

**NCSU Creative Services**  
**Centennial Campus Interviews — Worsely**  
**recording date**

**Q:** Interviewer  
**Worsley:** George Worsley  
**M:** Unidentified Male Voice

Q: Mr. Worsley, before we begin, could you state your name --

Worsley: Could you call me George?

Q: George? Sure. Could you state your name and spell it as you'd like it to appear --

Worsley: Alright.

Q: Just for the transcriber.

Worsley: George Worsley.

Q: Ok. Thank you. Just wanted to thank you for agreeing to do the interview today, and I want to start out with the most important question. I'd like to know your version of the history of Centennial, how it began, whose idea it was, and sort of the important people involved in its creation.

Worsley: OK. Well, it's not any single individual's idea, it got started many years ago when Dix hospital wanted to, well, we saw that Dix hospital was going to start closing down, and there was a question about how the land would be used.

Q: Did NC State approach the Council of State for the land, or -- ?

Worsley: No. We were approached by the City of Raleigh, and the City of Raleigh wanted us to participate with them to turn that land into a research park. And that was the initial idea, was to turn it into a research park.

Q: And when you say "we" do you mean, Chancellor Bruce Poulton and yourself?

Worsley: Bruce Poulton was not even here at the time.

Q: OK.

Worsley: It was well before Chancellor Poulton got here. Uh, the idea started probably, lets see, I think Bruce Poulton came in 1983 or 82, and the discussions were going on the late 70's about what to do with the \_\_\_\_\_ property. And so, the idea got started about turning it into a research park, so the city of Raleigh could collect \_\_\_\_\_ taxes on the property. They wanted the University to uh, participate, and to try to duplicate the Research Triangle Park. Now, we indicated that we would be interested in participating in that, but when Bruce Poulton came in, the State Property Office recommended to Jim Hunt that the land be transferred to NC State University as a research park entity. But to at least keep it in the name of the State. Cause the city wanted the land sold. We agreed to that, Bruce Poulton came, Bruce had uh, developed a research park at New Hampshire, and so he uh, began to push the idea, sold it to Jim Hunt, Jim Hunt transferred the first 300 and some odd acres of the park. After Jim left office, then Governor Martin transferred the balance of the land to the University. Bruce Poulton appointed Claude McKinney to develop a master plan for the uh, for the land. Which at the time, given the combined acreage, amounted to about 800 acres. Uh, Claude McKinney had developed or participated in development of a new city in Columbia, Maryland, and he was ready to leave the Deanship of the School of Design, so Bruce brought him over and asked him to help develop a master plan for the campus. Claude developed that master plan, and really, I think early on he was simply trying to duplicate a new city of mixed used

development, very similar to what was developed in Columbia. At -- his master plan incorporated land that also belonged to the Catholic Diocese, about 75 acres. And if we didn't have the acreage from the Catholic Diocese, then we'd have a parcel of land that uh, sort of looked like the State of Texas, with the panhandle then cut right out of it. A very awkward piece of land; it was critical that we had the, uh, that we acquire the, the uh, campus of Catholic property. We negotiated with the uh, Catholic Diocese. Uh, they were not interested in selling the property at first, but subsequently became interested at a price of about 7 and ½ million dollars. And President Spangler also participated in the negotiations to help close the deal. One of the big problems that we had was to try to find the 7 and ½ million dollars to purchase the property. Uh, it was a happy coincidence and a very lucky coincidence that R.J. Reynolds Tobacco Company was about to go private, and we had been given several thousand shares – as a matter of fact I think it was almost 20 thousand shares of R.J. Reynolds Tobacco stock, many, many years ago to create two endowments for the college of agriculture. With the company going private, then the company had to buy back all of the outstanding stock, and so our stock was purchased for a total of about 8 million dollars. Consequently, we had the 7 and ½ million dollars that was necessary to acquire the Catholic Diocese property. At that point that we had acreage of about 950 acres or so. A master plan was developed, we also brought in a group called Carley Captan to help us with the development. It took several years to get the City Council to actually approve the master plan. It had previously been approved by our Board of Trustees, it had been approved by the Board of

