Facilities and Physical Properties Committee Meeting
PORTAL, Room 108
February 28, 2014, 9:00 a.m.

Open Session Minutes

Present
Mary Ann Rouse, Chair
Theresa J. Drew
Robert F. Hull, Jr.

Absent
David L. Hauser

Staff /Guests in Attendance
Elizabeth A. Hardin, Business Affairs
Kendra Cooks, Financial Services
Jeff Jensen, Legal Affairs
Jane Johansen, Financial Services
Philip Jones, Facilities Management
Krista Newkirk, Chief of Staff
Lee Snodgrass, Facilities Management
Christopher Bates, Business Affairs
Nelda Tatum, 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 were reported.

Approval of the Minutes. Minutes of the Facilities and Physical Properties Committee meetings held on December 2, 2013, and December 5, 2013, were presented for approval.

Action: On a motion by Ms. Drew, seconded by Mr. Hull, the Committee approved the December 2, 2013, and December 5, 2013, meeting minutes.

Recent Debt Ratings from Moody’s and Standard & Poor’s. Ms. Hardin presented debt rating reports from Moody’s and Standard & Poor’s (S&P). Ms. Hardin reported that Moody’s affirmed its Aa3 rating with a stable outlook, citing strong state support, anticipated enrollment growth, and strong operating performance and that S&P affirmed its AA- rating but changed its outlook from
stable to negative. Ms. Hardin stated that the negative outlook was attributed to UNC Charlotte’s additional proposed debt for the University’s next bond issuance and its plans for additional debt of close to $200 million in the next two years. Ms. Hardin stated that additional debt is required to grow the University.

Ms. Hardin reported that UNC Charlotte’s most recent general revenue bonds, which the Board of Trustees approved in October 2013, will be priced on March 7 and will go to market about March 11.

Ms. Hardin also presented a historical perspective on projects approved and included in past bond packages. Ms. Hardin noted that, in 2006, Anderson Strickler was retained to develop a housing master plan based on a facilities condition assessment, and that the University subsequently adopted a $400+ million housing master plan to replace, renovate, and renew housing. Ms. Hardin explained that current new housing construction and renovation is based on that master plan and that the University’s aim is to have 22 percent to 25 percent of its students living on campus. Ms. Hardin noted that the positive correlation between students residing on campus and their academic performance is well documented.

Mr. Hull conveyed his experience with the ratings process and stated that small fluctuations in ratings should be expected as part of the normal course of changes in ratings agencies’ leadership and philosophy.

The Committee agreed to share the debt ratings with the full Board of Trustees and noted that Brailsford & Dunlavey will reassess the University’s housing master plan. The previous plan was accepted in 2008 prior to the recession.

Resolution Authorizing the Expansion and Revision of the Millennial Campus Boundary at UNC Charlotte. Mr. Jones reported that the Millennial Campus Financing Act of 2000 allowed UNC System universities to define areas of campuses as a Millennial Campus with the approval of the Board of Governors. Mr. Jones stated that Millennial Campuses at UNC institutions promote economic development, entrepreneurial activity, and partnerships with the private sector. Mr. Jones reported that UNC Charlotte designated a portion of campus as its Millennial Campus in 2002 and added to it in 2007. The current resolution presented to the Board of Trustees describes real property additions, deletions, and boundary revisions that will enhance the University’s research, teaching, and service mission and the economic region that the University serves.

Action: On a motion by Mr. Hull, seconded by Ms. Drew, the Committee unanimously recommended that the Board authorize the expansion and revision of the Millennial Campus Boundary at UNC Charlotte.

Request for Authorization of a Capital Project—Capital Infrastructure Renewal—Phase 1. This project will replace heat exchangers in the Friday, McEniry, and Smith Buildings; install a new gas-fired water boiler plant in McEniry to serve the three buildings; and replace air distribution, hot-water piping, light, and controls in floors 5 through 8 in the Atkins Library to provide systems compatible with a 1999 Library addition and to correct stairwell deficiencies noted during North Carolina Department of Insurance inspections.
Action: On a motion by Mr. Hull, seconded by Ms. Drew, the Committee unanimously recommended that the Board authorize the University to undertake a capital improvement project, Campus Infrastructure Renewal—Phase 1, with a budget of $2,150,000.

Request to Acquire Real Property by Deed—Medical Office Complex Acquisition. UNC Charlotte seeks to acquire properties that are adjacent or in close proximity to the University campus for the purpose of strategic growth. UNC Charlotte has the opportunity to purchase three properties in the Medical Office Complex adjacent to the Foundation Building; this acquisition will accommodate immediate needs for additional office space for University Advancement and will secure land for future development.

Action: On a motion by Mr. Hull, seconded by Ms. Drew, the Committee unanimously recommended that the Board authorize the University to acquire the Medical Office Complex by deed with a project cost of $2,100,000 plus transaction costs.

Request to Dispose of Real Property by Easement—Phillips Road Relocation—Greenway Easement Modification. Phillips Road will be realigned to alleviate traffic issues at the intersection of Phillips Road and Cameron Boulevard as well as to circumnavigate the periodic flooding of Phillips Road at Toby Creek. The new Phillips Road will cross Toby Creek via a raised bridge that will be well above the flood elevation. The bridge will be designed to span the Greenway as well as Toby Creek.

The University requests authorization for University staff to work with State and County officials to make modifications to the easement previously granted and to grant any additional easements and modifications necessary to accommodate the Phillips Road relocation project at no cost to the County.

Action: On a motion by Ms. Drew, seconded by Mr. Hull, the Committee unanimously recommended that the Board authorize the University to dispose of real property by easement for the Phillips Road Relocation—Greenway Easement Modification.

Request for Authorization to Dispose of Real Estate by Lease—Early College High School Ground Lease. UNC Charlotte and Charlotte Mecklenburg Schools (CMS) have agreed to cooperate to establish an Early College High School (ECHS) on the UNC Charlotte campus. To facilitate the project, the parties will execute a ground lease that will allow CMS to locate a modular classroom unit on the University campus.

In order to provide an adequate amount of land for the project at the preferred site, the University must first acquire adequate land by lease from the UNC Charlotte Foundation. The University will then combine the Foundation’s portion of land with the University land and lease the parcel via a ground lease to CMS.

The ground lease will be at no cost to the parties. The term of the ground lease to CMS will be ten years.
Action: On a motion by Mr. Hull, seconded by Ms. Drew, the Committee unanimously recommended that the Board authorize the University to acquire/dispose of real property by ground lease to provide a location for the Early College High School.

Capital Project Update. Mr. Jones presented a schematic design for the renovation of Belk Gym, which was built in 1970 and will undergo renovation beginning in May 2014.

Mr. Jones reported that Facilities Management has done a complete assessment of needed repairs to Bissell House and briefly reviewed some of those repairs.

Adjournment. There being no further business before the Committee, Ms. Rouse adjourned the meeting.

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

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