



**Board of Trustees
Committee Meeting
Rudolph Jones Student Center
Room 242**

COMMITTEE ON BUDGET AND FINANCE

Wednesday, March 26, 2025

1:00 p.m.

AGENDA

| | |
|-----------------------------|-----------------------------------|
| Call to Order | Stuart Augustine, Committee Chair |
| Welcome and Opening Remarks | Stuart Augustine |
| Roll Call | Karen Bussey |
| Approval of Minutes | December 11, 2024 |

Information Items:

| | |
|----------------------------|---|
| A. Financial Update | Kenny Spayd <i>Chief Financial Officer</i> |
| B. UNC System Priorities | |
| C. Capital Projects Update | |

Action Items:

- BF-1 Project Authority Increase – Spaulding Building Renovation
- BF-2 Debt Issuance Authority – New Residence Hall

Committee Members: Glenn Adams, Stuart Augustine, Donald Moore, William Warner, and Kimberly Jeffries Leonard

Staff Liaison: Kenny Spayd
Board Professional: Anita Shamberger

For further information, please contact:
Kenny Spayd, Chief Financial Officer
910-672-1062

COMMITTEE ON BUDGET AND FINANCE

Wednesday, December 11, 2024

1:15 PM

The Committee on Budget and Finance of the Fayetteville State University Board of Trustees convened Wednesday, December 11, 2024, in the Rudolph Jones Center Room 242 and via Microsoft Teams. Committee Chair Stuart Augustine presided and called the meeting to order at 1:15 p.m.

ROLL CALL

The following Trustee Committee members were in attendance: Mr. Stuart Augustine, Mr. Will Warner, Mr. Donald Moore, and Dr. Kimberly Jeffries Leonard.

Staff persons in attendance were Chancellor Darrell Allison, AVC Kenny Spayd, AVC Michelle Donegain, AVC Sandra Williams, AVC (Interim) Gene Cottrell, VC Wanda Jenkins.

APPROVAL OF MINUTES

Trustee Will Warner motioned to approve the minutes of the Committee on Budget and Finance meeting held on September 25, 2024, as distributed. Trustee Kimberly Jeffries Leonard seconded the motion. The motion carried.

CAPITAL PROJECTS AND MAJOR/MINOR RENOVATIONS UPDATES

Mr. Kenny Spayd, Associate Vice Chancellor of Finance, presented updates on several construction and capital projects.

New Residence Hall: The new residence hall is on target to be completed in summer 2025. The building will house 336 additional beds on campus. Debt to be issued in April/May 2025.

Health and Wellness Center: The project is on track for a January 2026 completion. The 24,631 square foot center will house student health services and campus wellness. AVC Spayd provided a bid day update.

New College of Education: Site work for the project began in October 2024 and the bid opens on December 12, 2024. The project's estimated completion is set for Summer 2026.

New Parking Deck: The University is seeking an additional \$1million to add a third level to supply an additional 55 spaces. The estimated completion is in 2026.

Starbucks: Starbucks will open mid-January 2025.

Chick Building: The construction documents for this renovation are in progress and will be submitted to State Construction in April 2025. The bid process will be over summer 2025 with a completion in 2026.

Rosenthal: The design development for this renovation is in progress and will be submitted to State Construction in Spring 2025. The estimated completion of the renovation is in 2027.

Cook Building: Advanced planning is coming to an end for this renovation. The estimated completion is in 2026.

An overview of the following minor renovations was presented: phase 1 of the electronic door access project, the East Quad hardscape and lighting work, The continuing education renovations, and the Spaulding building renovation. Additionally, \$2 million in repair and renovation funding was authorized for FSU during the November Board of Governors meeting. This funding will be used to replace fire alarms, sewer lines, building pneumatic controls, repair air handlers and many other items across campus. Trustee William Warner asked about the \$1 million-dollar additional funds? AVC Spayd shared some of the projects that will be with the R&R dollars. \$250,000 has been set aside for utilities relocations for the parking debt project. Additional projects include replacing HVAC equipment, fire alarms and control panels, and air handlers in several buildings.