Governors. And there were a lot of issues that the City Council wanted to debate, you know, to what extent would they be involved in approving site plan, approving the development on the campus. Also, quite a few issues about transportation, and the impact of a development that large on the City of Raleigh, and particularly uh, how were we, uh, going to treat uh, parking, and again, the streets. Several of the council members wanted us to add some thoroughfares across the campus, they wanted us to also add a thoroughfare particularly at Dixie Trail extending through our original campus. So, it took us two years of very intense negotiation to finally get a master plan approved with the conditions that we thought was acceptable to the University. Then after that, we were ready to go, and nothing happened. Absolutely nothing happened. We had a grand master plan, with nobody wanting to invest in it. And it took a number of years before we could ever get enough interest. And what happened to really get it started was Bruce Poulton decided that we would move the College of Textiles to the Centennial Campus. And we had an appropriation from the General Assembly to uh, to add to the College of Textiles at its location then, which was Nelson Hall. Which is now the College of \_\_\_\_\_. And we were going to build a building in between the uh, Nelson Hall, make a connector, and also use uh, some of the other facilities in that area to expand the College of Textiles. We had almost completed the plans, and Chancellor Poulton asked me to stop the architects, redirect the work, and develop a plan to move that college to the Centennial Campus. And we did that. And the biggest issue we had with the, with the new plan – well actually, there were really two issues. One of them was

that the faculty in the School of Textiles felt that they would be isolated from the rest of the campus, because there was nothing there but Kudzu and, and just open land. But the other issue that they had was that there would not be enough parking available. Now if you can imagine almost a thousand acres, and no development and they were concerned about parking. We tried to reassure them that there would be ample parking and we started to move ahead with the construction. I think almost simultaneously we also uh, were able to find a way to start financing some of the early buildings uh, the buildings that have the names of Research 1, 2, 3, and 4. We started Research 1, and we uh, we found a way to pledge all of our indirect cost recovery on our research contract, so to support a loan on that research building. Also, Larry Monteith, who then was the uh, Dean of Engineering, was, felt very strongly, and had really bought into the uh, Centennial Campus plan, along with uh, the other sponsor, and that's Claude McKinney. So, and of course, Poulton was pushing it as well. So, they are the three individuals that, local individuals and campus individuals in my judgment that had more to do with the development of Centennial Campus than anybody else. My role was one to find a uh, way to finance it, which I must say was a very difficult challenge. But at any rate, we began to build the first research building, and Monteith's role in that was that he pledged uh, some resources from the uh, College of Engineering to help us with that financing. Without that, uh, pledge of resources, it would have been very difficult to get that first Research building built. Nevertheless, it was built, the College of Engineering moved some of its research activity there, and we had our first corporate tenant, it was, I believe it

was a Dutch Chemical company called Ax \_\_\_\_\_. And shortly after that, and the College of Textiles was completed, and we were beginning to slowly, very slowly we began to show some evidence of possible success. I can tell you there was still a lot of nay-sayers and a lot of individuals who felt that the University itself would not be able to develop that property. In fact, I had mentioned earlier that we had selected a developer to assist us with that – the Carley Company. Carley had developed a number of research campuses across the nation. Uh, but President Spangler was very concerned about the University entering into a major development contract with any developer. And his advice to us -- and in fact, those of you who know Mr. Spangler, uh, would take his advice as being orders – and Mr. Spangler directed us to not engage in any kind of activity or contract that would give Carley Company or any other developer control over our campus and our home. Consequently we did not, we chose to be the developers, subsequently Crawley Capital Company went bankrupt, which, is was a very good move on Spangler's part to not let us become, uh contract or engage with the company. And we, uh, we continued to struggle to get financing, even though we were successful with the first Research building. And the big problem was trying to find tenants. But, as our research program developed on the campus, research space was very limited, and we needed some expansion; and with the assistance of uh, Frank Hart, our Vice Chancellor for Research and Development, we concluded that the University would begin to subsidize any researcher who would move over there. We required every researcher to pay rent, and one of the guiding principles of the Centennial Campus is that there is no free rent, so if you move to

