



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

November 18, 2020 at 2:00 p.m.
Via Videoconference and UNC-TV Live Stream
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

AGENDA

- A-1. Approval of the October 21, 2020 Minutes.....James L. Holmes, Jr.
- A-2. General Fund Update.....Jennifer Haygood
- A-3. Capital Improvement Project..... Katherine Lynn
- A-4. Acquisition of Property by Deed and Disposition by Demolition –
N.C. A&T State University Katherine Lynn
- A-5. Acquisition of Property by Transfer of Deed – N.C. A&T State University Katherine Lynn
- A-6. Task Force Updates.....James L. Holmes, Jr.
 - a. Capital Construction Task Force
 - b. Task Force on Pricing, Flexibility, and Affordability
- A-7. Adjourn



DRAFT MINUTES

October 21, 2020 at 1:00 p.m.
Via Videoconference and UNC-TV Live Stream
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair James L. Holmes, Jr. The following committee members, constituting a quorum, were present in person or by phone: W. Marty Kotis, III, J. Alex Mitchell, Wendy Floyd Murphy, and Michael Williford. Darrell Allison resigned from the UNC Board of Governors as of September 23, 2020.

Chancellors participating were Sheri Everts, Kevin Guskiewicz, and Randy Woodson. Staff members present included Jennifer Haygood, Katherine Lynn, and others from the UNC System Office.

1. Call to Order and Approval of the September 16, 2020 (Item A-1)

Chair James L. Holmes, Jr. called the meeting to order at 1:00 p.m. on October 21, 2020, and called for a motion to approve the minutes of September 16, 2020, for the regular meeting of the Committee on Budget and Finance.

MOTION: Resolved, that the Committee on Budget and Finance approve the minutes of September 16, 2020, for the regular meeting of the Committee on Budget and Finance, as distributed.

Motion: Wendy Floyd Murphy

Motion: Carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

2. General Fund Update (Item A-2)

Senior Vice President Jennifer Haygood presented the General Fund Update to the committee. She explained that the budgeted General Fund appropriations for FY21 exceed projected revenues by approximately \$1 billion. The State's healthy unreserved credit balance will help bridge this gap in the current fiscal year, but will not be adequate to support the same level of expenditure in FY22, unless revenues grow. This was an informational item.

3. 2021-23 Budget Priorities (Item A-3)

The committee had a discussion on the 2021-23 Budget Priorities. Due to the uncertainty of available state revenue, the Office of State Budget and Management has delayed the issuance of instructions for budget request submissions. Ms. Haygood reviewed the recommendations from the System Office, which focus on four core needs: full funding for enrollment, full funding for the NC Promise Program, compensation funding to recognize the System’s faculty and staff, and full funding for building reserves. In addition, the committee recommended that institutions prudently identify potential one-time and annual savings, in the event that contingency funds are needed for the continuing extraordinary costs incurred due to the coronavirus pandemic and in the event of a significant decrease in revenue and receipts during the latter half of the current academic and fiscal year of 2020-21 and for fiscal year 2021-22. This item was discussion only.

4. Expenditure Benchmarks for the President and Special Responsibility Constituent Institutions (Item A-4)

Ms. Haygood presented the Expenditure Benchmarks for the President and Special Responsibility Constituent Institutions to the committee for approval. The committee approved the establishment of a \$100,000 Tier 3 purchasing threshold for the UNC System Office, while maintaining the president’s authority to approve purchasing expenditures for all Tier 2 and Tier 3 institutions, including the president of the UNC System up to \$500,000. In addition, the committee recommended that the Board of Governors approve the transition of North Carolina A&T State University from Tier 2 to Tier 1, which will raise the university’s expenditure threshold from \$250,000 to \$500,000.

