

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 620 (First Edition)

SHORT TITLE: UNC Capital Projects.

SPONSOR(S): Representatives Brawley, Saine, Szoka, and Rogers

FISCAL IMPACT					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
General Fund Revenues:					
General Fund Expenditures:					
Special Fund Revenues:	\$114.2	\$126.7	\$129.8	\$138.6	\$141.2
Special Fund Expenditures:	\$103.6	\$112.3	\$119.2	\$124.3	\$127.6
State Positions:	13.0	13.0	14.0	14.0	14.0
NET STATE IMPACT	\$10.6	\$14.4	\$10.6	\$14.3	\$13.6
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
EFFECTIVE DATE:					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

AN ACT TO AUTHORIZE THE ACQUISITION OR CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

House Bill 620 authorizes the campuses of the University of North Carolina (UNC) to finance and construct capital improvement projects utilizing obligated resources. The projects are discussed in the Assumptions and Methodology Section of this Memo. The statutory framework to authorize and issue debt lies within Article 3 of G.S. 116D. Under this Article, obligated resources refers to: rents, charges, or fees; earnings on investments of endowment funds, overhead receipts, and other resources that do not include appropriations from the General Assembly or tuition. UNC is authorized to change, with approval of the Director of the Budget, the means of finance for the projects authorized in the Bill and increase or decrease the cost of the project. UNC is allowed to issue debt above 5% of the total cost of the project, including any increase authorized by the Director of the Budget, to cover various costs of issuance of the debt. The proposed indebtedness authorized under this Bill is not a debt of the State.

ASSUMPTIONS AND METHODOLOGY:

The table below provides information on the projects within Section 2 of this bill and provides the proposed sources of funding. Article 3 of G.S. 116D authorizes all obligated resources to be used as means of repayment and does not limit the source of funding to those presented in the table below. If an existing fee or receipt is to be used, the table identifies the fee and any annual increase associated with the fee.

Table 1: Campus Project Information

Campus	Project	Amount	Source	Existing Fee/Receipt Increase
ECU	Dowdy-Ficklen Stadium Southside Renovation	\$55,000,000	Premium Seat Sale, Gifts	N/A
ECSU	Demolition of Hugh Cale and Doles Halls	\$611,294	Housing Fees	N/A
ECSU	Renovation of Bias Hall	\$4,522,272	Housing Fees	N/A
ECSU	Renovation of Butler Hall	\$3,790,242	Housing Fees	N/A
ECSU	Demolition of Complex A-G Buildings	\$576,192	Housing Fees	N/A
ECSU	Update Master Plan	\$500,000	Housing Fees	N/A
NCCU	Baynes Residence Hall Renovations	\$6,542,121	Housing Fees	\$200-215 Increase in Housing Fees
UNC-CH	Indoor Practice Facility and Fetzer Field	\$30,000,000	Gifts	N/A
UNC-CH	Media and Communications Studio	\$10,000,000	Broadcasting Revenues	N/A
UNC-CH	Division of Laboratory Animal Medicine Renovations	\$21,890,000	Facilities and Administrative Receipts	N/A
UNC-CH	Kenan Labs	\$7,683,000	Facilities and Administrative Receipts	N/A
UNC-CH	Medical Education Building	\$22,600,000	Clinical Tax Receipts	N/A
UNC-G	Spartan Village – Phase II	\$50,900,000	Housing and Dining Fees	2% Annual Increase for Housing, 2.5% Annual Increase for Dining
WCU	Parking Deck Facility	\$23,615,185	Parking Fees	Approximately 20% Increase in Parking Fees

In addition to the debt to be authorized above, the campuses at the UNC System have existing debt that has been authorized under Article 3 of G.S. 116D and Part 4 of G.S. 116 (Revenue Bonds). The amount of outstanding debt, revenue available to support debt service¹, and annual debt service payment are presented below, estimated for FY 2016-17, for the campuses impacted by this bill. The source of information of all debt related information is the 2017 University of North Carolina Debt Capacity Study, as required by Article 5 of G.S. 116D.

