

Minutes of the June 10, 2010 Meeting  
of the Board of Governors' Committee on Budget and Finance

The Committee on Budget and Finance met in the Board Room of the Spangler Center in Chapel Hill, North Carolina, on June 10, 2010, at 1:30 p.m.

Committee members in attendance were Mr. Atul Bhula, Mr. John M. Blackburn, Mr. Bill Daughtridge, Jr., Mr. John W. Davis, III, Governor James E. Holshouser, Jr., Mr. Charles H. Mercer, Jr., Mr. Fred G. Mills, and Dr. Irvin A. Roseman. Necessarily absent was Dr. Cheryl Marvileane Locklear. Board members in attendance were Peaches Gunter Blank, R. Steve Bowden, Walter C. Davenport, Paul Fulton, Franklin E. McCain, Burley B. Mitchell, Jr., Gladys Ashe Robinson, and Estelle Sanders. Chief of Staff Jeffrey R. Davies; Vice Presidents Laurie Charest, Laura Luger, and Ernest Murphrey; Associate Vice Presidents Ginger Burks, Shari Parrish, and Lynne Sanders; Associate Vice President for Finance and University Property Officer Terrance Feravich; and Assistant Vice President Jeffrey A. Henderson were in attendance. Chancellor Kenneth Peacock (ASU), Chancellor Steven Ballard (ECU), Chancellor Linda P. Brady (UNCG), Interim Chancellor Charles R. Jenkins (UNCP), Chief Operating Officer George Burnette (UNCSA), and Chancellor John W. Bardo (WCU) were in attendance as well as Director of Real Estate Ralph Recchie (NCSU), Interim CFO Yolanda Banks Deaver (NCCU), CFO Gerald Hunter (WSSU), Associate Vice Chancellor for Facilities Owen Cooks (WSSU), and members of the press.

Chair Davis convened the meeting. The minutes of the meeting of April 8, 2010 were approved.

1. Each year when the General Assembly passes its budget, the Committee on Budget and Finance recommends allocations of funds made available by the General Assembly to the Board of Governors. It was uncertain when the General Assembly would finalize the 2010-11 budget, but it was anticipated that the budget could be in place before the Board met again in August.

It was recommended that the Committee on Budget and Finance be delegated the authority to allocate funds made available by the General Assembly, if the State budget was ratified prior to the August meeting of the Board. There would be a special meeting for this purpose and the entire Board would be invited to participate, either in person or via telephone.

On the motion of Dr. Roseman, seconded by Mr. Blackburn, the recommendation was approved.

2. Appalachian State University and the University of North Carolina at Chapel Hill had requested authority to establish new capital improvements projects.

ASU: This project would renovate and expand the Beasley Broadcast Studio (formerly the Alliance Church Building) for the Department of Communication. The project would renovate the existing 13,000 square-foot building, add approximately 4,650 square feet to house new television studios and recording laboratories, and upgrade site infrastructure and building mechanical, electrical, plumbing, and data systems. The project, to be completed late 2011, was estimated to

cost \$3,194,236 and would be funded from ASU Endowment funds (\$2,076,715) and 2009 Repairs and Renovations funds (\$1,118,306).

UNC-CH: This project would renovate approximately 2,500 square feet of space in the Medical Research B building to convert existing laboratory space into a Crystallography and Protein Expression Core laboratory. The project, to be completed by the start of the 2010 fall semester, was estimated to cost \$487,000 and would be funded from Facilities and Administrative receipts.

It was recommended that these projects be authorized and that the methods of financing as proposed by ASU and UNC-CH be approved.

On the motion of Mr. Blackburn, seconded by Governor Holshouser, the recommendation was approved.

3. The Board of Trustees of North Carolina State University had requested the approval of the exchange of property between the State of North Carolina, on behalf of NCSU, and the Endowment Fund of North Carolina State University.

The exchange of approximately 17.5 acres between these two entities would provide for the development of the Centennial Campus consistent with the master land-use plan. The acreage to be exchanged was considered to be of equal value.

The State would receive acreage in areas of the Centennial Campus that would be used for future academic buildings, utility corridors, and open space. The Endowment Fund would receive acreage located between the Hunt Library and the Fishing Pier that would be used for the purpose of creating private development opportunities related to the "Town Center" development included in the Master Plan.