the Centennial Campus, then you must pay rent for the space. And we recycled the rent money to help us expand the development. The, uh, final key in my judgment to the success of the Centennial Campus and its development – well, there were really a couple of keys – but, uh, Chancellor Monteith, uh, told us that as we began to expand the campus, that in expansion, that it must have some sort of programmatic relationship, that is that any corporate entity that was on the campus, or any activity that was not part of the University, must have some programmatic relationship with an academic department. So if it had to be a research contract, or some sort of relationship where it involved our students, our faculty, so that uh, the faculty and students would have benefit from the activity. Consequently then, each tenant had to have an invitation from an academic department, Engineering, Agriculture, Physical and Mathematical Sciences. All of the 67 tenants we have there now do have some relationship with an academic department on campus. I think that really got us started moving in the right direction. The economy was moving at the time, we had a source of uh, security for the loans; as we began to be a little bit more successful we had the college protections in place, we had the Research 1 building, uh, now fully occupied, and we started with the second Research building, uh, which we had another corporate or government \_\_\_\_\_, we had the weather service, which took quite a bit of time to negotiate with the General Services division, a \_\_\_\_\_ contract; uh, we also started negotiations with then Westinghouse, uh, with ABB group, to build a building for ABB. And while individuals state that the University has a lot of bureaucracy, and it takes it a long time to move, I found that ABB had as much

bureaucracy as we did. In fact, uh, their decision making process was just about as slow as ours. Nevertheless, we finally reached an agreement, we signed a development contract, and we built a building in 7 months, which was unheard of in University and State construction. In fact, it was built outside of that whole State process. We leased a parcel of land to our endowment fund, the endowment fund in turned leased it to a 501(c)(3) entity that we created and then contracted for the construction of the building. And in fact, the building was occupied some time right after the 7<sup>th</sup> month of the construction, which, as I say, was unheard of. I think at that point in the un – you know I guess this was in the mid 90's, we began to show signs of real success, and people began to really believe that indeed we could develop the project as Claude's master plan had indicated, and success brings success. Enthusiasm was there, Marye Anne Fox came on board, I think that helped us a lot, uh, and she was a strong advocate for the Centennial Campus, and I can't understate the benefit of our faculty and all the research activity that brought more need for additional research space, it was the only place we could locate was on the Centennial Campus. Then we of course, we had the bond issue, which has helped us as well, cause there are – the College of Engineering is moving over there. All that uh, has made a lot, created a lot activity in the last few years.

Q: OK. You hit on several points that I wanted to come back to. The first thing I wanted to ask you about is the funding issues and how Centennial Campus is financed --

Worsley: Mm hmm, right --



Q: One might look at the main campus and see older buildings kind of falling down, needing to be repaired, and then you see the beautiful new buildings at Centennial, and projects being built. I want to clarify how the funding is spent, because my understanding is there are certain funds that are for Centennial, but couldn't be moved to the main campus, and so people – I just wanted to clarify that.

Worsley: Well, let's go back to something you said, "old buildings falling down." I don't think we have any old buildings on the original campus that are falling down. Obviously we do have some older buildings that do need uh, some refurbishment and renovation; in fact, the bond issue that I referred to a few moments ago is intended to that. Um, and I think if you have been on the campus in the last couple of years, you have found that your driving across the campus, or walking across the campus, has been impeded by construction, where we have made a huge investment, not only in uh, new buildings, and I point to the new Marye Anne Fox undergraduate Science building, which is a wonderful new facility, particularly for chemistry and some of our Biological Sciences labs. This other work that is going on with the Clarke laboratory, and you will see more and more work as that uh, as the promise of that bond issue is fulfilled, several renovation projects that will get underway this year, several. One of the things that I said a long time ago, when we were developing the Centennial Campus, that I did not intend to preside over the creation of an inner city on the original campus, and that will never happen, and I think my successor Charlie Weber [SP] agrees with that. Sure, the buildings when they were constructed, they're much older, some

