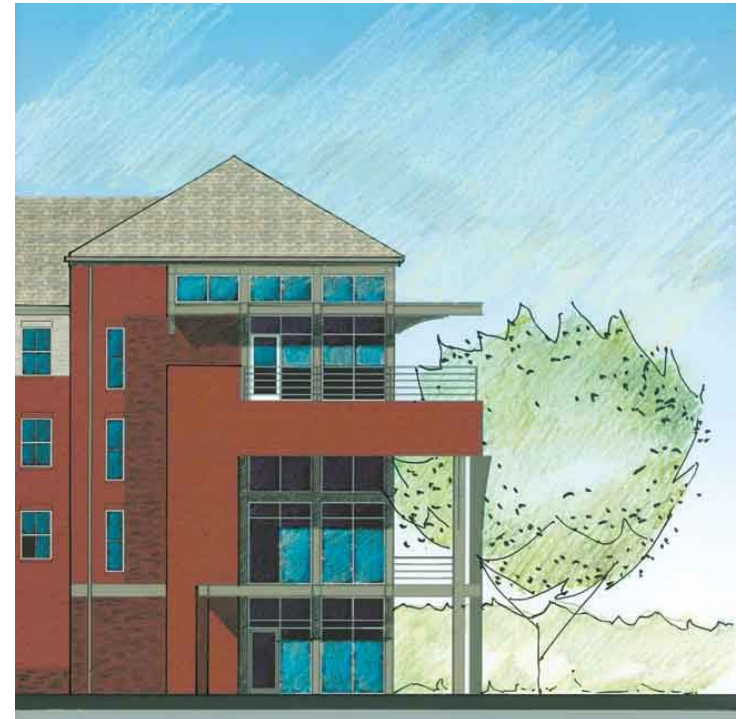
Capital Authorizations Funded from OH Receipts		
Campus	Current	Planned
UNC-Chapel Hill	\$198.8 million	\$123.8 million
NC State	\$60.4 million	\$8 million

Total Capital Authorizations – Since 2000

Campus	General Fund Appropriation	2000 GO Bonds	2003 R&R COPs	2004 & 2006 COPs	Self Liquidating	Total Capital
Appalachian State	\$1.8 M	\$88.3 M	\$7.7 M		\$127.8 M	\$225.6 M
East Carolina		\$190.6 M	\$12.1 M	\$60.0 M	\$162.6 M	\$425.3 M
Elizabeth City State		\$46.8 M	\$3.3 M	\$28.0 M	\$16.2 M	\$94.3 M
Fayetteville State	\$1.0 M	\$46.5 M	\$3.2 M	\$10.0 M	\$2.8 M	\$63.5 M
NC A&T	\$5.0 M	\$163.4 M	\$7.7 M		\$17.7 M	\$193.8 M
NC Central		\$122.0 M	\$5.6 M		\$63.5 M	\$191.1 M
School of the Arts	\$1.0 M	\$42.5 M	\$3.0 M		\$1.0 M	\$47.5 M
NC State	\$69.7 M	\$472.7 M	\$24.2 M		\$480.1 M	\$1,046.8 M
UNC-Asheville		\$50.5 M	\$3.7 M	\$35.0 M	\$16.4 M	\$105.6 M
UNC-Chapel Hill	\$30.9 M	\$515.2 M	\$27.9 M	\$180.0 M	\$1,179.1 M	\$1,933.1 M
UNC-Charlotte	\$4.0 M	\$190.7 M	\$7.1 M	\$80.8 M	\$190.4 M	\$473.0 M
UNC-Greensboro	\$4.3 M	\$166.9 M	\$10.5 M	\$10.0 M	\$93.8 M	\$285.4 M
UNC-Pembroke	\$1.0 M	\$56.9 M	\$3.5 M	\$10.0 M	\$10.2 M	\$81.6 M
UNC-Wilmington	\$30.1 M	\$110.3 M	\$4.6 M		\$58.8 M	\$203.8 M
Western Carolina	\$2.4 M	\$100.3 M	\$5.1 M	\$10.0 M	\$85.3 M	\$203.2 M
Winston-Salem State	\$5.5 M	\$47.2 M	\$3.4 M	\$10.0 M	\$12.1 M	\$78.1 M
Other	\$12.3 M	\$89.2 M	\$24.4 M			\$125.8 M
Subtotal	\$169.1 M	\$2,500.0 M	\$157.1 M	\$433.8 M	\$2,517.6 M	\$5,777.6 M
R&R	\$229.8 M					
Grand Total	\$398.8 M	\$2,500.0 M	\$157.1 M	\$433.8 M	\$2,517.6 M	\$6,007.4 M

One Last Point...Foundation Housing

- Historically, Foundations have funded then gifted projects to Campuses
- Foundations are now building Apartment Style Student Housing
- These are private construction projects whose debt are serviced with Student Housing receipts, limited to the project
- WSSU, ECSU, WCU, and UNC-Pembroke – Total of 1,810 beds
- \$70.8 million in construction cost



One Last Point...Foundation Housing

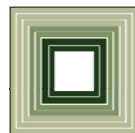
- General Assembly authorization is not required
- Debt is issued by the Treasurer
- Current business model uses a Master Lease – the Campus leases and manages the project
- The Master Lease must be approved by the Council of State



Questions?

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