

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: December 10, 2015, at 3:30 p.m.
C.S.L.D. Building, Board Room 111
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., Walter C. Davenport, Hannah D. Gage, James L. Holmes, Jr., Scott Lampe, J. Alex Mitchell, and W.G. Champion Mitchell. Other Board members in attendance were Joan G. MacNeill, R. Doyle Parrish, Joan T. Perry, Therence O. Pickett, and Robert S. Rippy.

The following staff were present: Senior Vice President and Chief of Staff Kevin FitzGerald, 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 President Andrea Poole, 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 October 29, 2015 were properly approved, and seconded.
2. 2015-16 Allocations from the Reserve for Repairs and Renovations: Funds for Repairs and Renovations projects were appropriated by the General Assembly to the Board of Governors for allocation to the institutions. This appropriation was included in the 2015 Appropriations Act (House Bill 97 - S.L. 2015-241). By statute, the Board was directed to allocate such funds in accordance with guidelines developed in the UNC Funding Allocation Model for Repairs and Renovations and in accordance with any specifications in the Appropriations Act.

Further, the 2015 Appropriations Act (House Bill 97 - S.L. 2015-241) Section 31.5.(d) required "In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d).".

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

3. Authorization of Capital Improvements Projects – ASU, ECU, NCA&T, NCCU, NCSU, UNCA, UNC-CH, and UNCC:

ASU – Steam Plant Vault Utility Tunnel, \$2,750,000
ECU – Transit Facility Improvements, \$495,784
NCA&T – Sebastian Hall HVAC Upgrade, \$350,000
NCCU – Baynes Residence Hall Renovations, \$3,148,600
NCSU – Price Music Center First Floor Improvements, \$400,000
NCSU – Patterson Hall Business Center Renovation, \$1,180,000
NCSU – Textiles Complex – iLab Renovations, \$400,000
NCSU – Power America – Varsity Research Renovations, \$495,000
UNCA – Mills Hall Renovations, \$700,000
UNC-CH – Administrative Office Building, 2nd and 3rd Floor Renovation, \$1,781,426
UNC-CH – Emergency Power Improvements for UNC Marine Sciences Institutes,
\$414,200
UNC-CH – Chase Dining Hall Second Floor Renovations, \$3,850,000
UNCC – Irwin Belk Track Resurfacing, \$1,400,000
UNCC – Hickory/Cedar Swing Space, \$800,000
UNCA – Student Apartment Housing, advance planning authorization of \$467,400
UNCC – Sycamore Hall Renovation, advance planning authorization of \$420,000
ECU – The Galley Renovation and Expansion, increase in authorization of \$500,000 (from
\$100,000 to \$600,000)
UNCA – Highsmith University Union Renovation, increase in authorization of \$185,000
(from \$50,000 to \$235,000)

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

4. Sale of Special Obligation Bonds – ASU: Appalachian State University requested that the Board issue special obligation bonds in an amount not to exceed \$37,000,000 for the purpose of (1) refinancing all or a portion of the 2006A and 2008A series of UNC System Pool Bonds, and (2) paying the costs incurred in connection with the issuance of the 2015 Bonds. The 2015 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the President of the University, or his designee, in consultation with the appropriate officers at ASU, determined to be in the best interest of the University.

Appalachian State University currently had an issuer credit rating of Aa3 by Moody's Investor Service with a Stable Outlook. It was expected that ASU would maintain its current credit rating after issuance of these bonds. Hunton and Williams was bond counsel and First Tryon was the financial advisor.

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

5. Annual Report of the Committee on Budget and Finance, 2014-15: The report included all activities of the Budget and Finance Committee for fiscal year July 1, 2014 through June 30, 2015.

6. Discussion – Bond Update: Dr. Perry explained the efforts to date for the major bond campaign to ask voters to approve borrowing of \$2 billion for repairs and expansions across the state on March 15, 2016. Mr. FitzGerald explained fund-raising efforts. A January 5, 2016 kick-off event was being planned at NCSU’s Centennial Campus.

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

Walter C. Davenport, Secretary
Committee on Budget and Finance