MINUTES
The University of North Carolina at Greensboro
Board of Trustees
Business Affairs Committee
September 14, 2011

MEMBERS PRESENT: Susan Safran, chair, Kate Barrett, Charles Blackmon, Randall Kaplan, Isaac Miller, Harriett Smalls, and Martin Weissburg. Absent - William Pratt

OTHER BOARD MEMBERS/GUESTS: Linda Brady, Bonita Brown, Mike Byers, Cherry Callahan, Edna Chun, James Clotfelter, Howard Doyle, Linda Hiatt, Jill Hillyer, Donna Honeycutt, Steve Honeycutt, Kelley Mills, Scott Milman, Scott O’Brien, Fred Patrick, Dave Perrin, Jorge Quintal, Cindy Reed, David Reeves, Lauren Rockart, Steve Serck, Terri Shelton, Don Sween, David Sprinkle, Marirose Steigerwald, Mike Tarrant, Reade Taylor

PROCEEDINGS: Ms. Safran called the meeting to order at 3:41 p.m. The minutes from the April 19, 2011 was approved as distributed.

ACTION ITEMS

Exterior Design approval for the UNCG Mixed-Use Village Phase 1 (BAC-1)

Mr. Quintal introduced Scott O’Brien and Lauren Rockart of Lord Aeck Sargent, Architecture, designers of record for the project. Ms. Rockart presented the renderings of the four buildings that will comprise phase 1 of the New Village. This will hold 800 beds around the intersection of Highland and Union. This project will change the face of Lee Street from the industrial look of today and we are committed to saving trees to keep a neighborhood feel.

The four corners meet at the intersection to form a social area with a clubhouse like social space that mimics the look of the Art Building. This brings the campus in but also shows a connection to Glenwood and downtown. Complimentary color brick ties the buildings to campus. Cementious panels replace brick at the higher floors to give a more residential feel.

Mr. Kaplan asked why the four buildings were different. Ms. Rockart advised that there are different services available on the ground level of each building. Some buildings will have retail space, others offices and classrooms which have a different feel for the users. The residential areas are nearly identical throughout the plan it is the lower floors that show the difference.

Mr. Weissburg asked if a traffic light would be installed in the intersection. There will not be a light. A four-way stop is more likely as the street is not a major artery into the village. This is mainly a pedestrian area but we are not legally allowed to close it to cars. The roads are already only two lanes and street parking will be added.

Ms. Smalls asked how the transition of the buildings down to the residential area of Glenwood would be addressed. The buildings downsize from three stories at the intersection to a lower height to the south with less brick and more residential type materials. There is also a green space before Glenwood resumes.
We have also added architectural details such as porches and railings at the faculty apartments to give a more residential feel. North on Lee Street, the base of the buildings has a true retail area with store fronts and stamped metal shingles reminiscent of the Foust Building for a historical feel. There is a glass tower in building 2 as a front door to UNCG.

Mr. Weissburg complimented the look of the buildings. Ms. Safran advised that the City Council liked what they saw at their meeting the previous night.

Mr. Kaplan moved and Mr. Sprinkle seconded the motion to approve the exterior design of the Mixed-Use Village Phase 1. The vote was unanimous. As there was no facility for a consent agenda at that time, Mr. Quintal was asked to present the information again on September 5 to the full board.

Mr. Kaplan then called for a round of applause for the hard work of Mr. Mike Byers who has shepherded this project from the outset, obtaining unanimous approval from the zoning board, the planning board and the City Council in addition to meeting continuously with the Glenwood neighborhood. Mr. Kaplan noted that this was an impossible task that has come to fruition which is amazing. We have made a difference. Mr. Quintal advised that we would break ground very soon, beginning with demolition and relocating house in November and early December. The completion date for phase 1 is April, 2013.

Chancellor Brady advised that an open house will be held on September 26 to display these renderings and give the staff and faculty an opportunity to view the plans. There will also be a meeting planned with the neighborhood prior to the bulldozers arriving. This is phase 1 only and we will continue to work with Glenwood and the city regarding our plans.