It was recommended that the request of the Board of Trustees be approved and transmitted to the Council of State for final action.

On the motion of Governor Holshouser, seconded by Mr. Blackburn, the recommendation was approved.

4. General Statute 116-198.34(8a) empowers the Board of Governors to designate the real property and appurtenant facilities to be included as part of the Centennial Campus, the Horace Williams Campus, or a Millennial Campus.

The Board of Trustees of North Carolina State University had requested that the Board of Governors adopt the following resolution which designated that the indicated University-owned real property and appurtenant facilities become part of the NCSU Centennial Campus.

It was recommended that the Board of Governors adopt the following resolution.

#### RESOLUTION

WHEREAS, General Statute 116-198.33(4) defines the term "Centennial Campus" to mean all of the real property and appurtenant facilities bounded by Blue Ridge Road, Hillsborough Street, Wade Avenue, and Interstate 440 that are the sites of the College of Veterinary Medicine and the University Club; the real property and appurtenant facilities that are the former Dix Hospital properties and other contiguous parcels of property that are adjacent to Centennial Boulevard and all other real property and appurtenant facilities designated by the Board of Governors as part of the Centennial Campus (the properties designated by the Board of Governors do not have to be contiguous with the Centennial Campus to be designated as part of that Campus);

WHEREAS, General Statute 116-198.34(8a) empowers the Board of Governors to designate the real property and appurtenant facilities to be included as part of the Centennial Campus, the Horace Williams Campus, or a Millennial Campus;

WHEREAS, North Carolina State University had either acquired or is in the process of acquiring additional real property adjacent to the original Centennial Campus and desires to include these properties along with an already owned parcel to be added within the Centennial Campus:

Tract 1 - 1575 Varsity Drive – An irregularly shaped parcel of  $\pm 6.5$  acres improved by the Varsity Research Building (formerly known as the Flex Lab Building) owned by the University.

Tract 2 - 800 Lake Raleigh Road – An unimproved triangular parcel immediately south of the Varsity Road entrance to Centennial Campus consisting of  $\pm 1.21$  acres recently purchased by the University.

Tract 3 - 1101 Trailwood Drive – An unimproved rectangular parcel of  $\pm 3.75$  acres adjacent to the western edge of Centennial Campus and a recent gift to the Board of Trustees of the Endowment Fund of North Carolina State University by Dr. William & Agnes Brown.

Tract 4 - Southeast corner of Trailwood Drive and Main Campus Drive – An unimproved irregularly shaped parcel of  $\pm .67$  acre located at the Trailwood Drive entrance to Centennial Campus and currently owned by the City of Raleigh.

Tract 5 - Northeast corner of Trailwood Drive and Main Campus Drive – An unimproved irregularly shaped parcel of  $\pm 1$  acre located at the Trailwood Drive entrance to Centennial Campus and currently owned by the State of North Carolina and allocated to the Department of Transportation (NC DOT).

NOW, THEREFORE BE IT RESOLVED that the Board of Governors designates the Centennial Campus of North Carolina State University to include all properties as illustrated on the following map dated October, 2009.

On the motion of Governor Holshouser, seconded by Mr. Blackburn, the recommendation was approved.

5. In 2006, the Board authorized the President to execute leases valued up to \$350,000 and other property interests up to \$500,000. The following property transactions were approved under this delegation.

#### Appalachian State University – Disposition of Real Property by Demolition

Reason: Slated under the Campus Master Plan for demolition to make way for the construction of the Center for Student Leadership and Excellence Development project, ASU had requested permission to demolish Coffey Hall and Home Management House. Occupants have been relocated to other space on campus. Demolition will be accomplished as part of the new project.

Owner: State of North Carolina

Location: Located along Locust Street on the ASU campus, Boone, Watauga County

Description: Coffey Hall, a four-story building with 25,653 square feet, was constructed in 1953. The Home Management House, a two-story building with 4,437 square feet, was constructed in 1965. These buildings have no known historical significance.

Cost: \$178,000

Approvals: The ASU Board of Trustees recommended this action on September 19, 2008.

#### East Carolina University – Exchange of Real Property

Grantor: State of North Carolina for East Carolina University and City of Greenville, NC

Grantee: City of Greenville, NC and State of North Carolina for East Carolina University

Justification: This exchange of properties will facilitate the City's Intermodal Transportation Center that will benefit ECU and facilitate ECU's future campus expansion.