MOTION: Resolved, that the Committee on Budget and Finance approve the expenditure benchmarks for the president and special responsibility constituent institutions and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: W. Marty Kotis, III

Motion: Carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

5. Duties and Authorities of Boards of Trustees – Proposed Policy Changes (Item A-5)

Ms. Haygood reminded the committee of the recommendations made in July by the Capital Construction Task Force to improve the efficiency of and to ensure the value in the execution of capital projects. One of the recommendations included delegating the authority for advance planning to the president and boards of trustees when funded entirely with non-general fund money. This change requires revisions to Sections 200.6 and 600.1.1 of the UNC Policy Manual. The committee proposed an amendment that Boards of Trustees not be permitted to further delegate advance planning authority and approved the amended proposed policy change for duties and authorities of boards of trustees. This item will be presented to the full Board through consent agenda for a vote at the next meeting.

MOTION: Resolved, that the Committee on Budget and Finance approve the proposed policy changes to amend the duties and authorities of boards of trustees and recommend that the full Board of Governors vote to amend the policies through the consent agenda at the next meeting.

Motion: W. Marty Kotis, III

Motion carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

6. System-wide STEM Study (Item A-6)

Senior Associate Vice President Katherine Lynn presented the final System-wide STEM Study on behalf of the Board of Governors STEM Planning Task Force, created by S.L. 2018-5 to conduct a system-wide analysis of STEM capital needs. The System Office hired MGT Consulting Group to conduct the System-wide STEM Program Needs Assessment to address STEM job growth and projected STEM enrollment growth. JMZ Architects and Planners was hired to conduct the System-wide STEM Capital Planning Study. The capital planning study looked at the capacity, utilization, and condition of existing STEM space and projected the additional space needed to accommodate future STEM enrollment growth. The study emphasized renovating or repurposing existing space to accommodate future growth before constructing new space, and also indicated that existing STEM space will continue to deteriorate without additional investment. Both of these reports will be submitted to the legislature. This item was informational only.

7. Capital Improvement Projects (A-7)

Ms. Lynn presented requests by two UNC System institutions for three capital improvement projects. The committee approved North Carolina Central University’s request for an increase in authorization for its New Student Center and North Carolina State University’s request for two new capital improvement projects for the Dairy Facility at the College of Veterinary Medicine and Greek Village Phase 4 – Infrastructure, Townhomes, and Apartments.

MOTION: Resolved, the Committee on Budget and Finance approve the requests for capital improvement projects at NC Central and NC State and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Wendy Floyd Murphy

Motion carried

Roll Call Vote	
Holmes	Yes
Kotis	No
Mitchell	Yes
Murphy	Yes
Williford	Yes

8. Acquisition of Property by Deed – Appalachian State University (A-8)

Ms. Lynn presented Appalachian State University’s request for approval of the acquisition of Raven Rocks Residence Hall, a 322-bed new residence hall, on existing property owned by the university. The construction of Raven Rocks Residence Hall was included in the P3 agreement and included an option for Appalachian State University to purchase Raven Rocks Residence Hall upon completion.

MOTION: Resolved, the Committee on Budget and Finance approve Appalachian State’s request for acquisition of property by deed and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion Wendy Floyd Murphy

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	No
Mitchell	Yes
Murphy	Yes
Williford	Yes

9. Disposition of Property by Reallocation – NC State University (A-9)

Ms. Lynn presented North Carolina State University’s request for disposition of two parcels of property by reallocating them to the NC Department of Transportation to support the I-440 widening project. NC State owns two parcels east and west of Ligon Street that will be reallocated for permanent rights-of-way, permanent easements, and temporary easements.

MOTION: Resolved, the Committee on Budget and Finance approve NC State’s request for disposition of property by reallocation and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion W. Marty Kotis, III

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

10. Sale of Revenue Refunding Bonds – UNC Hospitals (A-10)

Ms. Haygood presented UNC Hospitals’ request for authorization for issuance of special revenue refunding bonds, in an aggregate principal amount not to exceed \$28,280,000, for the purpose of refunding the callable maturities of UNC Hospitals’ taxable Series 2010B Build America Bonds, which the committee approved.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Hospitals’ request for sale of revenue refunding bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion W. Marty Kotis, III

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

11. Task Force Updates (Item A-11)

Mr. Kotis, chair of the Capital Construction Task Force, will meet with staff following the committee meeting to discuss task force objectives, a proposed meeting date, and potential members.

