

APPENDIX V

Amendment to the 2006-07 Budget Priorities

At its April meeting, the Board of Governors approved its *2006-07 Budget Priorities*. It is recommended that the *Budget Priorities* be amended to include a request for funds for the environmental clean-up required by the Environmental Protection Agency (EPA) at 20 East Acadia Avenue in Winston Salem.

The Environmental Protection Agency has been investigating heavy metal contamination on and around 20 East Acadia Avenue which is owned by the North Carolina School of the Arts Foundation. The EPA has now asked the Foundation and the former owner of the property, NK Holdings, to execute a settlement agreement that requires extensive clean up of the site. The Foundation, funded through private gifts, does not have sufficient unrestricted funds necessary to cover the \$500,000 that is the Foundation's share of the estimated cost to clean up the site.

The North Carolina School of the Arts is the sole beneficiary of the Foundation's resources and has a vested interest in protecting and assisting the Foundation. Having worked with the Foundation to negotiate with the EPA and NK Holdings to secure a release of liability for any additional identified costs associated with the clean up, NCSA is now requesting that \$500,000 be added to the 2006 Budget Priorities so that, if appropriated, the settlement agreement can be executed.

It is recommended that the *2006-07 Budget Priorities* be increased by \$500,000 and that NCSA be authorized to seek a special provision from the General Assembly to allow this funding to be used for the required environmental clean-up at the site.