

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: April 9, 2015 at 9:00 a.m.
Great Rooms 1 and 2, Mendenhall Student Center
East Carolina University, Greenville, North Carolina

OPEN SESSION

The following members were present: Chair Harry L. Smith, Jr., Roger Aiken, W. Louis Bisette, Jr., Hannah D. Gage, Scott Lampe, W.G. Champion Mitchell, and Raiford Trask III. Other Board members in attendance were Ann B. Goodnight, Henry W. Hinton, James L. Holmes, Jr., Joan G. MacNeill, Mary Ann Maxwell, W. Edwin McMahan, Hari H. Nath, Anna Spangler Nelson, R. Doyle Parrish, Joan Templeton Perry, M.D., David M. Powers, Robert S. Rippy, J. Craig Souza, George A. Sywassink, and Richard F. Taylor.

The following staff were present: President Tom Ross, Senior Vice President and Chief of Staff Kevin FitzGerald, Senior Vice President for Academic Affairs Junius Gonzales, Sr., Senior Vice President and Chief Operating Officer Charles E. Perusse, Senior Vice President and General Counsel Tom Shanahan, Vice Presidents Leslie Boney, Matthew Brody, Christopher Brown, Karrie Dixon, Timothy Minor, Andrew Moretz, Jonathan Pruitt, and Joni Worthington, Associate Vice President for Finance and Capital Planning William Johnson, Associate Vice Presidents Andrea Poole and Michael Vollmer, 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.

1. The Open Minutes of February 26, 2015 were properly approved, and seconded.
2. 2015-17 Budget Update: Andrea Poole brought the Committee up-to-date by comparing the BOG Budget Priorities against the Governor's Budget for 2015-16 and 2016-17.
3. UNC Advancement Update: Timothy Minor presented information on budget and staffing in the universities' Advancement offices, 10-year trends showing growth in endowment gifts, fundraising for system-wide priorities, key foundation initiatives, and enhancing UNC-GA shared services for major/planned giving opportunities.
4. UNC System Purchasing Thresholds: In the late 1990's, the North Carolina General Assembly authorized the Board of Governors to set purchasing thresholds between \$0 and \$500,000 for UNC campuses. This delegated authority had allowed campuses to quickly proceed with awarding contracts rather than submitting all contract proposals to

the Division of Purchase and Contract (P&C) for review and approval. Purchases above the campus thresholds still required approval from P&C.

Growth in campus general funds following the last delegations, as well as regular price inflation, had left some campuses with smaller effective delegations. To address these disparities consistently and systematically, a tiered system of delegation thresholds was proposed for consideration.

Three tiers would be established, one granting a delegation to the largest campuses for purchases not to exceed \$500,000, another granting delegation to mid-sized campuses not to exceed \$250,000, and a third granting delegation to the smallest campuses not to exceed \$100,000. Campuses in the smaller two tiers would also be granted a delegation for individual purchases not to exceed \$500,000 with a prior review and approval by the President of the University.

A vote was taken by the committee, which did pass. [unanimous vote]

5. Sale of Special Obligation Bonds - ECU: East Carolina University requested that the Board issue special obligation bonds in an amount not to exceed \$80.0 million for the purpose of (1) financing the cost of constructing and equipping a new student services building on the Health Sciences Campus of the University, approved by the Board of Governors and authorized by the 2014 General Assembly, (2) refunding outstanding indebtedness for interest rate savings, and (3) paying the costs incurred in connection with the issuance of the 2015 Bonds.

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

6. Interim Financing - NCA&T: North Carolina A&T State University requested that the Board authorize a Bond Anticipation Note in an amount not to exceed \$10,000,000 as interim financing for the student center project previously approved by the Board of Governors and the General Assembly.

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

7. Refinancing of Housing Foundation Indebtedness - UNCW: The University of North Carolina at Wilmington requested that the Board authorize amendments to previously approved agreements related to the financing of student housing facilities that were constructed through a university created nonprofit entity, The UNCW Corporation.

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

8. Millennial Campus Designation - ECU: The Board of Trustees of East Carolina University had requested that the Board of Governors designate as a Millennial Campus approximately 328.35 acres in four separate sites based on their proximity to existing campus academic, health science, athletic and human performance activities, Greenville historic and arts districts, and the Tar River front.

A vote was taken by the committee on the recommendation, which did pass. [Mr. Mitchell did not vote.]

9. Authorization of Capital Improvements Projects - ASU, ECU, NCSU, UNCA, UNC-CH, UNCG, and UNCP:

ECU - Brody School of Medicine Risk Management Office and Administrative Meeting/Conference: \$498,000

ECU - Haynie Building Repair and Renovation: \$2,840,075

NCSU - Biltmore Hall First Floor Labs: \$1,970,000

UNC-CH - Carolina Performing Arts at Carolina Square (123 W Franklin St): \$4,000,000

UNC-CH - Children's Wonder Garden, NC Botanical Gardens: \$765,839

UNC-CH - Classroom Renovations to Beard Hall 2nd Floor: \$499,859

UNC-CH - Joan H. Gillings Auditorium (Renovation of Rosenau 133 and adjacent spaces): \$2,400,000

UNC-CH - Rizzo Center Guest Room Upgrade: \$4,978,050

UNCG - Jackson Library Digital Media Commons Renovation: \$395,000

UNCG - Moore-Strong Fire Alarm Replacement: \$1,373,000

ASU - New Residence Hall - Winkler Replacement: advance planning authorization of \$3,200,000

ECU - Clement Residence Hall Renovation: advance planning authorization of \$2,500,000

UNCA - Highsmith Student Union Renovation Study: advance planning authorization of \$50,000

UNCP - Student Health Services: increase in authorization of \$723,841 (from \$3,950,000 to \$4,673,841)

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

10. Acquisition of Property - ECU: The Board of Trustees of East Carolina University had requested approval to acquire 0.48 acre with a 4,626 square-foot masonry building by purchase, contiguous to the main campus on three sides, for future campus expansion. The property was identified in the campus Master Plan.

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

11. Disposition of Property by Demolition - NCA&T: The Board of Trustees of North Carolina A&T State University had requested authorization to demolish the Memorial Student Union (69,275 square feet). The Memorial Student Union would be replaced with a new Student Center.

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

12. Sale of Special Obligation Bonds - UNCG: The University of North Carolina at Greensboro had requested that the Board issue special obligation bonds in an amount not to exceed \$11.0 million for the purpose of (1) refunding a portion of the remaining maturities of 2005A Bonds allocable to UNC Greensboro (the "Refunded 2005A Bonds"), (2) to refund the remaining maturities of the 2012B Bonds (the "Refunded 2012B Bonds"), and (3) to pay the costs incurred in connection with the issuance of the 2015 Bond.

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

13. Performance Measures: Andrea Poole discussed the BOG-adopted Efficiency and Effectiveness Metrics: six-year graduation rate, freshman-to-sophomore retention rate, degree efficiency, degrees granted to Pell Grant recipients, E&R spending per degree, and UNC Compliance Index. The committee considered the metrics and other factors that had historically been used to allocate management flexibility reductions.

14. Report on Facilities and Administrative (F&A) Receipts: Legislation enacted by the 2013 General Assembly directed the Board of Governors to report annually by March of each year to the Joint Legislative Education Oversight Committee on the amounts and uses of facilities and administrative receipts.

Harry L. Smith, Jr., Chair
Committee on Budget and Finance

Roger Aiken, Secretary
Committee on Budget and Finance