

**NORTH CAROLINA CENTRAL UNIVERSITY
DURHAM, NORTH CAROLINA
BOARD OF TRUSTEES
SPECIAL CALL MEETING MINUTES**

FEBRUARY 20, 2019

The NCCU Board of Trustees met via telephone conference call on Wednesday, February 20, 2019. Vice Chairman Barbee called the meeting to order at 10:00 a.m.

ROLL CALL: Present: Mr. John Barbee, Mrs. Karyn Wilkerson, Mrs. Oita Coleman, Mr. Kevin Holloway, Mr. James Walker, Mr. Isaiah Tidwell, Dr. Kenneth Tindall, Mr. Ms. Allyson Siegel, Mr. Michael Johnson and Mr. Davanta Parker.

Absent: Mr. George Hamilton, Mr. John Herrera and Dr. John McCubbins

ADOPTION OF THE AGENDA: It was moved by Trustee Siegel and properly seconded by Trustee Coleman that the agenda be adopted. The motion carried.

VICE CHAIR'S REMARKS: Vice Chairman Barbee informed the Board, as Vice Chair, it is his responsibility to remind all members of the Board of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this Board of Trustees meeting. If any board member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the board of trustees at this meeting, the conflict or appearance of conflict should be identified at this time. No conflict was presented.

Vice Chairman Barbee recognized Chancellor Johnson Akinleye, Vice Chancellor for Administration and Finance Cornelius Wooten and Associate Vice Chancellor for Administration and Finance Akua Matherson who presented the P-3 update.

P-3 is new to the UNC System. Appalachian State University and the University of North Carolina at Wilmington are in the same P-3 process, however, their ratings are different.

Moody's determined the project is Ba1 which is one notch lower than the Baa3 minimum investment grade rating NCCU was hoping to achieve. They cited the following in their analysis of the credit:

- The rating reflects a large amount of new beds over the existing campus capacity;
- The Phase 2 construction period is a longer period than usual and subjects the project to additional risks; and
- NCCU is rated lower than others in the UNC System

NCCU was given credit for the sophomore residency requirement, in fact that was a positive credit strength as well the referral agreement during the summer term, but in Moody's view that was not enough to offset the two phase delivery under one financing.

S & P also rated NCCU and came in a notch below Moody's (two below investment grade). They indicated the same reasoning as Moody's.

Since receiving the indicative ratings, NCCU has explored several scenarios with NCCU project partners to see how NCCU can make this work and move forward. NCCU team has met with the UNC Systems Office, Finance Office, to discuss NCCU's plan of action, ability to move forward and how NCCU should engage the Board of Governors.

NCCU must re-package:

- Re-engage Moody with an inventory management (control) strategy that outlines how NCCU plans to fill the beds. At this point, NCCU is not indicating that a particular hall will be left vacant (or filled last), but that is an option, this is what UNC Wilmington did).
- Develop plan B in case NCCU doesn't get investment grade rating from Moody's. Perhaps look at a deal with the NCCU Real Estate Foundation, but will add one year to the timeline. Instead of opening the Fall 2020 will open Fall 2021.
- Finance team to discuss with NCCU Board of Trustees to apprise of the situation and forward going strategy.

The revised schedule and next steps include:

- February 22, 2019 submit paperwork to Moody's with new scenarios for their consideration;
- Week of March 11th receive results from Moody's committee;
- March 18th re-engage Assured Guaranty (if necessary, based on Moody's feedback);
- March 21-22 present to the UNC Board of Governors.

There being no further business, it was moved and properly seconded to adjourn. The motion carried.

Respectfully submitted:

Dottie Fuller
Recorder