BUDGET UPDATE

State Funded Operations: Through November, the University has expended 40.3% of its state funded operating budget (lower than last Nov). Expenses are in line with earlier projections. The University is tracking for a budget surplus.

Auxiliary Outlook: Through November, approximately 45.6% of the budget has been expended. The University is on pace for a budget surplus.

ADJOURNMENT

The Committee on Budget and Finance adjourned at approximately 1:31 p.m.

Respectfully Submitted,

Stuart Augustine, Committee Chair
Anita Cheatham, Recorder



BOARD OF TRUSTEES COMMITTEE ON BUDGET AND FINANCE

**Kenny Spayd
Chief Financial Officer
March 26, 2025**

FINANCIAL UPDATE

STATE FUNDED OPERATIONS

- Through February roughly 62.8% of the budget has been exhausted.
- Expenses are trending below last year's pace
- On track for a budget surplus

| Fayetteville State University - General Fund | | |
|--|--------------------|-------------------|
| Revenue | Budget | Through Feb |
| State Appropriations | 95,532,381 | 63,932,261 |
| Tuition | 13,115,695 | 13,635,588 |
| Sales and Services | 681,199 | 395,176 |
| Contracts and Grants | 3,294,277 | 1,057,696 |
| Gifts and Investments | 86,610 | 92,834 |
| Other Revenues | 463,097 | 126,721 |
| Revenues Total | 113,173,259 | 79,240,277 |
| Expense | | |
| Salaries and Wages | 62,751,781 | 40,939,868 |
| Staff Benefits | 20,853,563 | 14,287,543 |
| Services, Supplies & Materials | 20,313,601 | 9,780,485 |
| Scholarships and Fellowships | 4,675,000 | 2,967,164 |
| Debt Service | 846,484 | 722,270 |
| Utilities | 2,486,309 | 1,578,753 |
| Expenses Total | 111,926,738 | 70,276,082 |

FINANCIAL UPDATE AUXILIARIES

- Expenses are tracking in-line with the initial budget.
- Revenues are mixed.
 - Student Fees on track to exceed budget by \$500K
 - Sales and Services to underperform by \$400K

| Fayetteville State University - Auxiliaries and Other Trust Funds | | |
|---|-------------------|-------------------|
| Revenue | Budget | Through Feb |
| Student Fees | 14,410,340 | 13,504,186 |
| Sales and Services | 26,787,592 | 21,518,065 |
| Gifts and Investments | 1,550,000 | 743,926 |
| Other Revenues | 3,700,000 | 2,393,988 |
| Revenues Total | 46,447,932 | 38,160,166 |
| Expense | | |
| Salaries and Wages | 8,838,471 | 5,615,922 |
| Staff Benefits | 3,046,182 | 1,754,333 |
| Services, Supplies & Materials | 26,698,000 | 18,362,643 |
| Scholarships and Fellowships | 1,400,000 | 1,344,543 |
| Debt Service | 3,036,623 | 2,076,309 |
| Utilities | 1,095,902 | 791,560 |
| Expenses Total | 44,115,178 | 29,945,310 |
| Surplus / (Deficit) | 2,332,754 | 8,214,856 |

UNC SYSTEM OPERATING PRIORITIES 2025-2027 BIENNIUM

Challenging Operating Environment Ahead:

February 2025 Consensus General Fund Revenue Forecast

| Amounts (millions) | FY24 | FY25 | FY26 | FY27 |
|--------------------|-----------|-----------|-----------|-----------|
| Actual | \$ 33,694 | | | |
| Consensus Estimate | | \$ 34,708 | \$ 34,890 | \$ 34,067 |
| Change | | \$ 1,014 | \$ 182 | \$ (823) |
| % Change | | 3.0% | 0.5% | -2.4% |

Anticipates FY26 revenue collections are high enough to trigger an additional 0.5% rate reduction to the personal income tax in 2027

UNC SYSTEM OPERATING PRIORITIES 2025-2027 BIENNIUM

| UNC System Operating Priorities | | |
|---------------------------------|------------|------------|
| | FY 26 | FY 27 |
| UNC Enrollment Change | 46,375,508 | 66,375,508 |
| Performance Pool Funding | 30,000,000 | 30,000,000 |
| NC Promise | 9,500,000 | 13,000,000 |
| Completion Assistance Grants | 5,000,000 | 5,000,000 |

- The UNC System approved their biennium operating priorities at the February BOG meeting.
- Presented within are those priorities that affect FSU.