Also, Mrs. Wendy Murphy is now the chair of the Task Force on Pricing, Flexibility, and Affordability and Mr. Art Pope has been added as a member. The next tentative meeting for the task force will be in November.

There being no further business, the meeting adjourned at 11:00 a.m.

Michael Williford, Secretary



AGENDA ITEM

A-2. General Fund UpdateJennifer Haygood

Situation: General Fund appropriations support approximately 25 percent of the University of North Carolina System budget. Given the economic uncertainty caused by COVID-19, the committee will monitor State General Fund revenues on an ongoing basis to identify potential impacts on University operations and inform future decisions.

Background: The Fiscal Research Division of the General Assembly and the Office of State Budget and Management routinely collaborate to develop General Fund revenue forecasts used to inform the development of the State budget. To maintain necessary situational awareness, the System Office monitors these forecasts, as well as information provided through monthly General Fund financial reports issued by the Office of State Controller.

Assessment: Since the last Board of Governors meeting, the Office of State Controller has released updated General Fund data through October 31, 2020. State General Fund revenues for October 2020 were \$158.6 million, or 7.5 percent, above October 2019 levels. This growth was not concentrated in any one area: individual income, sales and use tax revenues, and various other tax revenues were up over October 2019 levels.

General Fund revenues through October 31, 2020, have exceeded appropriation expenditures for the same period, resulting in an unreserved credit balance of \$4.36 billion. However, it is important to remember that revenues and expenditures do not occur evenly over the course of the fiscal year. Because the delay of state tax payment deadlines from April to July resulted in a significant shift in income tax revenues from FY20 to FY21, revenue collections are more uneven than usual this fiscal year.

Action: This item is for information only.

