

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: November 7, 2013 at 1:00 p.m.
North Carolina State University, Hunt Library, Multipurpose Room B, C, D

OPEN SESSION

The following members were present: Chair W. Louis Bissette, Jr., Roger Aiken, Fred N. Eshelman, Hannah D. Gage, W. Marty Kotis III, Scott Lampe, Joan G. MacNeill, and Harry L. Smith, Jr. Other Board members in attendance were Chair Peter D. Hans, Steven B. Long, W. Edwin McMahan, W.G. Champion Mitchell, Hari H. Nath, David M. Powers, Robert S. Rippy, and Phillip D. Walker.

The following staff were present: Chief of Staff Kevin FitzGerald, Chief Operating Officer Charles E. Perusse, Vice Presidents Leslie Boney, Tim Minor, Andrew Moretz, Tom Shanahan, and Joni Worthington, Senior Associate Vice President Jonathan Pruitt and Associate Vice President and University Property Officer Terrance Feravich and other Finance Division staff, other General Administration staff, Chancellors and other faculty/staff from the universities, staff from the Office of State Budget and Management, and members of the press.

The Open Minutes of October 10, 2013 were properly approved, as amended, and seconded. The following paragraph was amended:

A question was raised during the public-private partnership presentation regarding the Board's role in approving leases. Mr. Kotis made a motion to amend the Board's Policy 600.1.3.1[R] to put a cap on lease authority at \$500,000 and for a period of "less than 10 years." The motion failed for lack of a second. The Committee agreed to review policies and regulations at its November meeting to determine whether any changes were necessary.

1. Request for Sale of Special Obligation Bonds – ECU: East Carolina University requested that the Board issue special obligation bonds for the purpose of (1) financing the demolition and reconstruction of Belk Residence Hall, approved by the Board of Governors and authorized by the 2013 General Assembly, (2) refinancing of ECU indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of ECU that resulted in sufficient savings, and (3) paying the costs incurred in connection with the issuance of the 2013 Bonds.

A vote was taken by the committee on the recommendation, which did pass.

2. Request for Authorization of New Capital Improvements Projects – ASU and ECU:

ASU – Steam Distribution System Replacement and Repair

ECU – Minges Natatorium Lighting and Acoustical Improvements

A vote was taken by the committee on the recommendation, which did pass.

- 3: Request for Authorization of New Capital Improvements Project – FSU: Fayetteville State University had requested authority to establish a capital improvements project and to enter into a guaranteed energy savings contract to improve energy efficiencies on the FSU campus.

A vote was taken by the committee on the recommendation, which did pass.

4. Request for Disposition of Property by Demolition – ASU: The Board of Trustees of Appalachian State University had requested authorization to dispose of Winkler Residence Hall by demolition.

A vote was taken by the committee on the recommendation, which did pass.

5. Request for Acquisition of Property – ECU: The Board of Trustees of East Carolina University had requested approval to acquire by deed property with improvements contiguous to the main campus for future campus expansion.

A vote was taken by the committee on the recommendation, which did pass.

6. Property Actions Approved By Delegated Authority: Terrance Feravich provided a report on Delegated Property Actions.

7. The Annual Report of the Committee on Budget and Finance to the Board of Governors of the University of North Carolina from July 1, 2012 through June 30, 2013 was approved.

8. Discussion: Leasing Authority Follow-Up -- At the October meeting, a question was raised during the public-private partnership presentation regarding the Board's role in approving leases. Board members were brought up-to-date with background information regarding leasing authority and the volume of leasing since January 2011. The President had decided to return the thresholds for leasing under delegated authority to the previous levels. Under these thresholds, leases greater than \$500,000 would require Board of Governors' approval. Mr. Bissette recommended the President's decision to return delegated lease authority to the original threshold.

A vote was taken by the committee on the recommendation, which did pass.

9. Discussion: FY 2013-14 Budget Reduction Summary Report -- Andrea Poole of the Finance Division staff shared the FY 2013-14 Budget Reduction Summary Report.
10. Mr. Kotis gave Committee members a copy of a draft report "UNC System Consolidated Financial Statement and Analysis." The draft would be addressed at a future meeting.

W. Louis Bissette, Jr., Chair
Committee on Budget and Finance

Harry Leo Smith, Jr., Secretary
Committee on Budget and Finance