

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: October 23, 2014 at 9:00 a.m.
Spangler Center, Board Room, Chapel Hill, North Carolina

OPEN SESSION

The following members were present: Chair Harry L. Smith, Jr., W. Louis Bissette, Jr., Hannah D. Gage, Peter D. Hans, Scott Lampe, W.G. Champion Mitchell, and Raiford Trask III. Necessarily absent was Roger Aiken. Other Board members in attendance were Chair John C. Fennebresque, Ann B. Goodnight, H. Frank Grainger, Thomas J. Harrelson, James L. Holmes, Jr., Rodney E. Hood, W. Marty Kotis III, G. Leroy Lail, Steven B. Long, Joan G. MacNeill, Mary Ann Maxwell, W. Edwin McMahan, Anna Spangler Nelson, R. Doyle Parrish, Therence O. Pickett, David M. Powers, Robert S. Rippy, J. Craig Souza, George A. Sywassink, Richard F. Taylor.

The following staff were present: Chief of Staff Kevin FitzGerald, Interim Sr. Vice President Warwick Arden, Chief Operating Officer Charles E. Perusse, Vice Presidents Christopher Brown, Alisa Chapman, Andrew Moretz, Jonathan Pruitt, Tom Shanahan, and Joni Worthington, Associate Vice President for Finance and Capital Planning William Johnson, Associate Vice Presidents Shannon Byers, Andrea Poole, Michael Vollmer, and Jonathan Womer, other General Administration staff, Chancellors and other faculty/staff from the universities, and members of the press.

1. The Open Minutes of September 11, 2014 were properly approved, and seconded.
2. Final Report from Board of Governors' Working Group on Financial Aid and Tuition: It was recommended to receive the Final Report which documented all of the suggestions made by the Working Group. It was requested that the following three issues [in the Report] be addressed in the future:
 - Innovative approaches to providing financial assistance to students, including lower cost loans through public-private partnerships and tuition payment plans (Educational Planning, Policies and Programs Committee)
 - Availability and sustainability of funding sources (including appropriations, lottery funds, escheat funds, and private funds) for need-based aid, as well as an increased focus on campus fundraising strategies (Budget and Finance/Public Affairs Committees)
 - Investigating the possibility of tying system-wide financial aid funding to enrollment growth in future budget requests (Budget and Finance/Public Affairs Committees)

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

3. Discussion – Operating and Capital Budget Priorities: The Priorities would continue to be developed and refined and would be brought to the Committee and Board for final approval at the December meeting.
4. Discussion – Border Tuition: The Committee heard details on allowing campuses close to the state border to grant reduced tuition to nonresident students. This would allow those campuses to focus on entire regional development needs rather than artificially segmenting communities. The topic would continue to be evaluated in the future.
5. Sale of Special Obligation Bonds – ASU: Appalachian State University had requested that the Board issue special obligation bonds in an amount not to exceed \$35,000,000 for the purpose of (1) refunding all or a portion of the Series 2006A University of North Carolina System Pool Revenue Bonds, and (2) costs incurred in connection with the issuance of these 2014 Bonds.

It was recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds between October 24, 2014 and December 31, 2014.

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

6. Authorization of Projects Funded With Special Obligation Bonds – NCSU and UNC-CH: North Carolina State University and the University of North Carolina at Chapel Hill had requested that the Board approve use of the Commercial Paper Program for the following projects approved by the 2014 Session of the General Assembly:

NCSU – Reynolds Coliseum Renovation - \$35,000,000

UNC-CH – Chilled Water Plant at Manning Drive - \$32,000,000

It was recommended that the Resolution be adopted and that the Vice President for Finance be authorized to use commercial paper bonds for the projects.

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

7. Authorization of New Capital Improvements Project – UNCW: The Board of Trustees of the University of North Carolina at Wilmington had requested authority to establish a capital improvements project and to enter into a guaranteed energy savings contract to improve energy efficiencies, replace inefficient equipment and infrastructure, and reduce water consumption on central campus.

It was recommended that the request be approved with a total financed amount not to exceed \$11,500,000 and a finance rate not to exceed 3.75%.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote; Mr. Hans abstained from the vote.]

