

# Arlington Park Roof Replacement Financing Request



**UNC**

February 2024

# Overview of Project

- Scope of Project
  - Replace roof and decking
  - Perform structural repairs due to condensation damage resulting from original construction
  - Approved by BOT in June 2023
- Why Now
  - Significant concerns about structural integrity if repairs are delayed. Temporary structural patches are in place to mitigate risk in the short term
  - Roof has reached expected end-of-life and damage from leaks is expected to increase
  - Delays would cause pricing to be renegotiated, most likely escalating
- Timing
  - Contractor will mobilize in late February
  - Completion planned by August 2024

# Overview of Project



Note: this area has been temporarily patched to mitigate risk of further damage

# Financing Options

- First American – Master Agreement signed
- Financing Terms
  - Options for 5-year or 7-year term
  - UNC would have the option to prepay, if feasible
  - 1.5% closing costs
  - Under the Master Agreement, funding can be available quickly following the execution of a specific lease-purchase agreement
- Benefits of Financing
  - Preserves our flexibility to utilize cash for other priorities
  - Cash is the ultimate hedge against uncertainties in the future



# Financing Options

5-Year Comparison	
<b>Compound Interest Earned</b>	
Present Value	5,635,000
Interest Rate <sup>(1)</sup>	3.08%
Term (years)	5
Compounding Period	Monthly
Future Value	0
<b>Total Interest Earned</b>	<b>418,432</b>
<b>Compound Interest Paid</b>	
Loan Amount	5,635,000
Interest Rate <sup>(2)</sup>	4.87%
Term (years)	5
Compounding Period	Quarterly
Total Payments	6,305,812
<b>Total Interest Paid</b>	<b>670,812</b>
<b>Net Difference</b>	<b>252,380</b>
Closing Costs	84,525
<b>Total Cost Over 5 Years</b>	<b>\$ 336,905</b>

7-Year Comparison	
<b>Compound Interest Earned</b>	
Present Value	5,635,000
Interest Rate <sup>(1)</sup>	3.08%
Term (years)	7
Compounding Period	Monthly
Future Value	0
<b>Total Interest Earned</b>	<b>582,760</b>
<b>Compound Interest Paid</b>	
Loan Amount	5,635,000
Interest Rate <sup>(2)</sup>	4.87%
Term (years)	7
Compounding Period	Quarterly
Total Payments	6,603,461
<b>Total Interest Paid</b>	<b>968,461</b>
<b>Net Difference</b>	<b>385,701</b>
Closing Costs	84,525
<b>Total Cost Over 7 Years</b>	<b>\$ 470,226</b>

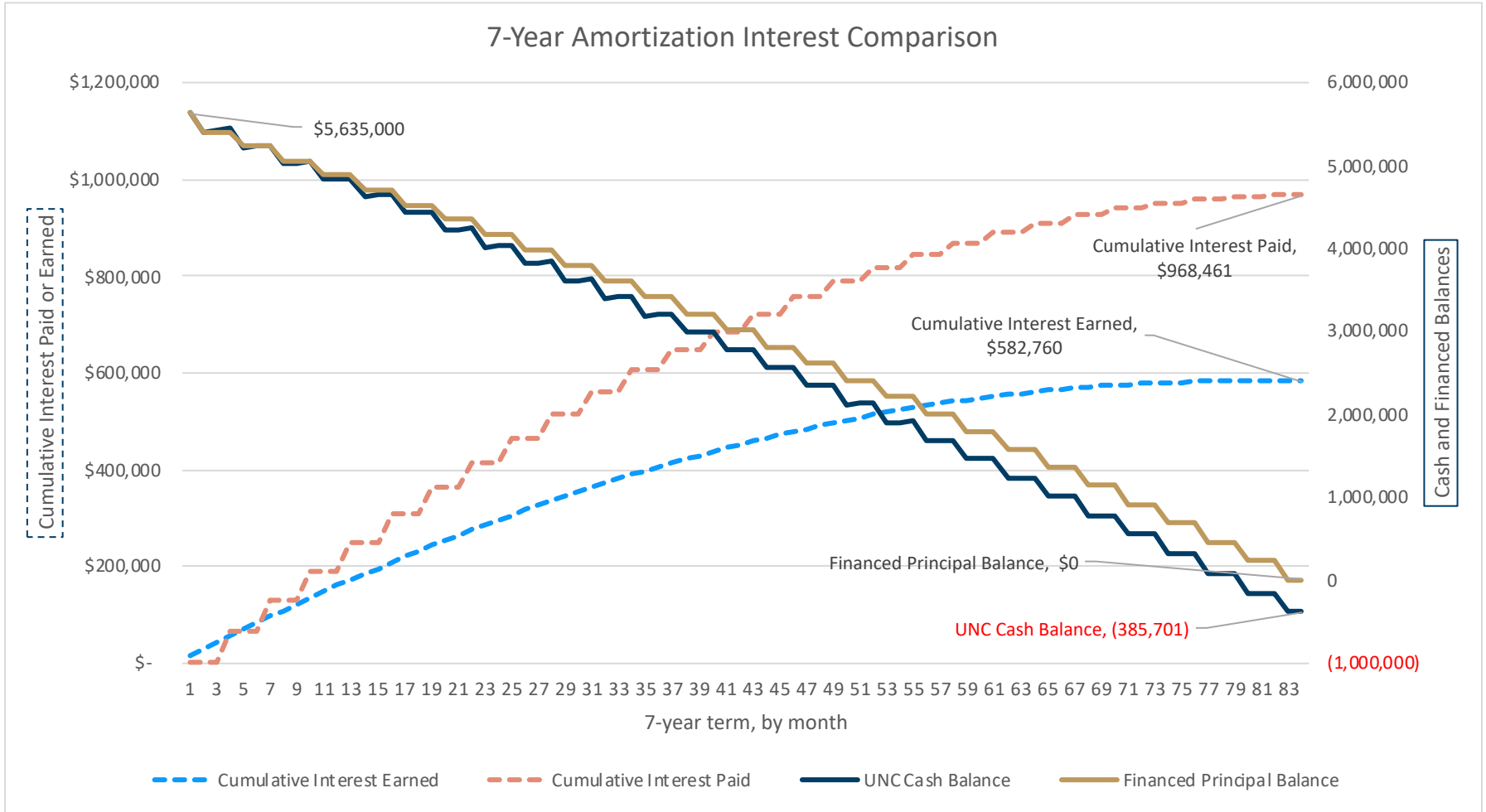
Net difference between 5 and 7 year payments      \$ 133,322

