NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

February 12, 2001

URGENT!
Response Requested
DEADLINE: February 13, 2001

MEMORANDUM

TO: Chief Business Officials

FROM: Kennon D. Briggs, Vice President
Business and Finance

Philip V. Albano, Director
Administrative & Facility Services

SUBJECT: Bond Project Ranking Information

First, we would like to **thank** those colleges whose cash flow projections are, or will be, in balance with the annual amounts of bond funds available. We appreciate the sacrifices, diligent work, and spirit of cooperation shown by those colleges. The Task Force on Higher Education Facility Bonds (Task Force), at their February 2 meeting, noted those colleges whose cash flow projections were substantially in balance (less than $500,000 out of balance) should be allowed to proceed with their bond projects and will likely make this recommendation to the State Board of Community Colleges (State Board) at its February 28 meeting. They also agreed that those colleges whose projections will not be substantially in balance would need further study by the Task Force. The Task Force will meet again on February 15 for this purpose.

It appears that there are two types of colleges that are not able to put their cash flow needs in balance. One is the college that basically has one relatively large project that cannot be subdivided. The other is the college with multiple projects

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The committee will consider these and other factors in finalizing recommendation to the State Board. In order to facilitate their recommendation, the Task Force will need additional information for each project **from those colleges whose projections will not be substantially in balance.** Please see attached instructions.

Second, we want to emphasize the importance of carefully reviewing and being satisfied with your cash flow projections. The disbursement of these funds will not be like it has been with any other state appropriation or the 1993 bond funds. With those funds you could request any amount of your funds at any time. With the 2000 bond funds, the disbursements will be based on these cash flow projections and additional funds may not be readily available. Following are three examples that we hope will clear up some questions:

1. If in one year there was a pro rata amount of $1,000,000 available to your college and on your cash flow chart you had projected a need for only $100,000, the other $900,000 would be allocated to other colleges. Then, in the next year, if there was a pro rata amount of $1,100,000 available to your college and on your cash flow chart you had projected a need for $2,000,000, you would receive the $2,000,000. You would receive $1,100,000 from your second-year funds and $900,000 from other colleges that did not request all of their available money in that year. Thus, you have received your accumulative total over the two years.

2. If in one year (month) there was a pro rata amount of, $1,000,000 available to your college and on your cash flow chart you had projected a need for only $100,000, the other $900,000 would be allocated to other colleges. If you then only used $40,000 of the $100,000, the remaining $60,000 would roll over for your use in the next year (month).

3. If in one year there was a pro rata amount of $1,000,000 available to your college and on your cash flow chart you had projected a need for only $100,000, the other $900,000 would be allocated to other colleges. If you suddenly had a need for the remaining $900,000; e.g., a cost overrun, or an opportunity to purchase land, etc., the funds, theoretically, may not be available because they were, on the cash flow chart, allocated to another college.

These three examples are based on the assumption that all the funds in a year/month were requested on the cash flow chart, and there would be no excess funds available to disburse. Our personal opinion is that there will be slippage in design and construction schedules, and there will be some excess funds available to help colleges in future years. It would be our recommendation to the Task Force that any such slippage be first offered to those colleges who made diligent efforts to bring their cash flow requests in balance.

It is possible that the State Board will begin to approve bond projects at their meeting on March 15, 2001. Barring any unforeseen problems, the Treasurer's Office anticipates the availability of bond funds by mid April.

For those colleges whose cash flow projections will not be substantially in balance, please submit the following information to Mr. Ronald Mason. His GroupWise address is masonr@ncccs.cc.nc.us, or you may FAX any documentation to 919-733-0680.

If you have any questions about this material, please contact us.

PVA/a

Attachments

pc: Mr. James J. Woody
Mr. H. Martin Lancaster
Mr. Kennon Briggs
Presidents

Please scroll down for "Instructions"

INSTRUCTIONS

NOTE: THIS INFORMATION IS ONLY REQUIRED FROM THOSE COLLEGES WHOSE CASH FLOW PROJECTIONS WILL NOT BE SUBSTANTIALLY IN BALANCE.

If you have more than one project, please explain why your cash flow projections cannot be in balance with the bond funds available.

For each priority on your cash flow chart, please provide the following information:

1. Identification – Including: college, priority number corresponding to the cash flow chart, site, and project name.

2. Description of the project - If this facility will have several broad uses, please specify those uses and the approximate percentage of space allocated to each category; e.g., a classroom laboratory/auditorium building, or an administration/library building.

3. Does this project involve building or renovating more than one building?

4. Can this project/building be constructed in two or more phases or split into two or more projects?

   If not, provide a detailed rationale as to why it could not be divided. (We understand it will be more costly, but this is a universal concern that the other colleges have accepted considering fund availability.)

5. Readiness to implement – At what stage is this project; e.g., designer selected; design contract signed; schematic, design development, or working drawings approved; approved for bids; etc.?

6. If you have other funding in this project that will expire within a certain timeframe, please send us something from the other provider to substantiate this funding and the time constraints. Also, provide a plan as to how you will be able to meet these time constraints.

7. Any other pertinent facts that might assist the Task Force in making their decisions. (We understand that you need it now, so did most of the other colleges who have made concessions.)

8. If this project is using new construction (as opposed to R&R) funds that are being moved from the site specified in the bond bill to another site, you will need to provide justification as to why you are making this change. The State Board must approve any such changes.