Table 2: Selected Campus Debt Information: FY 2016-17 (Not including debt and related revenues proposed by this bill)

Campus	Outstanding Debt	Debt Service Payment	Expendable Resources
ECU	\$343,010,047	\$24,093,859	\$338,774,005
ECSU	\$26,445,000	\$2,530,587	\$17,653,874
NCCU	\$76,127,000	\$3,508,708	\$27,041,540
UNC-CH	\$1,313,920,000	\$72,484,238	\$2,486,895,889
UNC-G	\$283,891,000	\$25,565,002	\$219,169,096
WCU	\$117,350,000	\$9,159,347	\$130,885,842

Each campus receives a bond rating from the various Bond Rating Agencies. The most widely utilized bond rating agencies are Moody’s Investor Services (Moody’s), Fitch Ratings (Fitch), and Standard and Poor’s Global Ratings (S&P). A bond rating reflects the credit quality of an entity, or its ability to make timely principal and interest (debt service) payments. The rating agency also gives an “Outlook” with the rating. This factor is the agency’s estimate of how the rate will change in the future. A positive outlook means that the rating is likely to be upgraded in the future. A negative outlook means that the rating is likely to be downgraded in the future. A stable rating means the agency anticipates no change to the rating in the future. Each rating agency does not rate each campus. Moody’s is the only agency to rate all of the UNC constituent institutions. Ratings from S&P and Fitch are presented if they are available.

Table 3: Selected Campus Bond Rating Information

Campus	Moody’s		S&P		Fitch	
	<u>Rating</u>	<u>Outlook</u>	<u>Rating</u>	<u>Outlook</u>	<u>Rating</u>	<u>Outlook</u>
ECU	Aa2	Stable	AA-	Stable		
ECSU	Baa1	Negative				
NCCU	A3	Stable				
UNC-CH	Aaa	Stable	AAA	Stable	AAA	Stable
UNC-G	Aa3	Stable	A+	Stable		
WCU	Aa3	Stable				

General Statute 116D-56 requires the University of North Carolina System to study each constituent institutions debt and ability to incur debt over the next five fiscal years. Table 4 presents the debt capacity for each constituent institution for FY 2017-18 to FY 2020-21. Debt

¹ “Resources Available for Debt Service” reflects the total amount of “obligated resources” discussed in the Bill Summary that could be used towards debt service. Should the project specific revenue not be sufficient to cover debt service, alterations to expenditures supported by such resources would be made to cover debt service.

capacity is a measure of the campus's debt to obligated resources ratio. The UNC Debt Affordability Study recommends a ratio of no higher than 2.00. If a campus has a ratio of debt to obligated resources that is above 2.00 then the debt service in the table below will show a negative value. Debt capacity is a limited metric and does not equate to debt affordability. Debt capacity is a general indicator of the school's ability to take on more debt. Table 4 does not reflect debt proposed in this Bill or associated revenue to support debt service. The debt capacity shown in each year assumes no additional debt is issued prior to that year.

Table 4: Selected Campus Debt Capacity Information

Campus	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
ECU	\$275,419,804	\$300,795,540	\$324,318,043	\$347,874,135
ECSU	(\$955,168)	\$585,149	\$1,881,712	\$3,259,619
NCCU	(\$28,416,850)	(\$22,216,718)	(\$15,242,788)	(\$8,039,400)
UNC-CH	\$508,980,846	\$571,935,856	\$623,464,775	\$686,827,469
UNC-G	\$166,978,122	\$139,698,708	\$160,228,068	\$181,487,224
WCU	\$70,530,456	\$78,909,143	\$88,541,486	\$98,430,710

East Carolina University

ECU is requesting \$55 million in debt authority to renovate Dowdy-Ficklen Stadium. The project will include the replacement of the press box originally constructed in 1978, new suite and lounge areas, renovations to the student athlete academic support areas, and renovations to the training and locker room spaces. The project will be debt financed with the sale of premium seating pledged as debt service. The seating sales will also cover the operating costs of the renovated space. ECU is planning a philanthropic giving campaign with a goal of \$15 million as a backstop to any deficiencies in the seating sales. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 5: Dowdy-Ficklen Stadium Renovations

Dowdy-Ficklen Stadium Southside Renovations	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$786,000	\$3,277,904	\$3,277,904	\$3,277,904	\$3,277,904
Operating Expense	\$0	\$300,000	\$309,000	\$318,270	\$327,818
<i>Total</i>	\$786,000	\$3,577,904	\$3,586,904	\$3,596,174	\$3,605,722
FTE	-	-	-	-	-
Revenue					
Premium Seating Revenue	\$786,000	\$3,577,904	\$3,586,904	\$3,596,174	\$3,605,722
Net Impact	\$0	\$0	\$0	\$0	\$0

Elizabeth City State University

ECSU is requesting \$10 million in debt authority to renovate two residence halls, demolish nine buildings, and update the campus master plan. ECSU will demolish Hugh Cale and Doles

residence halls. Both buildings were built in 1956 and renovating the buildings would cost greater than 60% of the estimated replacement value. The cost for the demolition is \$611,294. ECSU also plans to demolish seven buildings named Complex A-G. Six of these buildings are residence halls with the seventh housing a laundry room and office. The cost to demolish these buildings is \$576,192.