UNC SYSTEM OPERATING PRIORITIES 2025-2027 BIENNIUM

| | FY 26 | FY 27 |
|-----------------------|------------|------------|
| UNC Enrollment Change | 46,375,508 | 66,375,508 |

- The amount requested for FY 26 is based on Calendar Year 2024 enrollment increases.
- FSU is due approximately \$2.5M from increases in enrollment.
- FSU had the **second** largest percentage increase in enrollment during this period.



FY 2025-26 Enrollment Funding Request

| Institution | 2024 Enrollment Change | % of Base Budget |
|--------------|------------------------|------------------|
| App State | \$4,399,924 | 1.2% |
| ECU | (4,129,746) | -0.7% |
| ECSU | 565,890 | 1.0% |
| FSU | 2,496,837 | 2.4% |
| N.C. A&T | (778,165) | -0.3% |
| NCCU | 4,713,562 | 3.1% |
| NC State | 14,048,265 | 1.2% |
| UNCA | 831,429 | 1.2% |
| UNC-CH | 2,443,372 | 0.2% |
| UNCC | 8,588,565 | 1.6% |
| UNCG | 6,399,830 | 2.1% |
| UNCP | 875,241 | 0.8% |
| UNCW | 5,244,133 | 1.5% |
| UNCSA | 923,652 | 1.6% |
| WCU | 143,610 | 0.1% |
| WSSU | (483,783) | -0.5% |
| NCSSM | 92,892 | 0.2% |
| TOTAL | 46,375,508 | 0.8% |

UNC SYSTEM OPERATING PRIORITIES 2025-2027 BIENNIUM

| | FY 26 | FY 27 |
|--------------------------|------------|------------|
| Performance Pool Funding | 30,000,000 | 30,000,000 |

- The maximum a University can earn is based upon their proportionate share of FTE students. For FSU, the maximum funding amount to be gained or lost is **\$826K**.
- FSU is slated to receive **\$745K** in additional funding in FY 2026

| Metrics |
|---------------------------------|
| 4-year Grad Rate |
| Undergraduate Degree Efficiency |
| First-Time Debt |
| Transfer Debt |
| E&R per Degree |
| Military Affiliated Enrollment |

UNC SYSTEM OPERATING PRIORITIES 2025-2027 BIENNIUM

| | FY 26 | FY 27 |
|------------|-----------|------------|
| NC Promise | 9,500,000 | 13,000,000 |

- For the current year, NC Promise institutions grew enrollment at a pace that, for the first time, did not keep pace with the increase in NC Promise funding.
- This request closes the current year funding gap and provides funding for expected enrollment increases in the next two fiscal years.
- FSU's portion of the current year funding gap approximates \$1.6M

UNC SYSTEM OPERATING PRIORITIES 2025-2027 BIENNIUM

| | FY 26 | FY 27 |
|------------------------------|-----------|-----------|
| Completion Assistance Grants | 5,000,000 | 5,000,000 |

- FSU would be awarded funding based on its proportionate share of undergraduate, residential Pell recipients
- To be eligible a student must
 - Be an undergraduate, NC resident
 - Completed at least 60 hours
 - Have a financial need
 - Completed a FAFSA
 - Meet Satisfactory Academic Progress standards
- Eligible students would receive up to \$1,000 per academic semester.