of them are older than I am – quite a few are older than you are – but nevertheless, the University has a commitment to \_\_\_\_\_ to Centennial Campus as well as the original campus, and in fact the biological medical campus, which is the College of Veterinary Medicine, which also is part of the Centennial Campus – very few people know that. Now, back to your question with regard to funding. There are really two forms of funding that support buildings either on the Centennial Campus or on the University Campus: State appropriations, Capital projects, capital appropriations; and we've seen a significant amount of capital appropriations just recently because of the bond issue. Some of the work, particularly the College of Engineering, is the result of capital appropriations from the State of North Carolina. So our tax payer dollars, just like the dollars we used to build the Marye Ann Fox Undergraduate Science facility. Now, the balance of the activity in buildings are done through financing, there is forms of financing. We \_\_\_\_\_ the University as far as money for the research buildings, we have four research buildings, borrowed funds have built those. The way it is being financed is that the occupants pay rent, just as they would in an office park. Most of those occupants are our occupants. Now, there is another set of buildings called Partners buildings, and we also have an ABB building, we also have a Red Hat building. Now, some of those buildings, but not all, were built by the University with borrowed funds, and the tenants – some of them are University partners, corporate partners that I mentioned 6 or 7 a moment ago – and ABB and Red Hat pay rent. And with the exception of Red Hat, the Partners pay a rent to the University. And the University uses that rent to pay off the debt service on

the loans for the Partner's buildings. In the case of Red Hat, that building was built by a developer out of Atlanta, subsequently sold to an investor in California; the investor in California pays the University land lease. There is a 60 year land lease. So Red Hat pays rent to the investor in California, the investor pays the University for the land, the rent for the lease, and the University puts in the infrastructure, and takes care of the streets, the landscaping and what have you. Finally, there's a developer Craig Davis, who leased a parcel of land from the University and pays us lease income very similar to the investor in California. And Davis and his company have developed a group of builders called the Venture Builders, \_\_\_\_\_ 1, 2, 3, and 4. And he is just finishing up that last venture building, and he has tenants there, it's a mix. It's some University people there, University Partners are there, and they all pay rent, they pay rent to Craig Davis and Associates. Associates uses that rent to pay the debt service on both facilities. Now Davis, just a few months ago, sold that project to the General Electric Company, and General Electric to a pension fund, and so now the pension fund pays the University land lease, and then occupants of the buildings pay GE rent. So there are all kinds of forms of financing available on the Centennial Campus. The significant difference between the Centennial Campus and the original campus is that the special legislation that we received about a year and a half or two years after the land was transferred to us, the legislation allows the University to develop the property, the keep the rent income and to issue debt for facilities on that parcel of land and on the parcel of land that I mentioned, the Biomedical Centennial Campus, which is the Vet School

\_\_\_\_\_. That was all \_\_\_\_\_ by the General Assembly. We cannot rent the space on the original campus, and we cannot borrow money on the original campus to develop buildings, so that is the difference. Now, what I would like to see in the future, is that I would like to see the original campus be designated as the same thing as the Centennial Campus, and allows us to use that same model for the building development and partnership relationships, at the original campus. And I think that may come in time, because Centennial Campus, while it's a place, it is not really a real estate development, it is part of our campus, and another principle that we adopted many years ago, was that it, it was our second land grant, and as our second land grant it would serve as an opportunity for us to expand our campus as soon as we \_\_\_\_\_ into the picture. Claude McKinney and I made that decision very early on in this development process. So it's uh, it's our home, treat it as our home, and it is not a real estate park, it's unlike Research Triangle Park where land is sold. We don't sell land. And, the triangle park is more like a typical office park or research park, where companies come and go, and the land is sold back and forth. We lease land, we lease it on long term lease, and we have corporate partners here who must have a relationship with the University, otherwise they won't be here. And, they'll come and go, as a matter of fact, as we hopefully facilitate the creation of new businesses, new companies (which we have done), that eventually those companies will grow to the point where they need more space and are more successful and they'll move off campus some place else. Centennial Campus is about educational

opportunities for our students, opportunities for our faculty to interact with industry and stay on the cutting edge. It is also about economic development.

Q: OK.

M: Thanks, we're going to pause for a second, swap out tapes.