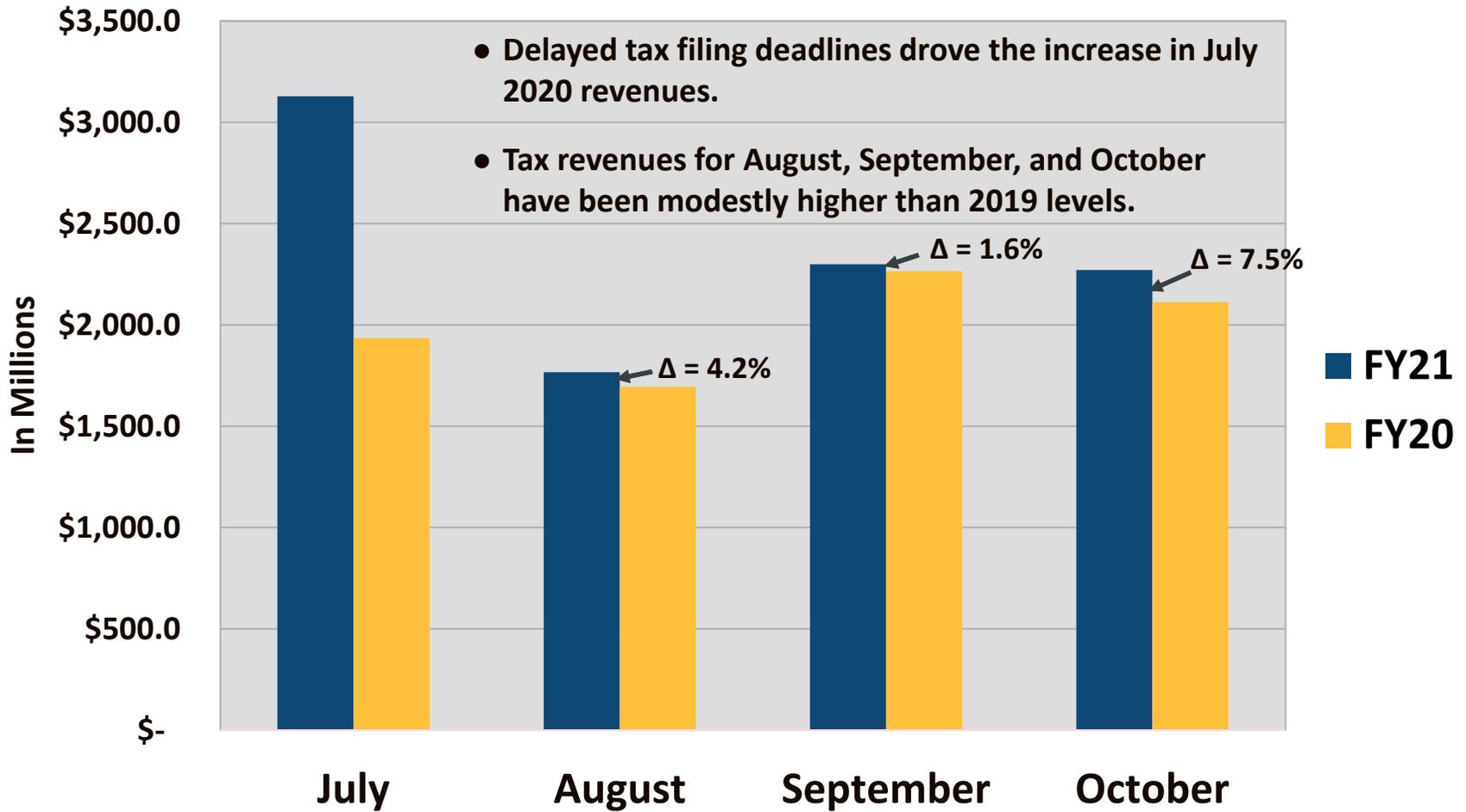


GENERAL FUND UPDATE

**Board of Governors
Committee on Budget and Finance**

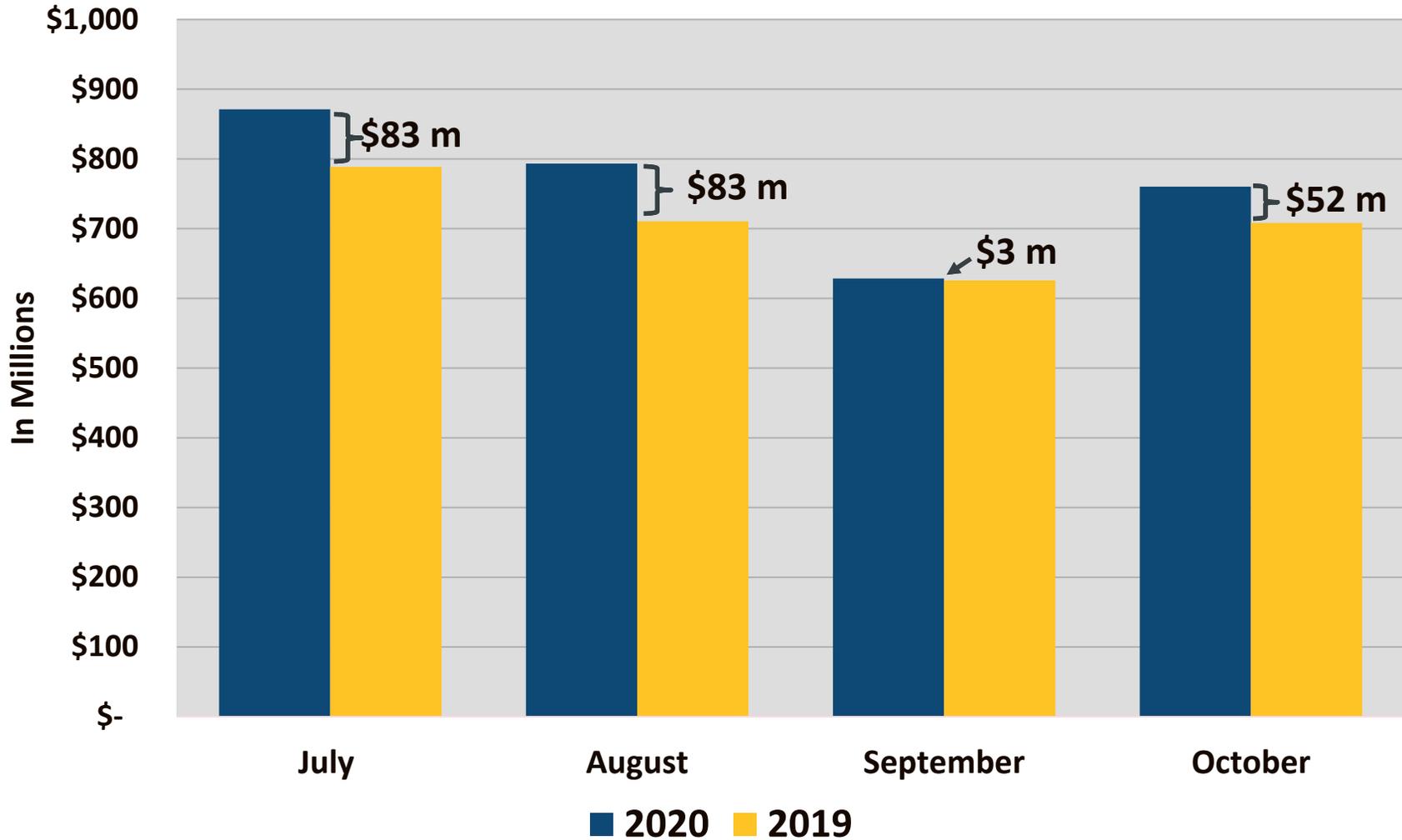
November 18, 2020

State General Fund Revenues



Source: *General Fund Financial Report – September 2020, Office of State Controller*

Sales Tax Revenues Through Oct. 31



FY 2020-21 General Fund Summary

FY 2020-21 General Fund Unreserved Fund Balance (in millions)

	Budget	YTD thru Oct. 31	% of Budget
Beg. Unreserved Fund Balance	\$1,471.1	\$1,471.1	
Revenues	23,466.3*	9,465.9	40.3%
Appropriation Expenditures	(24,485.1)	(6,555.7)	26.8%
Transfers to/from Reserves		(15.0)	
Unreserved Fund Balance	452.3	4,366.3	
Unreserved Fund Balance Change	\$(1,018.8)	\$2,895.2	

- *Revenues and appropriation expenditures never occur evenly over the course of the fiscal year.*

* *Projected Revenues per May 2020 Consensus Revenue Forecast*

Year-To-Date General Fund Comparison

General Fund Revenues and Appropriation Expenditures through October 31 (in millions)

	Actual YTD		Change	% Change
	FY20	FY21		
Beg. Unreserved Fund Balance	\$1,709.3	\$1,471.1	\$(238.2)	(13.9%)
Tax and Non-Tax Revenues	8,006.0	9,465.9	\$ 1,459.9	18.2%
Appropriation Expenditures	(6,927.1)	(6,555.7)	(371.4)	(5.4%)
Transfers to/from Reserves	0	(15.0)	(15.0)	
Unreserved Fund Balance	2,788.2	4,366.3	1,578.1	56.6%
Excess of Revenues Over (Under) Appropriation Expenditures	\$1,078.9	\$2,910.2	\$1,831.3	169.7%

QUESTIONS?

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AGENDA ITEM

A-3. Capital Improvement Project – North Carolina State University Katherine Lynn

- Situation:** North Carolina State University has requested one capital improvement project for increased authorization.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** North Carolina State University is requesting a project that meets the statutory requirement, and it is recommended that the Board of Governors approve the project and the method of funding. It is further recommended that this project be reported to the NC Office of State Budget and Management as a non-appropriated project that does not require any additional debt or burden on state appropriations.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Capital Improvement Project – North Carolina State University

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

One UNC System institution has requested one capital improvement project for increased authorization.