UNC SYSTEM CAPITAL PRIORITIES 2025-2027 BIENNIUM

- Shown below is the UNC System's Capital Request and FSU's new capital project requests
(Previously approved projects and their cash flows are not shown.)

| UNC System Capital Priorities | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Project Class | FY 26 | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 |
| UNC R&R | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |
| Previously Authorized Capital Projects | 608,200,000 | 369,600,000 | 285,000,000 | 212,700,000 | 168,100,000 | 161,600,000 |
| New or Increased Projects | 32,800,000 | 94,700,000 | 143,900,000 | 158,200,000 | 224,500,000 | 253,500,000 |
| Total | 891,000,000 | 714,300,000 | 678,900,000 | 620,900,000 | 642,600,000 | 665,100,000 |

| Fayetteville State University | | | | | | | |
|--|-------|-------|------------|-----------|-----------|------------|------------|
| Campus Project | FY 26 | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | Beyond |
| Campus Wide Utility Infrastructure | | | 3,000,000 | | | | 3,000,000 |
| Lauretta Taylor Bldg Targeted Renovation | | | 14,951,307 | | | | 14,951,307 |
| Taylor Social Science Bldg Targeted Renovation | | | | 7,884,759 | | | 7,884,759 |
| J. Knuckles Science Annex Targeted Renovation | | | | | 9,881,207 | | 9,881,207 |
| Capel Health & PE Building Targeted Renovation | | | | 4,000,000 | | 10,000,000 | 26,088,258 |
| | | | | | | | 40,088,258 |

CAPITAL PROJECTS UPDATE NEW CONSTRUCTION

New Residence Hall:

- Cost: \$50M project authority
 - \$44M State Appropriations
 - \$5M+ Debt Issuance
- Four stories, 78,093 square feet 336 beds
- Debt to be issued late April
- August 2025 completion



College of Education

- Cost: \$69.3M project authority
- Four stories, 72,027 square
- Excellent bid day
- Estimated Completion – Summer 2026



Health and Wellness Center

- Cost - \$13.9 Project Authority
 - \$5.5M State Appropriations
 - \$8.4 HEERF
- Two stories, 24,631 square feet
 - Student Health Services
 - Campus Wellness
- Estimated Completion February 2026



CAPITAL PROJECTS UPDATE

NEW CONSTRUCTION

Parking Deck

- Cost - \$11 Project Authority
- Three levels
 - 288 spaces
- Estimated Completion
 - July 2026



CAPITAL PROJECTS UPDATE

MAJOR RENOVATIONS

- Chick - \$12.27M
 - Construction Documents in progress – submission to State Construction in April 2025
 - Bid in Summer 2025
 - Complete during 2H2026
- Rosenthal - \$13.04M
 - Design Development in progress – submit to State Construction in Spring 2025
 - Complete during 1H2027
- Cook - \$10M
 - Ended Advance Planning, moving to Design Development stage.
 - Eligible for OSBM flexibility funding, to mitigate potential inflationary increases.
 - Complete during 2H2026

ACTION ITEM – SPAULDING RENOVATION PROJECT AUTHORITY INCREASE (BF-1)

- **Background:** The University has project authority for a \$1.3 million renovation of the Spaulding building. This building will be the home of Student Disability Services and Student Counseling.
- **Issue:** Our most recent estimate indicates the current project scope will cost \$1.62M.
- **Action Taken:** Furniture and moving costs have been taken out of the project scope and will be funded from other sources. After this action, the project is overbudget by \$150K.
- **Motion:** Recommend approval to the Full Board to increase the Spaulding renovation project authority by \$150 thousand to \$1.45 million with Student Health Services Fees.

ACTION ITEM – NEW RESIDENCE HALL AUTHORITY TO ISSUE DEBT (BF-2)

- **Background:** In December 2023, the Board approved increasing the project authority for the New Residence Hall from \$44M to \$50M and approved the University to fund the additional \$6M of project authority using self-liquidating debt authority.
- **Issue:** The project will exhaust the original \$44M in funding in early May.
- The University held a competitive RFP process and received responses from nine banks.