[END SIDE A – BEGIN SIDE B]

Worsley: Going back and summarizing, particularly the principles that have been adopted by the University administration over the years, let me start first of all with this acquisition of this property one, by the transfer of land by Governor Jim Hunt, then the second transfer by Governor Jim Martin, and then the third acquisition by the University from the Catholic Diocese. And in fact, there's been additional acquisitions of transfers of land from the North Carolina Department of Agriculture. So now we have in – Centennial Campus in the original area is about 1,020 acres or so. And we also then had subsequent legislation which allowed us to designate the area around the Vet School and the University Club as Centennial Campus Biomedical. But the first principal is that this land, the new land that we received, is, has been dubbed the second land grant. NC State University was created by a land grant back in the 1860s. So we see that second land grant as an opportunity for the University to expand and meet the needs of North Carolina, and to engage in a different kind of activity that will facilitate economic development and education of our students and to help our faculty with their professional development. Principal number 2 is that there is no free lunch. And that really is simply a way of stating that we are developing this campus principally with using our own resources. As we engage in research programs,

we do produce some income, and that income is used to pay rent by those who occupy the research spaces or the office spaces, and that is the methodology that we have used to provide security for the loans for development. And principal number 3 is that this is our campus, and we won't sell the land, and we will treat it as part of the campus, but not as a separate upscale entity, that we want to eventually for the entire campus to have the same treatment so that we will have nice facilities on the original campus as well as on the various Centennial Campuses.

Q: Just to clarify, you mentioned just a moment ago, besides the Hunt and the Martin and Catholic Diocese transfer, a transfer by the North Carolina Department of Agriculture – where does that fit in chronologically? Is it just a few acres?

Worsley: Well, it's more than a few acres, it's several hundred acres, and we've had two transfers. The first one was a negotiation with the late Jim Graham with his support. When land was divided up, the farmland that was associated with the Dix property, the hospital had a major farming operation which was used as therapy in the early 1900's for mental patients, that farm was finally abandoned and so the land was then available for transfer. Some of it was in the original transfers by Martin and Hunt, and then some of it was transferred to the Department of Agriculture for its use to develop a farmer's market and for future expansion of that farmer's market. Several years ago, Jim Graham decided that not all of that property was needed for the expansion of the farmer's market. Consequently, he proposed to trade some of the land for some land that, over near the State Fair Grounds that he felt he needed for the expansion of the Fair

Grounds. We own that land. So, we worked out an agreement and a trade, and so that was the first transfer of land from the North Carolina Department of Agriculture. I guess it's about 2 years ago, in consultation with the State Property Office, reflecting a land use study that was completed perhaps about 8 or 10 years ago, which had had a recommendation that additional land be transferred to NC State University. We worked out a second arrangement with the Department of Agriculture, the State Property Office, and then several hundred acres was transferred to the University. It included historic property, the Spring Hill House, which had been renovated, and the last transfer in a precinct – we use precincts to describe certain parcels of property on the Centennial Campus – we refer to that as the Springfield precinct – and we had a process of getting that rezoned as \_\_\_\_\_.

Q: Going back to something you said in the very beginning of the interview, you talked about nay sayers, who were not on board with the idea of Centennial, can you talk about what steps the University took and what you personally had to do to sort of get the Centennial idea out there and make people a little more receptive to it?

Worsley: Well, there were a number of people who felt that, and if you've been following the continuing debate about the future of Dix Hospital, there are a number of people who believe that the appropriate use of the Dix property is to put it into the private sector, allow it to be developed, to enhance the development of downtown Raleigh. And certainly that is something that within all likelihood benefits the City of Raleigh. So, I mean, there is some reason to at least consider that. So I

