Open Session Minutes

Present
Mary Ann Rouse, Chair
David L. Hauser, Vice Chair
Theresa J. Drew
Robert F. Hull, Jr.

Staff/Guests in Attendance
Krista Newkirk, Chief of Staff
Chris Bates, Assistant Vice Chancellor for Administration, Business Affairs
Paul Forte, Associate Vice Chancellor for Finance
Beth Hardin, Vice Chancellor for Business Affairs
Jane Johansen, Director, Treasury Services
Phil Jones, Associate Vice Chancellor, Facilities Management
Nelda Tatum, Executive Assistant, Business Affairs

Call to Order. Ms. Rouse called the meeting to order and reminded Committee members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act, in accordance with Chapter 138A of the North Carolina General Statutes, and advised the Committee members to notify her immediately if anyone should become aware of a conflict of interest or the appearance of a conflict of interest during the meeting. No conflicts of interest were reported.


Action: On a motion by Mr. Hauser, seconded by Ms. Drew, the Committee approved the December 4, 2014, Facilities and Physical Properties Committee minutes with minor corrections.

Resolution Authorizing Agreements Relating to the Refinancing and Refunding of Student Housing Facilities on Campus. Ms. Hardin stated that on December 4, 2014, the Committee approved a resolution authorizing the agreements related to refinancing and refunding student housing facilities on campus. Ms. Hardin noted that the resolution authorized a first amendment
to use and indenture agreements based on tax-exempt refinancing to allow the Facilities Development Corporation to refinance existing debt for the Greek Village housing project. Ms. Hardin stated that University staff obtained new information related to Internal Revenue Service questions about Greek housing refinancing at another UNC system campus. Ms. Hardin explained that, based on this new information, Business Affairs staff, Robinson Bradshaw and Hinson (UNC Charlotte’s financial advisor as bond counsel), and Parker Poe (underwriter counsel) now recommend a taxable refunding of the 2005 certificates of participation for Greek Village. Ms. Hardin stated that the remaining loan amount, $13.5 million, is available for refunding in March 2015. Ms. Hardin also noted that based on the January 20, 2015, interest rate of 4 percent, the estimated net present value savings resulting from this taxable refunding will be 4.9 percent.

**Action:** On a motion by Mr. Hauser, seconded by Ms. Drew, the Committee recommended that the Board adopt a resolution authorizing agreements to enable the Facilities Development Corporation to refinance existing debt on a taxable basis.

**Request for Authorization of Capital Project—Scott Hall.** Ms. Hardin stated that the renovation of Scott Hall, which was built in 1969, will include an update of the building’s mechanical, electrical, plumbing, and information technology systems, and that student rooms and restrooms will be updated to modern standards. Ms. Hardin stated that Scott Hall, like other high rises in South Village, has been slated for renovation but the order and scope of their renovation has changed based on the Brailsford & Dunlavey Housing Master Plan study. Ms. Hardin stated that the renovation of this building will be coordinated with the Residence Dining Hall (RDH) renovation, and that Housing and Residence Life offices in Scott Hall will move into the RDH. Ms. Hardin noted that both projects must be approved to coordinate the timing of the renovations and the completion dates.

**Action:** On a motion by Mr. Hull, seconded by Mr. Hauser, the Committee recommended that the Board authorize the University to undertake the Scott Hall Renovation capital improvement project with a budget of $22,500,000.

**Request for Authorization of Capital Project—Residence Dining Hall.** Ms. Hardin stated that the RDH was built in 1970, served students through 2014, and has now been replaced by the South Village Crossing dining facility. Ms. Hardin reported that a recent building study of RDH showed that it is structurally sound. Ms. Hardin stated that the mechanical, electrical, and plumbing systems will be replaced as part of this renovation project, and roof replacement and general weatherproofing will be included in the renovation to support continued long-term use. Ms. Hardin stated that the interior will be renovated to accommodate Housing and Residence Life’s administrative offices (currently in Scott Hall) as well as the food service catering function, which is currently in the Cafeteria Activities Building (CAB), and that moving the catering function will allow the University to demolish or repurpose the CAB.

