



Preserve Rural Orange.org

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September 21, 2012

North Carolina State Auditor Beth Wood
2 South Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601

To North Carolina State Auditor Beth Wood:

We are writing to urge your office to investigate recent expenditures to acquire real estate and expand infrastructure by the University of North Carolina at Chapel Hill. UNC has acquired three properties adjacent to the Bingham Facility in rural Orange County that are not included in the facility's 2006 Master Plan for a UNC Resource Research Campus. Currently one property is being leased as a private residence and UNC plans to seek a tenant to rent the second property. The properties are listed in State Property records as educational land use. Attached documentation is listed below.

The University spent \$715,000 on two residential properties adjacent to the UNC Bingham Facility over the past two years and plans to spend an additional \$95,000 for a third property. The expenditures were authorized by the UNC-CH Board of Trustees and UNC Board of Governors in closed session, and costs were covered by Facilities & Administrative (F&A) receipt funds. In addition, significant funds have been spent on improperly built infrastructure as a result of non-compliance with local, state and federal regulations and on the accumulated costs of tearing out and replacing faulty construction. Preserve Rural Orange (PRO) respectfully requests an investigation to determine whether these UNC expenditures are a proper use of public funds and whether expenditures have been properly reported.

In 2010 UNC purchased a 4.21-acre property on Maynard Farm Road for \$225,000. Two weeks ago UNC acquired a second residential 8.32-acre property on Maynard Farm Road for \$440,000 and announced plans to acquire a third 10.56-acre property on Orange Chapel Clover Garden Road for \$95,000. UNC pursued the 2012 acquisition without disclosing to the State Property Office that appeals made by the seller to the county Board of Adjustment and NC Division of Water Quality were pending.

PRO believes it is in the public interest to clarify the sources of funding for UNC Bingham Facility expenditures, particularly funds spent on improperly built wastewater systems and buildings. Following violations issued by state and federal agencies, the UNC Bingham Facility has paid multiple contractors to address infrastructure failures. In 2008, the UNC Bingham Facility spent \$16.7 million on construction: \$7.5 million from department funds and \$9 million from F&A funds. In 2009 the UNC Bingham construction project had a \$9.6 million budget; in 2012 the facility's upgrade had a \$5.5 million budget.

We would appreciate your investigation of this matter. Please feel free to contact PRO for additional information.

Sincerely,



Laura Streitfeld

Executive Director, Preserve Rural Orange

cc: David King, Investigations Manager, Office of State Auditor
Lawen Becote, Investigative Auditor, Office of State Auditor
Mark Teague, Assistant Attorney General
Don Teeter, Special Deputy Attorney General
John D. Runkle, PRO counsel

Attachments:

1. September 7, 2012 Property map of UNC Bingham Facility expansion, Orange County
2. September 6, 2012 UNC email to neighbors re: UNC Bingham property acquisitions
3. June 18 2012 UNC letter and UNC Board of Governors' approval of property actions
4. June 28, 2006 UNC Master Plan for Resource Research Campus