I. INCREASED AUTHORIZATION

Institution/Project Title	Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina State University				
1. Structural Repairs Mann Hall	\$5,000,000	\$2,000,000	\$3,000,000	F&A
<i>NC State Subtotal</i>	<i>\$5,000,000</i>	<i>\$2,000,000</i>	<i>\$3,000,000</i>	
Grand Total	\$5,000,000	\$2,000,000	\$3,000,000	

RECOMMENDATION

The project and associated funding source is in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that this project be authorized and reported to the NC Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.



AGENDA ITEM

- A-4. Acquisition of Property by Deed and Disposition of Property by Demolition –
N.C. A&T State University Katherine Lynn

Situation: The Board of Trustees of North Carolina A&T State University requests authorization to acquire by deed 19 properties located on Banks Street, Boyd Street, and Stewart Street, and to demolish the existing structures for future campus expansion and the construction of new student housing.

Background: The N.C. A&T Board of Trustees approved the purchase of 19 properties located on Banks Street, Boyd Street, and Stewart Street, and the demolition of existing structures to support the construction of future student housing. The structures to be demolished are single-family residential structures.

Assessment: The acquisition of the properties and the demolition of existing structures are required to support the construction of future student housing and is in accordance with the campus master plan.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda, and approval by the Council of State.

Acquisition of Property by Deed/Disposition of Property by Demolition – N.C. A&T State University

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property.

The Board of Trustees of North Carolina A&T State University has requested authorization to purchase 19 properties located on Banks Street, Boyd Street, and Stewart Street, and the demolition of existing structures to support the construction of future student residential housing. The structures to be demolished are single-family residential structures and are not located in a historical district. The purchase of the properties supports future expansion of the campus including the construction of future student housing and includes the following:

402 Banks Street	\$ 49,000.00	506 Boyd Street	\$ 49,000.00
411 Boyd Street	\$ 43,000.00	508 Boyd Street	\$ 46,000.00
420 Boyd Street	\$ 45,000.00	510 Boyd Street	\$ 41,000.00
422 Boyd Street	\$ 56,000.00	512 Boyd Street	\$ 45,000.00
424 Boyd Street	\$ 46,000.00	408 Stewart Street	\$ 37,000.00
425 Boyd Street	\$ 45,000.00	410 Stewart Street	\$ 45,000.00
500 Boyd Street	\$ 49,000.00	424 Stewart Street	\$ 50,000.00
502 Boyd Street	\$ 45,000.00	425 Stewart Street	\$ 45,000.00
504 Boyd Street	\$ 49,000.00	500 Stewart Street	\$ 45,000.00
		508 Stewart Street	<u>\$ 48,000.00</u>
		TOTAL	\$ 878,000.00

The Board of Governors previously approved the purchase and demolition of eight properties in the same area and the demolition of an existing structure on Bluford Street.

The properties listed above will be purchased from the N.C. A&T Foundation with federal Title III funds.

RECOMMENDATION

It is recommended that the Board of Governors approve this request. This item requires approval by the Council of State.

STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION

*ACQUISITION OF REAL PROPERTY

Institution or Agency: North Carolina A&T State University

Date: 9/23/2020

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by *purchase, lease, rental, or other (specify)*. Purchase/Demolish

This Property is needed for the following reasons and purposes: *(Attach additional pages if needed.)*

North Carolina A&T State University would like to acquire and demolish properties described below. These properties are not located in a historical district.

Name and Address of Present Owner: North Carolina A&T Real Estate Foundation
200 Benbow Road
Greensboro, North Carolina 27401

Description of Property: *(Attach additional pages if needed.)*

402 Banks Street-49,000	500 Boyd Street-49,000	512 Boyd Street-45,000
411 Boyd Street-43,000	502 Boyd Street-45,000	408 Stewart Street-37,000
420 Boyd Street-45,000	504 Boyd Street-49,000	410 Stewart Street-45,000
422 Boyd Street-56,000	506 Boyd Street-49,000	424 Stewart Street-50,000
424 Boyd Street-46,000	508 Boyd Street-46,000	425 Stewart Street-45,000
425 Boyd Street-45,000	510 Boyd Street-41,000	500 Stewart Street-45,000
		508 Stewart Street-48,000

Estimated value: 878,000.00 Rental price (if applicable): _____

Funds for the acquisition of this property are available in our budget under Code: _____, Item: _____.
Other: 100% Federal (Title III)

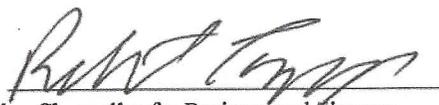
In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.