(1) Actual interest rate for December 2023 is 4.17%. The rate used here for illustration is the average of the most recent 18 months earned through UNC's account with the State Treasury.

(2) Fixed interest rate quoted as of January 31, 2024 and is subject to change  
Closing costs equal 1.5% of principal (\$84,525 on \$5.635m)

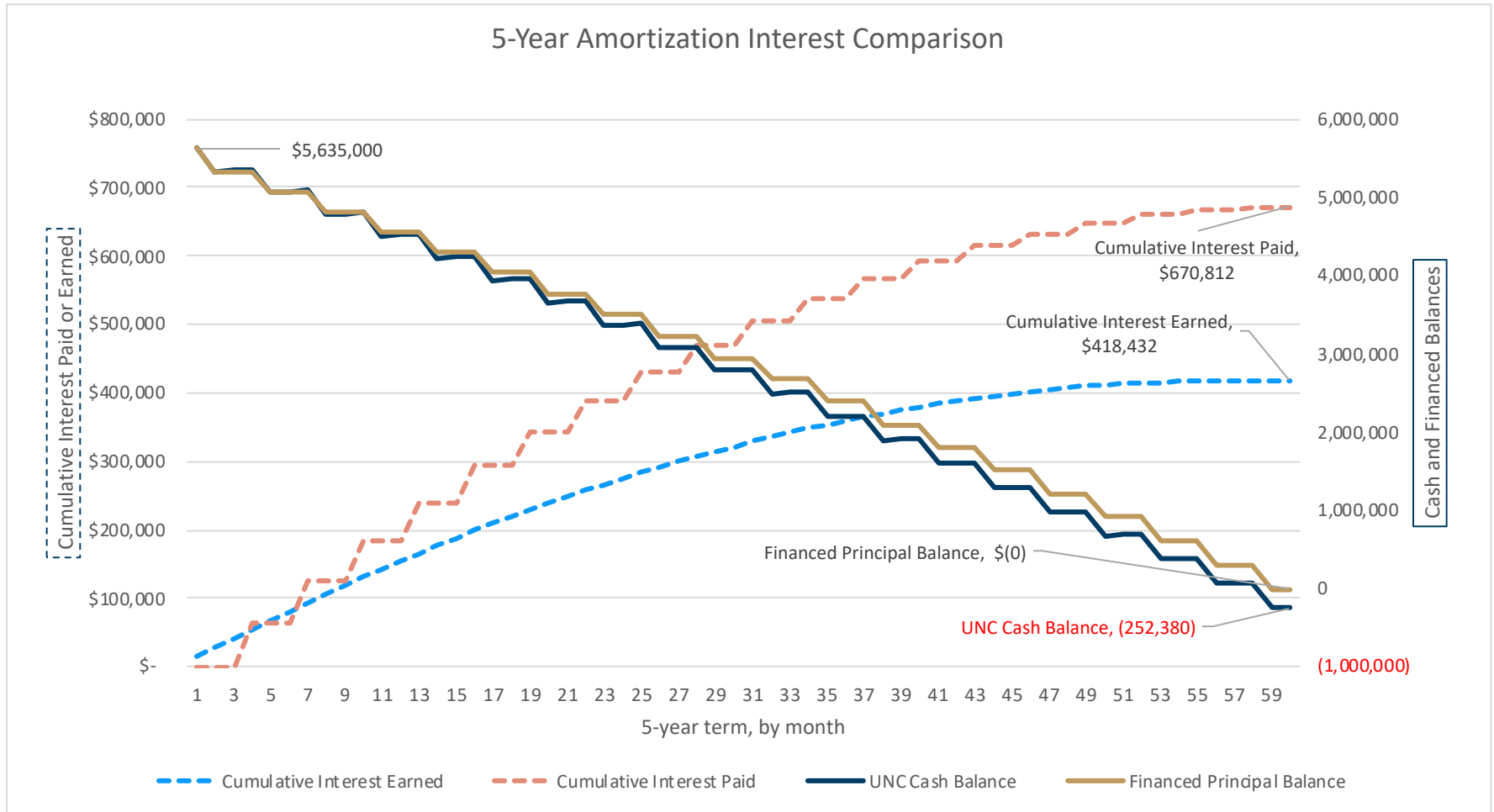
# Financing Options

## 7-Year Amortization Interest Comparison



# Financing Options

## 5-Year Amortization Interest Comparison



**Thank you!**



**UNC**