

## **Policy on Design, Construction, and Financing of Capital Improvement Projects**

I. Authority. G.S. 143C-8-12 provides the Board of Governors with authority to approve certain expenditures for capital improvement projects that will be funded and operated entirely from non-General Fund money, including expenditures to plan, construct, and change the scope of such projects.

Additionally, G.S. 116-31.11 delegates to the Board of Governors the authority for the administration of design, construction, or renovation of buildings, utilities, and other property developments requiring the estimated expenditure of public money of \$2,000,000 or less. The Board is also authorized to delegate that authority to constituent institutions and affiliated entities of the University of North Carolina if an institution or affiliated entity is qualified under guidelines developed in consultation with the director of the budget and the State Building Commission. Pursuant to this authority, guidelines entitled "The University of North Carolina Design and Construction Guidelines" were implemented to provide assistance to the constituent institutions in the administration of the design and construction of capital improvement projects. Copies of the guidelines may be obtained at the UNC System Office.

Pursuant to and consistent with its authority under the North Carolina General Statutes, including G.S. 116-11(13), the Board of Governors adopts the following policy regarding authority of the president and boards of trustees to approve and administer certain capital improvement projects.

### **II. Approval of Certain Capital Improvement Projects**

#### **A. General Delegations of Authority to the President and Boards of Trustees for Approval of Certain Capital Improvement Projects.**

1. The Board of Governors delegates to the president and the boards of trustees the power to approve capital improvement projects that are funded entirely with non-General Fund money that are projected to cost less than \$750,000.<sup>1</sup> The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.

2. The Board of Governors delegates to the president and the boards of trustees authority to approve advance planning of capital improvement projects, where the advance planning effort is to be funded entirely with non-General Fund money.<sup>2</sup>

3. After the long-term financing of a capital improvement project has been approved in accordance with statutory requirements, the president may approve interim financing or bank loans as a means of short-term financing. The president shall report any such actions to the Committee on Budget and Finance at its next meeting.

B. Additional Delegations of Authority to the President and Boards of Trustees for Approval of Capital Improvement Projects.

1. The Board of Governors may delegate to the president additional authority to approve capital improvement projects funded entirely with non-General Fund money that are projected to cost less than \$1,000,000.<sup>3</sup>

2. Upon request by the board of trustees of a constituent institution or affiliated entity and with the recommendation of the president, the Board of Governors may delegate to the board of trustees of a constituent institution or affiliated entity additional authority to approve capital improvement projects funded entirely with non-General Fund money that are projected to cost less than \$1,000,000.<sup>4</sup>

3. Should the Board of Governors delegate additional authority to one or more boards of trustees or affiliated entities consistent with paragraph 2., above, the president shall automatically receive authority to approve capital improvement projects at a level equal to the highest level of authority delegated to a board of trustees or affiliated entity. The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.

4. The senior vice president for finance and administration, in consultation with the senior vice president and general counsel, shall establish the process by which a constituent institution may request and maintain delegated authority consistent with G.S. 143C-8-12 and other relevant state law. The minimum criteria a constituent institution must meet to receive and maintain authorization from the Board of Governors shall include, but not be limited to, performance of a written, comprehensive self-assessment that demonstrates:

a. The constituent institution has performed a written, comprehensive self-assessment that demonstrates it has the administrative, technical, and support resources necessary to properly carry out the delegated authority.

b. The chancellor has certified in writing that the constituent institution has the administrative, technical, and support resources necessary to properly carry out the delegated authority.

c. The constituent institution has a properly constituted and active campus capital project review committee comprised of individuals with sufficient technical expertise, strategic perspective and executive authority to perform the duties required herein.

d. The constituent institution has an individual on staff with substantial experience in managing capital improvement projects and the chancellor has designated that individual as the campus capital project coordinator.

e. The constituent institution has appropriate and sufficient technical and professional staff with demonstrated capability in the planning, financing, and oversight of capital improvement projects.

f. An assessment team, assembled and led by the senior vice president for finance, has reviewed the constituent institution's self-assessment, has performed an on-site capabilities appraisal that confirms the institution's self-assessment, and has recommended delegation to the president.

Constituent institutions will be reviewed for re-authorization under this section on a periodic basis, to be established by the senior vice president for finance and administration.

5. Upon review in response to a request for re-authorization or in response to a report of noncompliance with this policy or its associated regulations, for good cause, and consistent with G.S. 143C-8-12 and other relevant state law, the president may revoke or suspend the authority of a constituent institution or take other remedial action as the president deems necessary and appropriate. Once authority has been revoked or suspended pursuant to this policy, all future capital improvement projects for the institution involved shall be completed in accordance with the General Statutes of North Carolina and the general delegations of authority provided for in section II of this policy.

III. Administration of Design and Construction of Certain Capital Improvement Projects. Delegations of the Board of Governors authority for the administration of design and construction of capital improvement projects requiring the estimated expenditure of public money of \$2,000,000 or less shall be in accordance with G.S. 116-31.11 and "The University of North Carolina Design and Construction Guidelines."

IV. Procedures and Reporting Requirements. The senior vice president for finance and administration shall have general authority to establish such procedures and reporting requirements for constituent institutions and affiliated entities as may be prudent to enable implementation of this policy and associated regulations.

#### V. Other Matters

A. Effective Date. The requirements of this policy shall be effective on July 1, 2019.

B. Relation to Other Laws. This policy is designed to supplement, and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern capital improvement projects in the State of North Carolina.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

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<sup>1</sup> This delegation of authority shall be interpreted consistent with G.S. 143C-8-12. See also Appendix 1 to *The Code* and Section 200.6 of the UNC Policy Manual.

<sup>2</sup> Unless otherwise indicated by the Board of Governors, this delegation of authority to boards of trustees to approve advance planning efforts shall not be further delegated.

<sup>3</sup> See endnote 1, above.

<sup>4</sup> See endnote, 1, above.