8. Authorization of Capital Improvements Projects – ECU, NCA&T, UNC-CH, and UNCW: East Carolina University, North Carolina A&T State University, the University of North Carolina at Chapel Hill, and the University of North Carolina at Wilmington had requested authority to proceed with non-appropriated capital improvements projects using available funds derived from a gift, dining receipts, trust funds, facilities and administrative funds, housing receipts, and utility receipts.

NCA&T – University Clock Tower - \$1,301,000

UNC-CH – Renovate Greenlaw 101 – \$464,000

UNC-CH – Lineberger Cancer Center Common Equipment Rooms - \$487,000

UNC-CH – Renovate Kenan Lab 8A for Applied Physical Sciences - \$491,000

UNC-CH – Tomkins Chilled Water – Thermal Storage Tank Stabilization - \$663,000

UNCW – Housing Repairs and Renovations, Phase I - \$5,000,000

UNCW – Housing Repairs and Renovations, Phase II - \$5,000,000

ECU – The Galley Renovation and Expansion, Jones Hall – \$100,000 advance planning authorization

UNC-CH – Thurston Bowles Cage Wash Installation – \$1,000,000 increase in authorization

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

9. Acquisition of Property by Lease – NCSU: The Board of Trustees of North Carolina State University had requested a lease of new space for the Institute for Advance Analytics because of program expansion. The lease of a larger office and instructional space would allow the Institute to grow from two cohorts and 86 students to a projected four cohorts and 180 students.

It was recommended that the request of the Board of Trustees be approved.

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

10: Property Actions Approved Under Delegated Authority:

- NCSU – Disposition of Real Property by Easement for storm water for the Textile Innovation Center
- UNCC – Acquisition of Real Property by Lease for a warehouse storage facility
- UNCW – Disposition of Real Property by Lease for lab/office space in the Marine Biotechnology Building

11. Approval for Purchase of Liability Insurance – ECU: The East Carolina University Board of Trustees had recently approved a detailed Insurance Program Plan document for the Brody School of Medicine. The Plan described the administration of the Insurance Program, including the acquisition of liability insurance, and added specific provisions for regular assessment of various aspects of the Insurance Program.

It was recommended that the Board of Governors approve the purchase of professional liability coverage for health care providers serving the Brody School of Medicine and that delegation be given to the ECU Board of Trustees to arrange for insurance coverage as contemplated in its Plan.

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

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

Roger Aiken, Secretary
Committee on Budget and Finance

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: November 12, 2014 at 2:30 p.m.
Spangler Center, Conference Room A, Chapel Hill, North Carolina

OPEN SESSION

The following members met via teleconference: Chair Harry L. Smith, Jr., Roger Aiken, Peter D. Hans, Scott Lampe, W.G. Champion Mitchell, and Raiford Trask III. Necessarily absent were W. Louis Bisette, Jr. and Hannah D. Gage. Other Board members in attendance were Anna Spangler Nelson and R. Doyle Parrish.

The following staff were present: Chief Operating Officer Charles E. Perusse, Vice Presidents Andrew Moretz, Jonathan Pruitt, Tom Shanahan, and Joni Worthington, Associate Vice Presidents Shannon Byers, William Johnson, Andrea Poole, Michael Vollmer, and Jonathan Womer, other General Administration staff, Chancellors W. Randolph Woodson (NCSU), M. Lindsay Bierman (UNCSEA), and David O. Belcher (WCU), Special Assistant to the Chancellor for Constituent Relations Elizabeth M. Doster (UNCC), Adam Brueggemann from the Office of State Budget and Management, Mark Bondo and Brett Altman from Fiscal Research Division, and members of the press.

1. Discussion: Budget Priorities 2015-17: The Committee discussed the operating and capital items. Andrea Poole presented changes to the operating budget that had been incorporated since Committee review at the October meeting. Will Johnson addressed the updates to the capital budget.

After questions, concerns, and input from the Committee, it was announced that final revised documents would be sent out by Tuesday, November 18, for Committee review prior to the December 4 meeting. The Committee would receive operating and capital budgets as well as information supporting the budgets broken down by department/school levels.

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

Roger Aiken, Secretary
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