The renovations of Bias and Butler Halls will add 547 beds to the campus by FY 2021-22. The renovation project for Bias Hall will include the addition of an elevator, replacement of all electrical/plumbing/mechanical systems, and a change in room layouts. The project cost is \$4,522,272. The renovation project for Butler Hall will include the replacement of all electrical/plumbing/mechanical systems and a change in room layouts. The total project cost is \$3,790,242. ECSU plans to spend \$500,000 to update the Campus Master Plan. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 6: Renovation and Demolition Projects, Campus Master Plan

Renovation and Demolition Projects, Campus Master Plan	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,200,000)	(\$671,575)
Operating Expense	\$0	\$0	\$474,347	\$483,834	\$493,511
<i>Total</i>	(\$1,500,000)	(\$1,500,000)	(\$1,025,653)	(\$716,166)	(\$178,064)
FTE	-	-	-	-	-
Revenue					
Housing Rental Revenue	\$9,866	\$923,035	\$1,556,662	\$1,687,115	\$1,820,176
Net Impact	\$1,509,866	\$2,423,035	\$2,582,315	\$2,403,281	\$1,998,241

Note on the ECSU projects

ECSU plans to finance the project through a loan from the Community Facilities Direct Loan Program of the United States Department of Agriculture (USDA). The program offers eligible borrowers fixed rate loans of up to 40 years. The USDA has determined that ECSU does not meet the eligibility requirements for the loan program but the ECSU Housing Foundation LLC, might meet the eligibility requirements. Under the anticipated financing agreement, ECSU would lease Butler and Bias Halls to the Foundation with a Ground Lease. The USDA would loan the proceeds to the Foundation in return for a security interest of the housing facilities under a Deed of Trust. ECSU would operate the projects and collect the housing revenue from the renovated buildings. ECSU would then pay the debt service on behalf of the Foundation to the USDA. It is important to note that the USDA has not yet approved the loan and the loan will be dependent upon eligibility requirements and availability of funds. ECSU has proposed a 30 year fixed rate bond sale based on its own credit rating of Baa1 to refinance \$27.5 million in previous debt and \$10 million in new projects.

ECSU and the Foundation plan to borrow \$20.4 million through the loan program at an anticipated interest rate of 3.375%. Half of the funds will go towards the new projects described above and

half will go towards refinancing older loans of the Foundation. The goal of the refinancing, according to documents from the UNC Board of Governors and First Tryon Advisors, is to reduce total debt service payments by \$4.25 million over the next five fiscal years and provide \$3.72 million in savings for FY 2017-18.

Under the plan put forward by the Board of Governors and First Tryon Advisors, the Foundation will refinance a loan from 2003 and replace it with the USDA loan. The debt service for the USDA loan will be similar to the refinanced 2003 loan. The Foundation will see a drop in its debt service, paid for by ECSU, for the first three years then the debt service for the USDA loan will be approximately \$920,000 per year. The existing 2003 loan has an annual debt service of approximately \$923,000 per year. Entering into the proposed loan program would extend the debt service payments until FY 2058-59, well past the study period of the Debt Affordability Study. The 2003 loan is due to be paid off in FY 2032-33.

ECSU currently has about \$26.4 million in existing debt. The addition of the \$10 million in new projects would be an increase of approximately 40% in the total debt for the school. According to the credit profile from Moody's, ECSU faces credit challenges due to enrollment and tuition revenue declines over multiple years and anticipated decreases in auxiliary revenue. ECSU's bond rating is Baa1 with a negative outlook from Moody's. This rating is the lowest across the UNC system. Fiscal staff cannot speculate on how the rating agencies or bond market will react to the additional debt proposed in this bill.