Ms. Hiatt asked if a point person would be appointed for neighborhood concerns. Mr. Quintal announced that a construction manager was in place to give a personal touch and he would be in communication with the community prior to the start of construction.

Ms. Smalls asked if diversity was a priority for the construction. Mr. Quintal advised that our HUB participation was always a top priority and was part of the criteria for selection in every project.

Designer Selection for New Student Recreation Center (BAC-2)

Mr. Quintal reported that the project for the building has a budget of $91 million, which includes the cost of land and site development, licenses, permits, etc. There is also a budget for $10,877,000 for parking should we need additional parking for the Rec Center.

Ms. Hiatt asked if planning was appropriate for this phase which was still being discussed with the neighborhood and phase 1 has not been completed. Mr. Byers advised that the Rec Center is a phase within itself and discussion would continue, but we needed drawings and plans to bring to the neighborhood and city for feedback.

Mr. Quintal explained the criteria for selection to the new members of the board.
- Relevant project experience. In this case meaning experience designing student recreation centers.
- Experience working in context of urban design
• Experience with project of similar scope in terms of size and budget
• Experience with state projects and working through the state process
• Composition of the proposed design team, including design consultant and previous collaborations
• Composition in terms of the engineering consultants and previous collaborations
• Evaluation of designers in the State Construction data base
• Familiarity with the project locality
• HUB participation of the design team

The list was narrowed to six and interviews were held on August 26. Walter Robbs Callahan & Pierce of Winston Salem is recommended for the following reasons: 1) their full understanding of UNCG’s project requirements and goals, 2) their commitment to design of high performance buildings as related to total cost of ownership, specifically operations, energy and durability, 3) previous collaborations of the design team, including successful experience with UNCG, 4) a design consultant with significant student recreation experience and 4) the use of a variety of design technology including Building Information modeling, Energy modeling and three dimensional modeling.

Mr. Quintal asked that the board approved the firm of Walter Robbs Callahan & Pierce. He explained to the new members that this approval also approved the number two candidate if the state was unable to negotiate favorable terms with the first candidate. The second candidate is CJMW/Hughes Group Architects and the third is Moseley Architects/Hastings Chivetta. Mr. Kaplan moved and Mr. Weissburg seconded the motion. The vote was unanimous. Mr. Kaplan asked for the creation of a consent agenda for the full board to be held on September 15 to speed the board’s work. Chancellor Brady agreed with this request. BAC-2 was placed on the consent agenda.

Mr. Moore advised that the neighborhood was aware that we were selecting a designer. Mr. Kaplan reminded the board that the agreement with the neighborhood was for continuing talks, not on the Rec Center itself. Ms. Barrett noted that the size of the structure is a major contention for the neighborhood. The new rec centers being constructed now are monuments, so we need to be cautious and ensure that the drawings are shown in relation to the neighborhood. The current plan is for the new Rec Center to be twice the size of the current one. Ms. Safran reminded the board that we are probably hearing only from a vocal 5% of the neighborhood and that 95% do not oppose the Rec Center.

Designer Selection for Reynolds and Grogan Residence Halls Renovation (BAC-3)

Mr. Quintal reported that the project has a budget of $16,300,000, which includes renovations of existing group-style bathrooms, refurbishment of elevations, replacements of heating, ventilation and air conditioning systems, electrical service and systems, and various ADA upgrades. Thirty-two letters were received, four from Guilford County. The list was narrowed to six and interviews were held on August 30.

Little Diversified of Durham, NC was selected as the designer due to 1) housing experience including design of over 20,000 beds and 10 residence hall renovations in the last five years (two at UNCG), 2) similar project experience including Morrison Hall at UNC-CH which won an award for energy efficiency, 3) expertise in housing trends and technologies, 40 full understanding of UNCG’s project requirement and goals and 4) previous collaboration with engineering consultants on a number of renovations.
Ms. Smalls moved and Mr. Kaplan seconded the motion. The vote was unanimous, and the item will be added to the consent agenda. Design will start in a few months. We will take Reynolds off-line in May, 2013 and a year later Grogan will be taken off-line.