am not sure I would refer to them as nay sayers, I think they were just suggesting that, here's one way that you can improve the downtown Raleigh area, which has been buffeted by the flight of not only residential citizens to the suburbs, but a lot of businesses have left and gone to various places such as Crabtree Valley and some of the other developments along the way and shopping centers. That, let's find a way to bring people back downtown, and with that development we could probably do that. I think there was another group that had doubts, now that you have transferred this land to NC State University, you have asked them to develop it, and they've come up with this plan – they don't have the development experience, they don't understand the risks, the University ought not to be in the development business. And, that's not an inappropriate argument; it has been a real challenge to us to think like developers, and one of the things that I have had to say to our staff and to our administration is that, our corporate properties are not coming here because they love the University; they are coming here because the University has something of value to offer. They are coming because of their own corporate self interest – nothing wrong with that, nothing immoral about it, it's just that you need to understand that when you are negotiating with them. So it's been a challenge to build the confidence in the community that NC State University could develop a property. And we've had a lot of challenges, on financing, the planning, the building of those projects. It's different when you are trying to appeal to a corporate controller who is looking at the bottom line, as opposed to building a University building to accommodate undergraduate or graduate students. We've had to learn the hard way the development business.



Are we experts? We've gained a lot of experience, we've been lucky, we've tried to be very careful.

Q: Do you think the University has won the public over? Do you see the controversy dying down at all, or --

Worsley: I am not sure it was a controversy --

Q: Well, the issues, I should say.

Worsley: I think there a lot of questions about it. It has died down because it has been successful. If we stub our toe along the way, lose our direction, we make some serious mistakes as developers do from time to time, there will be issues, and there will be concerns. So a future challenge is, we've got to continue developing Centennial Campus. But we've got to develop it so that it benefits our academic enterprise and responds to the needs of our students or our faculty, and admission to the University, which is economic development. Which should not develop it just for the sake of building buildings and trying to make money on development, that's not our mission. And there's a huge difference. Build to accommodate your program, not to make money.

Q: There are several projects that have been discussed during the history of Centennial – the golf course, the hotel, conference center, a mass transit system – can you talk about the status of these projects now?

Worsley: Sure. Let's start with the last one: mass transit. I am not sure how you define mass transit; we have a bus system now which I would argue might be mass transit. There is, on the master plan, an elevated monorail system that would connect the original campus and the Centennial Campus; it also discusses in the

text the future connections with the city, tying into the TDA plan and maybe even a downtown station as well one out near the fairgrounds. That would facilitate movement between the campuses. It would not relieve the parking issues that we have to deal with, but it could certainly facilitate the movement of people back and forth between the campuses. It is very expensive; it is exciting to think about and certainly you ought to maintain the \_\_\_\_\_ which we do have on the master plan, we respect that \_\_\_\_\_, and perhaps some day we'll put it in. But it is an expensive system, and until it seems to – well, until we see that buses will not provide the necessary transportation facility, I am not sure when it will be built. But it is on the master plan, and it should stay on the master plan. With regard to golf course and hotel and convention center, we had some significant challenges \_\_\_\_\_ one of the issues of development, particularly from a public entities involved in development, and the questions were raised by taxpayers: why are you competing with us, you don't pay tax, why should you be in the hotel business, particularly when the economy now is in the tank and our business is really hurting? We lost the game. Well, I say we lost the battle, we haven't lost the war. In fact, there is a fundraising effort underway for the golf course, we've had a feasibility study and it was very positive, about the university's ability to raise contributions to assist us with the development of the golf course. The golf course is needed by our academic programs, our turf grass program, our agricultural, the sports management program, and by natural resources, and of course our athletic teams have not had a golf course; the coach has to get up every morning and call around to the golf courses to find out where

his team can practice. And we have a women's team as well as a men's team, and it's unfortunate that they don't have a local course to play on. So we'll develop a golf course, it'll be with the contributions, and I would hope that we would be able to start on the construction in about 2 years. We'll have to see how the contributions come along. The conference center, we need a conference center, we need an upscale executive conference center. We have a fine conference center now that handles a lot of our activities, a couple of hundred thousand people go through that conference center every year. But we need something that will accommodate particularly executives, and executive training, one that would have smaller, more intimate conference rooms, that would have the technological support that we need for those types of centers. We believe that a hotel should be there to support that. We are still positive that, given an improvement in the economy, if we get the golf course in, we believe that there are a number of entities that would be willing to come in and develop our conference center and hotel. We've had indications that that's the case, and so it's still on the master plan, and I believe it will be built after the golf course is in place. The University won't have the same exposure, the same guarantees that we proposed in the early project, which I still think would have been successful. Nevertheless it didn't have the political support that we needed, so we just had to, we went back to the drawing board and, we'll get it done.