ECSU's debt to obligated resources ratio is currently above the ceiling recommended by the Debt Affordability Study. This ratio measures ECSU's debt to its funds legally available to service the debt. The upper limit advised by the Study is 2.25 and the target ratio is 2.00. Currently, ECSU has a ratio of 2.48 (\$26,445,000 in debt divided by \$10,671,405 in obligated resources). With no new debt, ECSU's ratio will fall below the ceiling ratio of 2.25 in FY 2018-19 and fall below the target ratio by FY 2020-21. With the additional \$10 million in new debt, ECSU's debt to obligated resources will likely remain above the upper limit ratio of 2.25 throughout the 2017 Debt Affordability Study's time frame ending in FY 2020-21.

It is possible that the renovations to the dormitories and demolition of older buildings will make the campus more attractive to students thus increasing tuition and other revenue but that is outside the scope of this fiscal note.

ECSU is proposing to use 40 year debt to pay for the demolition of buildings and a new campus master plan. Ideally, the useful life of the debt financed project should outlive the debt service payments. Using debt for planning and demolition runs counter to the general debt management practices of the State.

North Carolina Central University

NCCU is requesting \$6,542,121 in debt authority for the renovation of Baynes Residence Hall. The project began in the summer of 2016 and is planned to be complete in the summer of 2019. The total project cost is \$12.2 million with \$6.542 million in debt and \$5.665 million in cash. The debt service will be paid by housing receipts. NCCU will increase fees for student housing by approximately \$200-215. The project will be a comprehensive renovation and include replacement

of the elevators and roof, HVAC improvements, cosmetic upgrades, asbestos abatement, life safety issues identified in the Facilities Condition Assessment Program (FCAP) report, and required building code related upgrades. The project will increase the number of beds available by 232 for the fall 2020 academic semester. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 7: Baynes Residence Hall Renovations

Baynes Residence Hall Renovations	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$378,325	\$378,325	\$378,325	\$378,325	\$378,325
Operating Expense	\$14,194,194	\$15,104,916	\$15,521,193	\$16,695,241	\$18,278,332
<i>Total</i>	\$14,572,519	\$15,483,241	\$15,899,518	\$17,073,566	\$18,656,657
FTE	-	-	-	-	-
Revenue					
Student Housing Fees	\$15,332,789	\$15,868,808	\$16,472,019	\$18,414,573	\$18,967,011
Housing Sales & Service	\$611,178	\$629,513	\$648,399	\$667,851	\$687,887
<i>Total</i>	\$15,943,967	\$16,498,321	\$17,120,418	\$19,082,424	\$19,654,898
Net Impact	\$1,371,448	\$1,015,080	\$1,220,900	\$2,008,858	\$998,241

Note on NCCU project

As noted in Table 4 above, NCCU will have a debt to obligated resources ratio of greater than the ceiling ratio of 2.00 from the UNC Debt Affordability Study recommendation. NCCU is expected to \$36.1 million for a new student center and \$9.1 million for deferred maintenance projects. To pay for the student center, NCCU increased the debt service fee charged annually to students by \$250 in FY 2016-17 and an additional \$100 annually per student in FY 2017-18. The project will require additional proceeds from the Student Activities Fee used to support student union related activities. The fee is projected by rise 4.0% a year, per student, from \$227 to \$265 in FY 2020-21.

Moody’s upgraded the outlook for NCCU’s credit profile from negative to stable in 2017 but did note the challenges of limited revenue growth for the school as well as competition for students from the other four historically black colleges and universities (HBCUs) in the UNC system. The anticipated increase in operating expenses and housing revenues will slightly decrease NCCU’s debt service to operating expenses ratio. The ratio is not anticipated to go above 5.00% as advised by the Debt Affordability Study.

University of North Carolina at Chapel Hill

Indoor Practice Facility and Fetzer Field

UNC-CH is requesting \$30 million in debt authority for a new indoor practice and training facility. The project will include a new indoor artificial turf, one lit outdoor natural field, and one lit outdoor artificial turf. The debt service and debt placement will be financed by the Educational Foundation, Inc. also known as The Rams Club. The Rams Club will privately fundraise to pay for the debt service. UNC-CH may issue a \$30M special obligation bond as a backstop for the project.

Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 8: Indoor Practice Facility and Fetzer Field

Indoor Practice Facility and Fetzer Field	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$1,958,222	\$1,958,222	\$1,958,222	\$1,958,222	\$1,958,222
Operating Expense	\$500,000	\$500,000	\$2,549,881	\$3,501,934	\$4,238,093
<i>Total</i>	\$2,458,222	\$2,458,222	\$4,508,103	\$5,460,156	\$6,196,315
FTE	-	-	-	-	-
Revenue					
Athletic Department Surplus	\$1,542,137	\$2,131,302	\$3,178,996	\$4,443,102	\$4,934,556
Blue Zone Surplus	\$1,654,177	\$1,938,585	\$1,717,590	\$2,008,262	\$1,692,358
<i>Total</i>	\$3,196,314	\$4,069,887	\$4,896,586	\$6,451,364	\$6,626,914
Net Impact	\$738,092	\$1,611,665	\$388,483	\$991,208	\$430,599

Media and Communication Studio (Athletics)

UNC-CH is requesting \$10 million in debt authority to build a new broadcast center to produce events on the Atlantic Coast Conference (ACC) Network. The facility will include three control rooms and two studios. The debt service payments will be covered by funds distributed by the ACC Network including the grant of rights increase in FY 2017-18 and revenue sharing after the linear launch in FY 2019-20. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 9: Media and Communications Studio

Media and Communications Studio	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$652,741	\$652,741	\$652,741	\$652,741	\$652,741
Operating Expense	\$500,000	\$500,000	\$2,549,881	\$3,501,934	\$4,238,093
<i>Total</i>	\$1,152,741	\$1,152,741	\$3,202,622	\$4,154,675	\$4,890,834
FTE	-	-	-	-	-
Revenue					
Athletic Department Surplus	\$1,654,177	\$1,938,585	\$1,717,590	\$2,008,262	\$1,692,358
Blue Zone Surplus	\$1,542,137	\$2,131,302	\$3,178,996	\$4,443,102	\$4,934,556
<i>Total</i>	\$3,196,314	\$4,069,887	\$4,896,586	\$6,451,364	\$6,626,914
Net Impact	\$2,043,573	\$2,917,146	\$1,693,964	\$2,296,689	\$1,736,080

Division of Laboratory Animal Medicine (DLAM) Renovations

UNC-CH is requesting \$21.89 million in debt authority for swing space to make way for the new medical education building. The funds will renovate and expand various facilities so the division can move the animals from the Berryhill Hall vivarium to other DLAM facilities. The facilities will be renovated or expanded to meet The Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) standards. The construction is set to begin in September 2017 and completion in September of 2020. Debt service and operating expenses will be paid for out of facilities and administrative receipts. The receipts are from federal grants and contracts. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 10: Department of Laboratory Animal Medicine Renovations

DLAM Renovations	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$1,428,849	\$1,428,849	\$1,428,849	\$1,428,849	\$1,428,849
Operating Expense	\$21,965	\$44,104	\$44,104	\$44,104	\$44,104
<i>Total</i>	\$1,450,814	\$1,472,953	\$1,472,953	\$1,472,953	\$1,472,953
FTE	-	-	-	-	-
Revenue					
Facilities and Administrative Receipts	\$1,450,814	\$1,472,953	\$1,472,953	\$1,472,953	\$1,472,953
Net Impact	\$0	\$0	\$0	\$0	\$0

Kenan Labs

UNC-CH is requesting \$7,683,000 in debt authority to renovate five laboratories for the department of Applied Physical Sciences (APS). The project will be completed in two phases with labs 8B and 8C in phase one and labs 7A, 7B, and 7C in phase two. The renovations will include asbestos abatement, replacement of HVAC systems, emergency generator issues, and Americans with Disabilities Act requirements. Design is underway with construction scheduled to begin in September 2017. The project is set to complete in February of 2018. Debt service and operating expenses will be paid for out of facilities and administrative receipts. The receipts are from federal grants and contracts. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 11: Kenan Labs Renovations

Kenan Labs Renovations	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$501,501	\$501,501	\$501,501	\$501,501	\$501,501
Operating Expense	\$64,645	\$74,360	\$74,360	\$74,360	\$74,360
<i>Total</i>	\$566,146	\$575,861	\$575,861	\$575,861	\$575,861
FTE	1	1	1	1	1
Revenue					
Grant Receipts	\$64,645	\$74,360	\$74,360	\$74,360	\$74,360
Facilities and Administrative Receipts	\$501,501	\$501,501	\$501,501	\$501,501	\$501,501
<i>Total</i>	\$566,146	\$575,861	\$575,861	\$575,861	\$575,861
Net Impact	\$0	\$0	\$0	\$0	\$0