Mr. Miller asked what ADA renovations were needed. Mr. Quintal advised that the bathrooms needed to be upgraded and a percentage of resident rooms needed to be made ADA compliant. This residence hall will not be taken down until after Phase 1 is up and ready.

Mr. Blackmon asked about the diversity of the construction. Mr. Taylor advised that we would have a HUB presentation for the board at the December meeting to bring the board up to date on our progress.

Issuance of Special Obligation Bonds (BAC-4)

Mr. Taylor requested that the board approve the issuance of debt for Jefferson Suites ($34,500,000), the Campus Police Building ($10,030,000), the possible village parking deck ($10,877,000) and the new recreation building ($91,000,000). The General Statutes of North Carolina allowed UNC institutions to issue debt under the Board of Governors that is secured by the revenues of the institution except for tuition, state appropriations and restricted funds.

Mr. Taylor reviewed the presentation made in August 2010 and December 2010 to bring the board up to date. He stressed that these funds are not from state allocations, therefore no state tax funds are used. These buildings are paid for by rent from the students and other users of the buildings. All four projects have been approved by the Board of Governors and Council of State. He reminded the board that structured parking may not be needed and we have pledged to the neighborhood not to build a stand-alone parking deck. If additional parking is required, it would be placed beneath the new rec center.

Mr. Taylor recognized Steve Honeycutt who had worked continuously on scenarios regarding the debt from the beginning.

Mr. Taylor also advised that we have met with Moodys and Standard & Poors regarding our credit rating. Moodys gave us at Aa3 rating, and S&P rated us A+ with a stable outlook. They have seen the entire capital plan and this rating is very reassuring. Some of the UNC campuses are on credit watch but we are doing well. One of the criteria was that we were more selective in our admittance, which makes us a better risk.

After 2017, the debt coverage improves with all residence halls online and contributing to the debt service. There was no change to the risk mitigation plan. Dr. Callahan advised that we had to turn away 1,000 students that wanted to live in our residence halls this year. We have the customers to keep our beds full when they are available.

Mr. Weissburg asked about insurance for the campus. If there should be a catastrophic event, would insurance cover the debt service during the rebuilding? Mr. Taylor will investigate this and get back to him. The State is self-insured for the structure, but he was unsure about the loss of revenue if a residence hall is uninhabitable. Mr. Weissburg also asked if the bonds were callable. Mr. Taylor explained that once they were purchased they no longer belonged to UNCG, but were callable in 10 years. Over the past twenty years, we have always been able to refinance. We are currently refinancing an issue that will save us 10%. Mr. Honeycutt announced that he had received an email that the sale of our current issue was completed and we had received a total interest cost of 4.11%.
Ms. Smalls asked which law firm handled our issues. Parker Poe is our attorney of record and have done a very good job for us for several years.

Mr. Weissburg moved and Mr. Kaplan seconded the motion. The vote was unanimous and the issuance will be placed on the consent agenda.

**Reimbursement Resolution - New Mixed-Use Village (BAC-5)**

Mr. Taylor advised that this item is an IRS requirement. This resolution allowed UNCG and CFF to use our own cash for hard costs such as demolition, construction (not design) and the IRS will allow us to reimburse ourselves.

Mr. Kaplan moved and Mr. Sprinkle seconded. The vote was unanimous and the item was moved to the consent agenda.

**Authorization for Lease of Space (BAC-6)**

Mr. Byers advised that the lease of the parking lot owned by the Greensboro Coliseum that we lease for our very successful park and ride program is up for renewal. The state mandates that any lease over three years or $25,000 be approved by the Board of Trustees and this lease surpasses both of these criteria. We have leased 800 spaces at the corner of Chapman and Lee since 2001. The current rate is $100,000 per year and the current renewal option will expire on December 31, 2011. The board will further authorize UNCG to seek approval from the Board of Governors and work with the State Property Office to renew this lease.

Mr. Sprinkle moved and Mr. Kaplan seconded. The vote was unanimous and will be moved to the consent agenda.

**INFORMATION ITEMS**

**Annual Report on Property Purchased and/or Leased July 1, 2010 through June 30, 2011 (BAC-7)**

Mr. Byers reported that no property has been purchased by UNCG for the period 7/1/10 through 6/30/11. The property purchased on Lee Street was purchased by the Capital Facilities Foundation and eventually will be sold back to the state following construction.