N/A

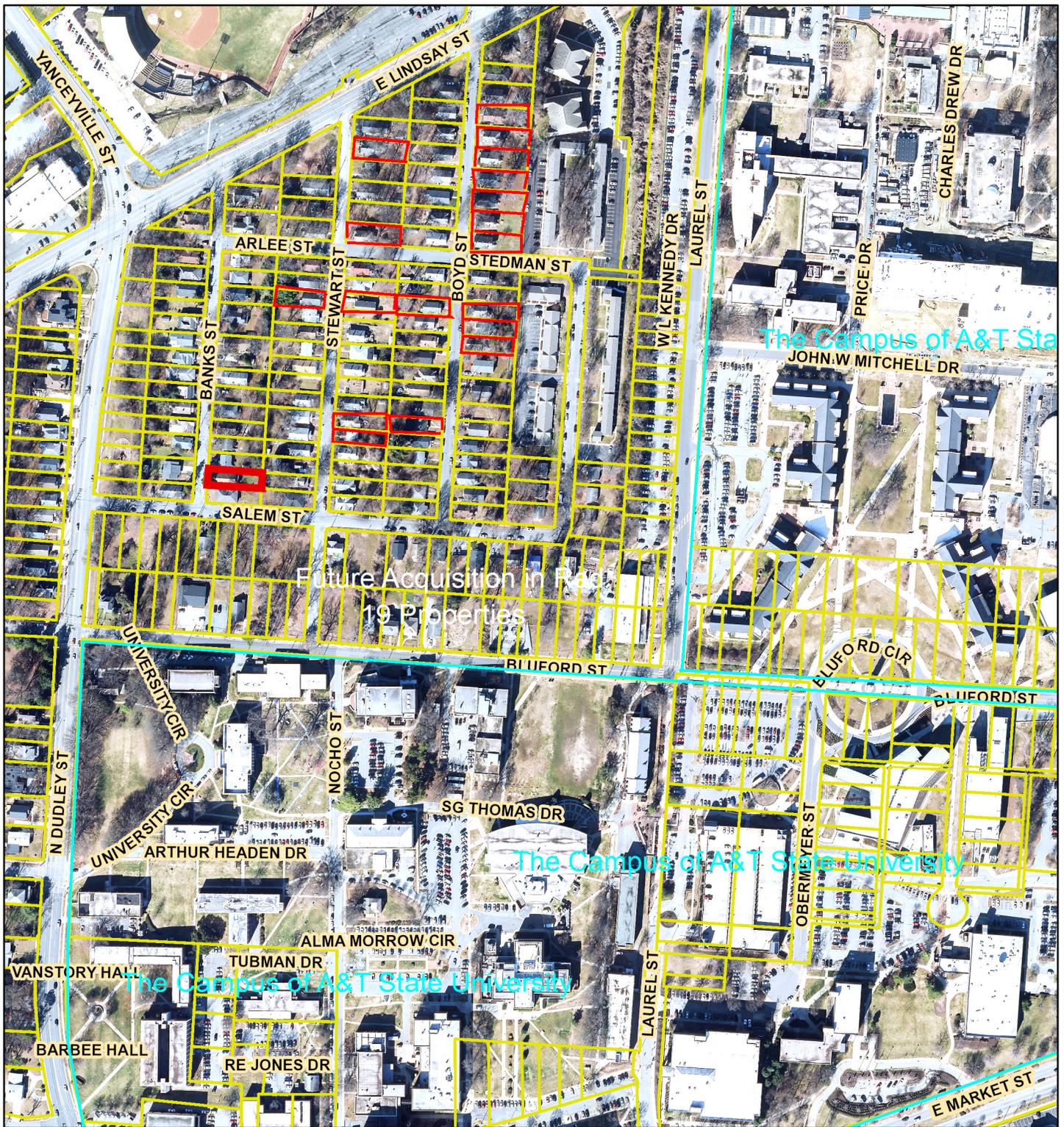
(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of NCA&T and is recorded in the minutes thereof on 9/27/2020 (date).