ACTION ITEM – NEW RESIDENCE HALL AUTHORITY TO ISSUE DEBT (BF-2)

- Results of RFP

| Bank | Interest Rate | Rate Lock | Bank Fees | Bank Counsel Fees |
|---------------------|--|---|--|-----------------------------|
| PNC | 3.59% (MWC) | 2 Weeks Prior to Closing | Waived | Estimated to be \$8,500 |
| TD Bank | 3.70% (MWC) 3.90% (3-Yr Call) | Rate Locked at Award | Waived | Estimated to be \$10,000 |
| Regions | 3.76% (4-Yr Call) | TBD | Waived | Not-to-Exceed \$20,000 |
| Webster Bank | 3.86% (3-Yr Call) | Rate Locked to Closing | Waived | Not-to-Exceed \$6,500 |
| JP Morgan | 4.00% (Non-Callable) 4.23% (3-Yr Call) | Indicative Until Rate Lock is Signed | Waived | Between \$15,000 & \$20,000 |
| First Citizens | 4.21% (102% Years 1-4; 100% Thereafter) | Rate Lock for Up to 60 Days After Award | 0.10% of Loan Amount (\$6,200 ¹) | Not-to-Exceed \$40,000 |
| Dogwood State Bank | 4.75% (Callable Anytime) | Not Specified | 0.25% of Loan Amount (\$15,500 ¹) | Not Specified |
| Atlantic Union Bank | 4.94% (103% Years 1-3; 100% Thereafter) | Will Lock <u>Spread</u> for 30 Days | Waived | Not-to-Exceed \$20,000 |
| First Carolina Bank | 5.38% (Callable Anytime) - 5-Years Only | Not Specified | Waived | Not Specified |

ACTION ITEM – NEW RESIDENCE HALL AUTHORITY TO ISSUE DEBT (BF-2)

New Residence Hall Pro Forma with Estimated Debt Service

| New Residence Hall - 7 Year Loan 5.2 million @ 3.59% | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| Housing Fees | 2,386,709 | 2,458,310 | 2,532,060 | 2,608,021 | 2,686,262 | 2,766,850 | 2,849,855 | 2,935,351 |
| Operating Expenses | 749,664 | 772,154 | 795,319 | 819,178 | 843,753 | 869,066 | 895,138 | 921,992 |
| Funds Available for Debt Service | 1,637,045 | 1,686,156 | 1,736,741 | 1,788,843 | 1,842,509 | 1,897,784 | 1,954,717 | 2,013,359 |
| Debt Service | 853,290 | 853,290 | 853,290 | 853,290 | 853,290 | 853,290 | 853,290 | - |
| Free Cash Flow after Debt Service | 783,755 | 832,866 | 883,451 | 935,553 | 989,219 | 1,044,494 | 1,101,427 | 2,013,359 |

The University selected a seven-year term loan as it serves the dual purposes

- 1) Pay down the debt expeditiously.
- 2) Provide the housing system free cash flow to address deferred maintenance needs.

Motion: Recommend to the Full Board the approval of the resolution authorizing the issuance of Special Obligation Bonds to fund the completion of the New Residence Hall Project



COMMENTS OR QUESTIONS?

Agenda Item BF-1

Executive Summary

MEETING DATE: March 26, 2025

COMMITTEE: Budget and Finance

SUBJECT Increase in Project Authority- Spaulding Renovation

BACKGROUND: Board of Trustees approval is required for new capital projects or additions in construction project budget authority for previously approved projects. The Higher Education Emergency Relief Fund (HEERF) funded FSU Spaulding Renovation project authority of \$1,300,000 was approved by the FSU Board of Trustees in June 2023.

Advance Planning and designer selection for this project has also been approved by the Board in February 2024 and March 2024 respectively.

Our current schematic design estimate reflects that the project needs \$150,000 of additional authority to complete the entire scope of the renovation.

Additional project authority of \$150,000 funded by cash reserves of already collected student health fees. This will bring the total project authority to \$1,450,000.

MOTION: Move to approve the additional \$150,000 of project authority to be funded from Health Service Fee reserves.