Medical Education Building

UNC-CH is requesting \$22.6 million for the construction of a new medical education building. The new building will replace Berryhill Hall. The current facility was opened in 1970. Enrollment in 1970 was 353 medical students and the current enrollment is approximately 2,400 students. The new building will allow for a class size increase of nearly 30%. Construction is set to begin January 2019 and be complete in September 2023. The source of the debt service payment is clinical tax receipts. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 12: Medical Education Building

Medical Education Building	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$1,475,194	\$1,475,194	\$1,475,194	\$1,475,194	\$1,475,194
Operating Expense	\$29,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
<i>Total</i>	\$30,475,194	\$31,375,194	\$31,375,194	\$31,375,194	\$31,375,194
FTE	-	-	-	-	-
Revenue					
Clinical Tax Receipts	\$36,000,000	\$36,000,000	\$36,500,000	\$37,000,000	\$37,000,000
Net Impact	\$5,524,806	\$4,452,806	\$5,024,806	\$5,524,806	\$6,024,806

University of North Carolina at Greensboro

UNC-G is requesting \$50.9 million in debt authority to acquire new housing complexes, land, and parking spaces for phase two of the Spartan Village project. The project includes 330 new apartment style beds and 26,000 gross square footage (GSF) of mixed use space. Debt service will be paid with revenue from housing and dining receipts. Student fees for housing will increase 2%

annually and student fees for dining will increase 2.5% annually. Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 13: Spartan Village Phase – II

Spartan Village Phase - II	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$1,260,000	\$3,360,000	\$3,360,000	\$3,360,000	\$3,360,000
Operating Expense	\$51,772,398	\$53,740,605	\$54,015,992	\$55,693,469	\$55,414,755
<i>Total</i>	\$53,032,398	\$57,100,605	\$57,375,992	\$59,053,479	\$58,774,755
FTE	-	-	-	-	-
Revenue					
Housing Receipts	\$33,372,233	\$35,923,947	\$35,045,568	\$37,683,614	\$38,584,810
Dining Receipts	\$20,471,000	\$20,919,694	\$21,373,132	\$21,839,376	\$22,398,196
<i>Total</i>	\$50,843,233	\$56,843,641	\$56,418,700	\$59,522,990	\$60,983,006
Net Impact	\$810,835	(\$256,964)	(\$957,292)	\$469,511	\$2,208,251

Western Carolina University

WCU is requesting \$23,615,185 in debt authority to construct a new 1100 space parking structure. The structure will also include 30,000 gross square footage to house parking administration and campus police functions. Construction is estimated to begin on July 1, 2018 and be complete on August 1, 2019. The debt service will be paid from reserves and parking receipts. WCU plans to increase yearly parking rates by approximately 20% for FY 2017-18 and FY 2018-19. The rates will vary based on the salary of the faculty/staff and the grade level of the student. The increases in rates are in the table below.

Table 14: WCU Parking Rate Increases

Group	Parking Rate Increase
Faculty/Staff Reserved	\$164
Faculty/Staff>\$100,000	\$89
Faculty/Staff>\$75,000-99,999	\$64
Faculty/Staff>\$50,000-74,999	\$51
Faculty/Staff>\$35,000-49,999	\$38
Faculty/Staff>\$25,000-34,999	\$24
Faculty/Staff<\$25,000	\$12
Freshman	\$76
Sophomore	\$64
Junior	\$52
Senior	\$26
Graduate	\$26
Commuter	\$64

Information on the anticipated debt service, operating expenses, and revenue appear in the table below.

Table 15: Parking Deck Facility

Parking Deck Facility	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Expense					
New Debt Service	\$0	\$0	\$1,536,202	\$1,536,202	\$1,536,202
Operating Expense	\$611,611	\$640,860	\$704,378	\$717,162	\$730,197
<i>Total</i>	\$611,611	\$640,860	\$2,240,580	\$2,253,364	\$2,266,399
FTE	12	12	13	13	13
Revenue					
Parking Receipts	\$2,228,502	\$2,713,470	\$2,750,382	\$2,788,076	\$2,826,569
Net Impact	\$1,616,891	\$2,072,610	\$509,802	\$534,712	\$560,170

SOURCES OF DATA: UNC Debt Affordability Study, UNC General Administration, First Tryon Advisors

TECHNICAL CONSIDERATIONS: None

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