Signature: _____
Title: _____

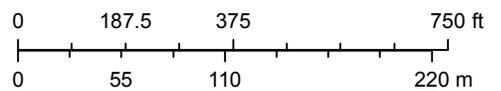

Vice Chancellor for Business and Finance

Guilford County, NC



September 28, 2020

1:4,000





AGENDA ITEM

A-5. Acquisition of Property by Transfer of Deed – N.C. A&T State University..... Katherine Lynn

Situation: The Board of Trustees of North Carolina A&T State University requests authorization to acquire by transfer of deed the World War Memorial Stadium. The property will be transferred from the City of Greensboro to the university.

Background: The N.C. A&T Board of Trustees and the City of Greensboro have approved resolutions transferring the ownership of the World War Memorial Stadium to the university. The stadium is adjacent to the university and was listed on the National Register of Historic Places in 2001. In addition, the City of Greensboro will provide \$1.5 million for renovations.

Assessment: The acquisition of the stadium will support N.C. A&T's athletics program, including the university's baseball program, which has been the stadium's primary user since 2004.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Acquisition of Property by Deed – N.C. A&T State University

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property.

The Board of Trustees of North Carolina A&T State University requests authorization to acquire by transfer of deed the World War Memorial Stadium. The property will be transferred from the City of Greensboro to the university.

The N.C. A&T Board of Trustees and the City of Greensboro have approved resolutions transferring the ownership of the World War Memorial Stadium to the university. In addition, the City of Greensboro will provide \$1.5 million for renovations.

The stadium property is located adjacent to the university. The stadium property is approximately 14 acres and includes the historic World War Memorial Stadium, tennis courts, ticket booth, storage and equipment sheds, and parking lots. The stadium was constructed in 1926 by the City of Greensboro as a memorial dedicated to all veterans who lost their lives in World War I and was listed on the National Register of Historic Places in 2001.

The stadium is in poor condition and the City of Greensboro will provide \$1.5 million towards the renovation. N.C. A&T will provide additional funding from grants and donations. The renovations will be phased over several years and life safety repairs will be prioritized. The total estimated cost for renovation is \$5,714,410.

The acquisition of the stadium will support N.C. A&T's athletics program, including the university's baseball program, which has been the stadium's primary user since 2004.

RECOMMENDATION

It is recommended that the Board of Governors approve this request. This item requires approval by the Council of State.

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
*ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina A&T State University

Date: 9/30/2020

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by *purchase, lease, rental, or other (specify)*. Gift and transfer of deed.

This Property is needed for the following reasons and purposes: *(Attach additional pages if needed.)*

This property is located adjacent to the University and has used the Stadium as the Home Field for Football and Baseball Athletic events since 1927. The University currently uses this facility as the home field for their Division 1 baseball team, parking and community outreach events. The City of Greensboro built a new baseball stadium in 2005 and no longer uses this facility for city events. The City has committed 1.5 million dollars toward the upfit of the facility.

Name and Address of Present Owner: City of Greensboro
c/o Parks & Recreation Department
Attn: Nasha McCray/ P.O. Box 3136
Greensboro, North Carolina 27408

Description of Property: *(Attach additional pages if needed.)*

Property is an historic structure that is on the National Register of Historic Buildings. Better known as the War Memorial Baseball Stadium.

Estimated value: 2,000,000.00 Rental price *(if applicable)*: _____

Funds for the acquisition of this property are available in our budget under Code: _____, Item: _____, Other: Gift to the University

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.

N/A

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of NCA&T and is recorded in the minutes thereof on 4/17/2015 *(date)*.

Signature:
Title:


Director of Design and Construction