

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: October 29, 2015, at 9:00 a.m.
C.S.L.D. Building, Conference Room 128
140 Friday Center Drive, Chapel Hill, North Carolina

OPEN SESSION

The following members were present: Chair Harry L. Smith, Jr., Roger Aiken, W. Louis Bissette, Jr., Hannah D. Gage, James L. Holmes, Jr., W. Marty Kotis III, Scott Lampe, J. Alex Mitchell, and W.G. Champion Mitchell. Necessarily absent was Walter Davenport. Other Board members in attendance were Henry W. Hinton, David M. Powers, and Robert S. Rippy.

The following staff were present: Senior Vice President and Chief Operating Officer Charles E. Perusse, Senior Vice President and General Counsel Tom Shanahan, Vice Presidents Timothy Minor and Jonathan Pruitt, 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 September 17, 2015 were properly approved, and seconded.
2. 2015-16 Operating Budget Allocations: The allocations met all of the directives cited in the Appropriations Act of 2015 and the related Joint Conference Committee Report. The item included specific allocations of funding to the system campuses and General Administration including: Enrollment Change funding (\$49,324,741), Management Flexibility reduction (-\$18,033,112), the elimination of the Academic Summer Bridge Program (-\$1,073,700), UNC System Smart funding (\$2,000,000), and Resident tuition for Veterans (\$9,300,762).

A vote was taken by the committee, which did pass. Mr. Kotis voted no.

3. 2015-16 Capital Improvements Allocations: There were two allocations included in the capital improvements item.

The first was distribution of \$50,000,000 of repair and renovations appropriations provided in the recently adopted state budget. This item was removed from consideration and would be brought back to the Board at the December meeting for approval.

The second capital allocation was related to the recently adopted Bond bill. The General Assembly included \$45,000,000 to be allocated to the three campuses that did not receive a specific project in the bond proposal for large-scale repair and renovation projects (ECSU, UNCA, and UNCSA). Once approved by the Board, these projects would be added to the bond proposal that would go to voters in the spring.

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

4. Sale of Special Obligation Bonds – ECU: East Carolina University requested that the Board issue special obligation bonds in an amount not to exceed \$151.1 million for the purpose of (1) financing the cost of a) constructing and equipping a new student union building and parking structure, approved by the Board of Governors and authorized by the 2014 General Assembly, and b) renovating three residence halls approved by the Board of Governors and authorized by the 2015 General Assembly, and (2) paying the costs incurred in connection with the issuance of the 2015 Bonds.

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

5. Sale of Special Obligation Bonds – NCA&T: North Carolina A&T State University requested that the Board issue special obligation bonds in an amount not to exceed \$99.0 million for the purpose of (1) refinancing Bond Anticipation Notes, the proceeds of which financed a portion of the costs of construction, equipping, and furnishing of a new student center approved by the Board of Governors and the 2013 General Assembly, (2) financing the balance of the costs of the project, (3) refinancing a portion of outstanding indebtedness for interest rate savings, and (4) paying the costs incurred in connection with the issuance of the 2015 Bonds.

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

6. Sale of Special Obligation Bonds and Replacement of Liquidity Facility – NCSU: North Carolina State University requested approval of two financing items. First, NCSU requested authority to issue special obligation bonds to a) refund the 2008A Bonds through a private placement with BB&T Community Holdings Company (“BB&T”), and b) finance the costs incurred in connection with the issuance of the 2015 Bonds.

Second, NCSU requested authority to replace the existing liquidity facility for the 2003B Bonds with an alternate liquidity facility to be provided by Wells Fargo Bank, National Association.

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

7. Sale of Special Obligation Bonds – UNC-CH: UNC-Chapel Hill requested that the Board issue special obligation bonds in an amount not to exceed \$593.0 million for the purpose of (1) refinancing outstanding indebtedness for interest rate savings (2005A Bonds, 2007 Bonds and Commercial Paper Bonds), and (2) paying the costs incurred in connection with the issuance of the 2015 Bonds.

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

8. Sale of Special Obligation Bonds - WSSU: Winston-Salem State University requested that the Board issue special obligation bonds in an amount not to exceed \$29.5 million for the purpose of (1) financing the costs of constructing and equipping a new residence hall on the WSSU campus, the financing of which was authorized by the 2013 General Assembly, (2) refunding a portion of the outstanding The University of North Carolina System Pool Revenue Bonds, Series 2008A, and (3) financing the costs incurred in connection with the issuance of the 2015 Bonds.

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

9. Authorization of Capital Improvements Projects – ASU, ECU, NCSU, UNC-CH, UNCC, UNCG, and WCU:

ASU – Howard Street Hall Renovation: \$2,190,000,
ECU – Bate Student Technology Center Renovations, \$484,500
ECU – Classroom Renovations - Brewster and Allied Health Buildings, \$499,500
NCSU – Harrelson Hall Demolition, \$3,508,000
NCSU – CVM Main Building Dining Project, \$495,000
NCSU – CVM Teaching Theatre Renovation, \$400,000
NCSU – D.H. Hill Dining Service Area Renovation, \$499,000
NCSU – E.S. King Village Roof Replacements-Phase I, \$1,000,000
UNC-CH – Indoor Practice Facility, \$25,000,000
UNC-CH – UNC Eshelman School of Pharmacy - Beard Hall Second Floor and Associated Infrastructure Renovation, \$9,713,728
UNC-CH – Fetzer Field Renovation, \$30,000,000
UNC-CH – Practice Field Renovation and Expansion at Finley Fields, \$10,000,000
UNC-CH – Kenan Stadium LED Ribbon Boards, \$2,900,000
UNC-CH – Hooker Fields Improvements, \$2,817,500
UNC-G – Elliott University Center Freight Elevator Modernization, \$361,000
WCU – Emergency Temporary Steam Plant Equipment, \$2,113,984
WCU – Madison Roof Replacement, \$620,220
WCU – Reid Building Career Center Renovation, \$493,550
WCU – Telecom Infrastructure Rework Project, \$560,000
NCSU – CBC Chiller Plant Expansion, advance planning authorization of \$200,000

NCSU – CBC Road Improvements and Traffic Safety, advance planning authorization of \$150,000

UNCC – Admissions and Visitors Center, advance planning authorization of \$700,000

UNC-CH – Campus Sidewalk Improvements, increase in authorization of \$1,300,000

UNC-CH – Improve Pedestrian, Bicycle and Vehicular Access from Franklin Street to Cameron Avenue, increase in authorization of \$1,500,000

UNC-CH – Kenan Lab 8A Renovation, increase in authorization of \$228,518

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

[Note: UNC-CH – Chase Dining Hall Second Floor Renovations, \$3,850,000, was removed from consideration and would be brought back to the Board at the December meeting for approval.]

- 10: Disposition of Property by Easement and Right-of-Way – NCSU: North Carolina State University proposed to grant easement for new right-of-way, permanent utility and drainage easement, and temporary construction easements to the City of Raleigh for construction involving Phase 2 of the Hillsborough Street Streetscape Project.

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

11. Disposition of Property by Lease – NCSU: North Carolina State University requested approval to lease State of North Carolina land comprising Spring Hill on Centennial Campus to the Board of Trustees of the Endowment Fund for North Carolina State University. Through reallocation of state property in 2000, NCSU acquired 130 acres of land east of Centennial Parkway known as Spring Hill, formerly a portion of Dorothea Dix Hospital Campus. The land had been incorporated into Centennial Campus Precinct. The 99-year ground lease would be executed in accordance with the existing statutory authority for disposition of property by lease at Millennial Campuses.

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

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

Walter Davenport, Secretary
Committee on Budget and Finance