Description: ECU will dispose of its 115 East Ninth Street property (0.19 acre vacant lot) and its 205 East Ninth Street property (0.10 acre vacant lot) and acquire property located at 1001 East Fourth Street (0.30 acres with 4,328 square foot building).

Consideration: The properties are of approximately equal value once ECU receives a single payment of \$956 from the City of Greenville.

Proceeds: \$956

Approvals: The ECU Board of Trustees recommended this action on April 16, 2010.

#### East Carolina University – Disposition of Real Property by Lease

Lessor: State of North Carolina for East Carolina University

Lessee: ATC Outdoors DAS, LLC (Gerard Ainsztein, Senior Vice President)

Justification: In response to national events, ECU adopted emergency notification via text messaging to cell phones. ECU, using a competitive process, selected a single vendor capable of configuring, installing and maintaining a Distributed Antenna System (DAS) that would eliminate dead zones or poor signal strength in campus buildings. The vendor would secure agreements for up to six cellular providers and the revenue stream from these subleases would be used by the vendor to purchase, install, and maintain needed equipment and pay for the use of ECU's fiber optic cable and electrical power system.

Description: The vendor would provide all necessary rooftop equipment and cell booster nodes within buildings to establish a strong cell signal campus-wide.

Term: Five-year initial term with one automatic five-year renewal if not in default at the time of renewal

Consideration: \$50,000 to offset infrastructure improvements to be made by ECU and 20% of the monthly revenue for the first cellular provider and 50% of the monthly revenue for each subsequent cellular provider added to the system. If six cellular providers join the system, revenues to ECU were expected to average \$223,115 annually.

Proceeds: G.S. 146-30 governs the application of net proceeds resulting from the disposition of state-owned property by lease.

Approvals: The ECU Board of Trustees recommended this action on April 16, 2010.

After this, the Committee considered the following Resolution that was drafted by Mr. Mercer at the request of Chair Davis. On the motion of Dr. Roseman, seconded by Mr. Daughtridge, the Committee approved the process of a Resolution on the condition that it met the approval of President Bowles who was at the time attending a different meeting.

#### RESOLUTION

*WHEREAS, the people of North Carolina have been linked to higher education since North Carolina's first Constitution, adopted on December 18, 1776, which provided for one or more universities;*

*WHEREAS, on December 11, 1789, the North Carolina General Assembly ratified the Charter giving birth to the University of North Carolina, our nation's oldest state university;*

*WHEREAS, the University of North Carolina has a rich history in higher education and plays a vital role in the life of North Carolina and its citizens by providing educational opportunities, promoting an educated citizenry and conducting research that positively affects the lives of North Carolinians;*

*WHEREAS, the General Assembly of North Carolina has been a partner of the University and has historically provided funds that have helped the University maintain its premier role in higher education;*

*AND WHEREAS, the continued support of the people of North Carolina and the General Assembly of North Carolina is vital in order for the University to maintain its ability to meet the educational needs of the people of this State:*

*NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina:*

- 1. We express our appreciation to the North Carolina General Assembly and the people of North Carolina for their traditional financial support of the University;*
- 2. We understand the current difficult economic environment and the challenges it places on the General Assembly and the people of North Carolina;*
- 3. We recognize the principle of shared sacrifice necessary at this time and pledge to continue to promote fiscal responsibility and the efficient operation of the University;*
- 4. We express our appreciation and support for the North Carolina Senate's 2010-2011 budgetary allocation for the University within the Senate's budget proposal; and*
- 5. We are hopeful that the final budget passed by the General Assembly will provide the funding necessary to protect the role of the University and enable the University to continue its mission of providing affordable and quality educational opportunities to the citizens of North Carolina.*

*Note: The Resolution was approved by the Board on June 11, 2010.*

On the motion of Chair Davis, seconded by Mr. Mercer, the Committee went into closed session to consult with our attorney to establish or instruct the staff concerning the negotiation of the price and terms of a contract concerning the acquisition of real property.

\*\*\*\*\* CLOSED SESSION \*\*\*\*\*

There being no further business, the meeting was adjourned.

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Mr. John W. Davis, III  
Chair of the Committee  
on Budget and Finance

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Mr. Bill Daughtridge, Jr.  
Secretary of the Committee  
on Budget and Finance