Leases for the following properties were completed during this time frame:

- Center for New North Carolinians - 413 S. Edgeworth Street leased 2,500 net square feet for $25,000 for one year, 9/1/10 through 8/31/11. Funding is through grants.
- Center for Youth, Family and Community Partnerships (Beyond Academics) - 330 S. Greene Street leased 950 net square feet for $14,915 for 12-months, 8/1/10 though 8/31/11. Funding is from grants and overhead receipts.
- University Police (Criminal investigations) - 1409 W. Lee Street leased 4,000 net square feet for $25,000 for one year, 10/1/10 through 9/30/11. Funding is for non-state auxiliary funds.
- SERVE - 2634 Durham-Chapel Hill Boulevard, Durham, NC leased 1,218 net square feet for $20,304.66, discounted from $22,289.40 due to inclusion of 3 months free rent from lessor for one year, 8/1/10 through 7/31/11. Funding is through grants.
- Bringing Out the Best - 436 Spring Garden Street leased 2,430 net square feet for $23,328 for two-years, 6/1/11 through 5/31/13. Funding is from grants and overhead receipts.
- Geography Department - 500 ½ Lindale Drive, High Point, NC leased 100 acres of land for $1,000 per year from 10/1/10 through 9/30/13. Funding is from trust funds.

Leases above $25,000 annually or more than three years must be competitively bid through State Property.
- Continual Learning - Triad Center Drive, Greensboro, NC leased 3,430 net square feet for $48,363 for the first year 7/1/10 through 6/30/11 and $49,813.89 for the second year 7/1/11 through 6/30/12. Two 2-year renewal for $51,308.31 and $52,847.56. Funds from non-state funds (distance learning receipts)
- Chancellor's Residence - 711 Sunset Drive leased 5,200 square feet of space from 6/1/11 through 5/31/26 and no rent is charged.

Construction Manager at Risk Selection for the UNCG Village Housing-Phase 1 (BAC-8)

The Capital Facilities Foundation (CFF) is developing the student housing located in the UNCG Mixed-Use Village south of Lee Street. The project budget is $52,500,000. The construction manager at risk will work closely with the selected architect, Lord Aeck Sargent, Architecture to develop market based estimates of construction costs, provide constructability reviews and aid in realistic schedule development. Although CFF is not compelled to, they followed state rules regarding advertising on the General Administration website. Fifteen letters of interest were received, three from Guilford County. The list was narrowed to four firms and presentations were held on August 24, 2011.

The joint venture of Barton Malow/Samet/SRS was appointed by the CFF as the CM@Risk for the project due to 1) being an experienced joint venture team that has worked in over 10 projects, 2) presented a project schedule indicated a completion months ahead of schedule, 3) presented a number of strategies for addressing potential site related factors and associated risks, and 4) discussed potential strategies for maintaining positive and cordial relations with the neighborhood in addition to what has already been accomplished.

UNCG Investment Fund Update (BAC-9)

Mr. Taylor advised that the UNCG Investment Fund is a separate 501c3 that oversees the investments of the UNCG Endowment Fund, Excellence Foundation, and HES Foundation. Mr. Kaplan is an ex-officio member of this board by virtue of being the president of the Endowment Board. The Alumni Association and the Campus Ministries also are part of this group. Mr. Wayne Morgan was appointed to the board at the University Advancement committee meeting. Cambridge Associates is an investment consultant for the board and the board agrees with their proposals approximately 80% of the time. The board is fully involved, not a rubber-stamp group.

The charts distributed to the board show that the fund surpassed the benchmark for our 1-year return, but not the S&P return. Mr. Sprinkle asked the reason for the dramatic drop in the 3-year returns. Ms. Hillyer advised that we were heavier into hedge funds and have been very conservative. The UIF Board
met on August 9, 2011, where the decision as made to lighten our investment in bonds and place more in hedge funds.

There being no further business, Ms. Safran adjourned the meeting at 5 p.m.

Respectfully submitted

[Signature]

Donna Honeycutt