**Action:** On a motion by Ms. Drew, seconded by Mr. Hauser, the Committee recommended that the Board authorize the University to undertake the Residence Dining Hall Renovation capital improvement project with a budget of $9,000,000.
Capital Improvement Projects Update. Ms. Hardin stated the proposed science building will be a $126 million appropriated project and that the last project appropriated by the North Carolina Legislature was the EPIC building in 2008/2009. Ms. Hardin also stated that the Chancellor has approval only for projects up to $300,000; projects exceeding $300,000 must be approved by the Board of Governors and must be paid for with capital funds. Ms. Hardin stated that in the past the approval threshold has been as high as $1 million and that the $300,000 limit has not been inflation-adjusted in recent memory.

Ms. Hardin stated that approximately $30 million is needed for complete modernization of the Burson science building. Ms. Hardin noted that UNC Charlotte has been the only institution in the UNC system to introduce capital infrastructure development (CID) fees to renovate academic buildings and to improve campus infrastructure to accommodate our growth. Ms. Hardin also stated that the CID debt service fees have generated $70 million in funding. Ms. Hardin noted that timing of the University’s request for an appropriation for a new science building is very important, because the longer it takes to get the new science building the more extensive the renovation of the Burson building will be. Ms. Hardin stated that Chancellor Dubois will address the need for a new science building with the Board of Governors (BOG) when they meet at UNC Charlotte on February 26-27, 2015. Ms. Hardin stated that 50 percent of UNC Charlotte students are science, technology, engineering, and math (STEM) majors.

Ms. Hardin also stated that, in addition to the Burson building, several older academic buildings in the campus core are in need of major renovation and the University is reviewing these needs.

Outdoor Events Shelter. Ms. Hardin stated that the Alumni Pavilion will be a great asset and that completion is hoped for in time for the 2015-2016 football season.

Colvard Building. Ms. Hardin stated that Colvard will be modernized to meet safety and academic infrastructure needs.

Phase XIV. Mr. Jones stated that the Phase XIV residence hall will include administrative offices for the Levine Scholars and Honors College programs. Mr. Jones stated that the University is 95 percent complete with the building design and that construction will start in April.

Belk Gym. Mr. Jones indicated that construction on the Belk Gym, which will add much-needed recreational and academic space on campus, is well underway and is expected to reopen in the fall of 2015.

Johnson Marching Band Center. Ms. Hardin stated this project is moving along with steady progress. Center construction is 20 percent complete.

Other Housing Projects. Mr. Jones stated that the Holshouser renovation and Phase XIII projects are ahead of schedule and that Balfour Beatty is the construction manager at risk for both projects.

Ms. Hardin stated that Oak Hall was built to code in 1987 and that sprinklers were added in 2008. Ms. Hardin stated that sprinklers have been installed in all other residence halls as well. Mr. Jones noted that after a UNC Chapel Hill fire took the lives of several students in 2003, Erskine Bowles,
then president of the UNC system, mandated that all residence halls in the UNC system have sprinkler systems. Ms. Hardin stated that UNC Charlotte completed this task in 2008 and installed new fire alarms at the same time, as required.

**Other Business.** Ms. Hardin stated that a discussion was held with Ms. Rouse regarding the designer and construction manager at risk selection for the Scott Hall project. Under current rules, the Facilities and Physical Properties Committee would have a member on the Selection Committee because the project is over $20 million. Ms. Hardin stated that, because of similarities with Holshouser Hall renovation, Ms. Rouse agreed to grant an exception to allow staff to conduct the selection without a Committee member. Ms. Hardin also stated that the only difference between the two projects is that the cost has risen to over $20 million because of inflation.

Ms. Hardin stated that Business Affairs staff hosted meetings with Standard and Poor’s on February 3 and with Moody’s on February 5. Both agencies will be going to Committee the week the BOG meets on campus. Both interviews went well.

Adjourn. There being no further business before the Committee, Ms. Rouse adjourned the meeting at 11:34 a.m.

Submitted:  
__________________________  Date  
Elizabeth A. Hardin  
Vice Chancellor for Business Affairs

Approved:  
__________________________  Date  
Mary Ann Rouse  
Chair  
Facilities and Physical Properties Committee