Supporting Document(s) Included: none

Reviewed by: Kenny Spayd
Chief Financial Officer

Date: 3/5/2025

Prepared by: Gene Cottrell
Director of Facilities Budget & Administration

Date: 3/5/2025

Agenda Item BF-2

Executive Summary

MEETING DATE: March 26, 2025

COMMITTEE: Budget and Finance

SUBJECT New Residence Hall Project:
Authority to Issue Special Obligation Bonds

BACKGROUND: In July 2022, the North Carolina General Assembly passed S.L. 2022-74, appropriating \$40 million for the construction of a new residence hall.

Subsequently, the North Carolina Office of State Budget and Management approved an additional \$4,000,000 in project authority for the New Residence Hall project in April of 2023 bringing the total project authority to \$44,000,000.

An additional \$6,000,000 in project authority, to be financed via self-liquidating debt, was approved by the Board of Trustees in December of 2023. It was subsequently approved by the Board of Governors in April 2024 and approved by the legislature through S.L. 2024-24

After a competitive process, the University has awarded the debt issuance to PNC, to provide a seven-year term at a fixed rate of 3.59%. This rate was locked on March 14, 2025. The deal is scheduled to close on April 30th, 2025, contingent on Board of Trustees and Board of Governors approval.

MOTION: Move to approve the resolution authorizing the issuance of Special Obligation Bonds to fund the completion of the New Residence Hall Project.

Supporting Document(s) Included: Resolution of the BOT of FSU to Approve the Issuance of Special Obligation Bonds

Prepared by: Kenny Spayd
Chief Financial Officer

Date: 3/14/2025

**RESOLUTION OF THE BOARD OF TRUSTEES OF
FAYETTEVILLE STATE UNIVERSITY
APPROVING THE ISSUANCE OF SPECIAL OBLIGATION BONDS**

WHEREAS, under Article 3, Section 116D General Statutes of North Carolina (the “*Act*”) the Board of Governors (the “*Board of Governors*”) of the University of North Carolina (the “*University*”) may issue special obligation bonds, payable from obligated resources to pay the costs of acquiring, constructing or providing special obligation bond projects at one of the constituent institutions of the University or refunding any obligations previously issued by the Board of Governors;

WHEREAS, Fayetteville State University (“*FSU*”) has requested that the Board of Governors issue its special obligation bonds (the “*Bonds*”), the proceeds of which will be applied by FSU, together with other available funds, for the construction of a new residence hall as authorized by S.L. 2024-24 of the 2023 Session Laws of the North Carolina General Assembly (the “*Special Obligation Bond Project*”);

WHEREAS, Section 116D-26(b) of the Act requires the Board of Trustees of FSU to approve the issuance of the Bonds for the Special Obligation Bond Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Fayetteville State University as follows:

Section 1. ***Approval of Issuance of the Bonds.*** The issuance of the Bonds for the Special Obligation Bond Project is approved.

Section 2. ***Documents Authorized.*** The Chairman of the Board of Trustees, the Chancellor and the Vice Chancellor for Finance and Administration, individually or collectively, are hereby authorized, empowered and directed to do any and all other acts and to execute any and all documents, which they, in their discretion, deem necessary and appropriate in order to consummate the issuance of the Bonds and the transactions contemplated by this Resolution.

Section 3. ***Effective Date.*** This Resolution is effective immediately.

ADOPTED AND APPROVED this 27th day of March, 2025.

**THE BOARD OF TRUSTEES OF FAYETTEVILLE STATE
UNIVERSITY**

By: _____
Secretary

STATE OF NORTH CAROLINA

)
)
)

SS:

I, Frederick Nelson Jr., the duly elected Secretary of the Board of Trustees of Fayetteville State University, ***DO HEREBY CERTIFY*** that (1) the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Trustees of Fayetteville State University at its meeting of March 27, 2025 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Trustees of Fayetteville State University held on March 27, 2025 was sent to each member of the Board, and (3) a quorum was present at the meeting on March 27, 2025 at which time the foregoing Resolution was adopted.

WITNESS, my hand this 27th day of March, 2025.

Secretary