

## APPENDIX D

### Report on Activities undertaken under Exemptions to the Umstead Act

The 2002 North Carolina General Assembly instructed the Board of Governors to report to the Joint Legislative Commission on Governmental Operations prior to March 1, 2003 on activities undertaken under exemptions to the Umstead Act, which are set out in G.S. 66-58(b)(8), for the Centennial Campus of North Carolina State University, the Horace Williams Campus (Carolina North) of the University of North Carolina at Chapel Hill, and any millennial campus of a constituent institution. To date, in addition to NCSU and UNC-CH, there are two institutions subject to this report: Appalachian State University and the University of North Carolina at Charlotte.

The special provision (Section 9.10A, Chapter 126 of the 2002 Session Laws) requiring the report is below and the Umstead Act is attached.

#### **REPORT ON UMSTEAD ACT EXEMPTIONS**

**SECTION 9.10A.(a)** The Board of Governors of The University of North Carolina shall report to the Joint Legislative Commission on Governmental Operations prior to March 1, 2003, on activities undertaken under exemptions to the Umstead Act, which are set out in G.S. 66-58(b)(8), for the Centennial Campus of North Carolina State University at Raleigh, the Horace Williams Campus of the University of North Carolina at Chapel Hill, and a Millennial Campus of a constituent institution of The University of North Carolina.

**SECTION 9.10A.(b)** The report shall include the following information on all such activities undertaken since July 1, 1999:

- (1) The reasons the exemptions were necessary for the development and operation of facilities on the Centennial Campus of North Carolina State University at Raleigh, the Horace Williams Campus of the University of North Carolina at Chapel Hill, or a Millennial Campus of a constituent institution of The University of North Carolina, and
- (2) A specific list of the activities that would have been prohibited without the exemptions.

**SECTION 9.10A.(c)** The report shall also include:

- (1) A specific list of activities that are necessary to continue the development and operation of these facilities and that would be prohibited if the facilities were not exempt from the provisions of G.S. 66-58(a), and
- (2) A list of the specific exemptions from G.S. 66-58(a) that would be necessary to continue the development and operation of these facilities prohibited if G.S. 66-58(a) applied to the facilities.

A review conducted by the Office of the President to meet the legislative directive follows.

It is recommended that the findings of the Office of the President regarding exemptions to the Umstead Act be accepted and reported to the Joint Legislative Commission on Governmental Operations.

### **Appalachian State University**

- In August, 2002, the Board of Governors approved a millennial campus at ASU to advance regional economic development. Activities that would not take place without exemptions from the Umstead Act are those associated with the Appalachian Regional Development Institute which provides technical assistance for economic development, training programs, web page development services, market research surveys, and other direct assistance to businesses.

### **North Carolina State University**

- The Centennial Campus of NCSU has been operating since 1987 to enhance the University's mission of teaching, research, and service and to promote and further economic development for the state and region. Private partners have relied upon the University's authority to develop Centennial Campus provided by the exemption to the Umstead Act in financing and building over 480,000 square feet of space, including the following projects:
  - Venture Building I (110,000 sq. ft.)
  - Venture Building II (110,000 sq. ft.)
  - Lucent/Red Hat Building (120,000 sq. ft.)
  - Venture Building III (115,000 sq. ft.)
  - Venture Place (25,000 sq. ft.)
- The ability of the private sector to provide these projects at such a rapid pace has allowed the University to bring many new Partner/Tenant organizations and their related benefits to Centennial Campus. Current statistics are as follows:
  - Number of Companies: 39
  - Number of Employees: 1,136
  - Number of Students Employed: 72
  - Number of Faculty Involved: 82
  - NCSU Alumni Hired by Companies: 127

## North Carolina State University (continued)

- Partners in these facilities have generated over \$18 million in sponsored research. This is in addition to donating equipment, sponsoring student projects, and serving as adjunct faculty.
- Partners in these facilities have further made cash gifts to the University totaling over \$600,000 and donated equipment to the University totaling over \$7.5 million.
- Major partners in these facilities include: ABB, Plexus Technology, Juniper Networks, Ericsson, Telesyn, USDA, Glaxo Smith-Kline, TogetherSoft, Integrated Industrial, Spirent Communications, and Red Hat.
- Private sector projects currently moving forward under the Umstead exemption:
  - Venture Building IV (110,000 sq. ft)
  - North Shore Residential (379-unit condominium complex, supporting the mixed use concept of Centennial Campus)
  - Private Laboratory Building (in negotiation, a 120,000 sq. ft. lab building for Centennial Campus Partners)
- Planned development of Centennial Campus according to its approved Master Plan is legally predicated upon the express authority provided by the Centennial Campus exemption contained in the North Carolina General Statutes 66-58(b)(8).

## UNC-Chapel Hill

- To date, UNC-CH has not developed the Horace Williams campus; therefore, there are no activities to report at this time. It is premature, given the status of UNC-CH's planning, to identify activities that might require exemption from the Umstead Act.

## UNC Charlotte

- In January, 2002, the Board of Governors approved a millennial campus for UNCC to further the University's teachers, research, and service mission as well as enhance regional economic development. UNCC leases space in the Cameron Applied Research Center to Caterpillar and to Albany Instruments. Rental of space is not expressly prohibited under the Umstead Act unless it is for the purpose of operating any of the businesses or services identified in the Act. UNCC's affiliations with Caterpillar and Albany Instruments are for collaborative research.
- UNCC is in the early stages of planning for the Charlotte Institute and anticipates that activities will require exemption from the Umstead Act, including:

## UNC Charlotte (continued)

- The sale of articles produced from the operation of instructional departments, educational research, and classroom work,
- The sale of articles produced from the operation of instructional departments, educational research, and classroom work,
- The operation of restaurants, cafeterias or other eating places
- Providing transportation services
- Leasing or subleasing of space for collaborative research