BOARD OF TRUSTEES

THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

August 31, 2006

ACTION ITEM: Authorization to Execute a Performance Contract for Energy
Improvements and Related Financing

BACKGROUND INFORMATION:

The State of North Carolina approved “performance contracting” for energy
improvements more than ten years ago for school buildings K through 12 and Community
Colleges, but excluded State owned buildings. In 2003 the Legislature approved performance
contracting for State owned buildings.

An Action Item was approved at the April 7, 2005 meeting of this Board of Trustees as
follows: “That the Board of Trustees of The University of North Carolina at Greensboro approve
the firm of Trane Comfort Solutions through Brady Trane Co. of Greensboro, NC as the ESCO
(Energy Service Company) to proceed with the investment grade audit”. Four buildings were
initially included in the audit: Mossman, Bryan, Jackson Library, and Graham.

Since that time a number of steps have been taken:

- The investment grade audit has been completed, with the recommendation that the
  Chiller Plant be added to the list of buildings for energy improvements.
- The NC Department of Energy authorized an increase in scope of the project to include
  the UNCG chilled water plant.
- The investment grade audit was completed including the chiller plant with the
  verification that a UNCG performance contract was a viable project that would benefit
  both UNCG and the State of North Carolina.
- UNCG is currently seeking letters of interest for a third party firm to perform Metering
  and Verification of energy use and savings that result from the improvements.
- The wording of the contract for an agreement between UNCG and the ESCO has been
  through several drafts with collaboration between UNCG, the ESCO, and the NC
  Department of Energy.
- Conclusions of the Investment Grade Audit:
  1. Cost of Energy Improvements including design and all administrative cost:
     $5,809,000.
  2. Payback period 12 years.
  3. Energy Savings per year at the last year of the contract: $778,000.

Steps to be taken to initiate the installation of the specified energy improvements:

- Sign the contract agreement to start the process.
- Obtain signature approvals of the contract from: Department of Energy, Office of State
  Budget and Management, the State Treasurer, the Secretary of Administration, and
  finally approval by Council of State.
• UNCG will arrange for private financing for the project.
• Issue Contract Award to the selected ESCO.

RECOMMENDED ACTION:

That the Board of Trustees of the University of North Carolina at Greensboro authorize proceeding with the contract and financing required to make a contract award to Trane Comfort Solutions through Brady Trane Company.

_______________________
Reade Taylor
Vice Chancellor for Business Affairs