Q: Centennial is very unique because of its industry, government, private, university partnerships; how do you think that's influence other research parks and other universities in the United States and abroad?

Worsley: Well, you used the word unique. And indeed Centennial Campus has been unique, because we've had quite a few visitors, both international, and from a lot of other states and a lot of other universities, trying to determine what we have done different. There are a lot of University research parks around the country; Stanford, a very successful one; University of – Arizona State, Tempe – I mean you can tick off name after name after name. Some have been very successful. Some have not been successful at all. In fact, have been real drains on the University. The difference between NC State and all the others – I don't think anyone else has adopted our same philosophy -- they may have in different forms – is that the principles that I talked about earlier, one of the principles is that it must be a programmatic connection between any corporate tenant, any tenant that is not related to the university, it's got to support our academic enterprise. They gotta be invited by an academic department. So that relationship is the key difference between what we have done and what we will do in the future, and what a lot of other Universities have done.

Q: How has Centennial Campus improved the University?

Worsley: Well, it certainly has given it a lot more visibility than we've had in the past, indeed, the number of visitors that we've had, we've had a couple of governors come with their delegations –I think it's improved the University because it's given our students more opportunity to have internships, relationships with companies, on the campus, and at the same time they are still able to conveniently take the coursework and lab work without a lot of commuting. It has not necessarily brought a lot of money to the University, although there is

\_\_\_\_\_ relationships we have had with Research contracts and grants. But it is the visibility, the approach and the improvement in professional development for our faculty and different experience and continuing experience for our local graduate students and undergrads.

Q: What do you envision for Centennial Campus and the main campus in 50 years – what's it going to look like?

Worsley: Well, I think we'll continue to test the notion, the educational notion, of this corporate partnership – is it really valid, and will it stand the test of time. If it's valid, then what I would envision is that we'll continue to develop the Centennial Campus and the Biomedical Centennial Campus and the College of Veterinary Medicine. As I have stated much earlier in this interview, that I would hope that we could see the Centennial Campus \_\_\_\_\_ extended to the entire campus. So that there is not distinction between the original campus and the Centennial Campus. So, if there was a potential for corporate relationship, an appropriate partnership, in the College of Agriculture, and the appropriate location would be in Patterson Hall, so be it. That is where it would happen. Or if it were in Bostian Hall, or something over at the College of Humanities and Social Sciences in Caldwell Hall, I would see no difference. Because it is – what we've got is not a \_\_\_\_\_ program. It's a an educational activity and a relationship between our faculty and our students and our partners.

Q: Let me ask you one thing that I –

M: Hold on for just a second [INAUDIBLE] OK.

Q: OK. I wanted to ask you something, I am not sure that this falls under your office at all, but it's something I came across in my research with um, and there's very little records about it in the archives – something called the NCHU Research Corporation – does that – what does that have to do with Centennial?

Worsley: Well, it was created, and in fact it is now called a NCHU Partnership Corporation, it was created many years ago because our, some of our administration felt that the bureaucracy associated with the University, all of the State rules and regulations that go with our business enterprises, that we could not respond as quickly as we needed to for research activity, buying equipment, hiring individuals, and just doing the business of research. What I think originally they wanted to do was to try to copy the model that's used at Georgia Tech. We went down, several of us went down to look at that model where they have a research corporation, where, in fact, on paper at least, they ran all of their transactions through this corporation, but in truth it's no different than what we do here at NC State University. And so, after looking at that, and not being able to really articulate any true benefit that would be achieved, the Research Corporation was used to hold a couple \_\_\_\_\_, can a few patents, and it languished for a number of years. You recall I told you about the challenge in building the ABB building; after a lot of negotiations, but then ABB wanted the building almost immediately once we sent out the contract. And, so what we did was, it was a very complicated transaction, but we took a parcel of the Centennial Campus Property, we leased it to our NC State University Endowment Fund, in turn leased it to the NC State Research Corporation. Research Corporation then borrowed 8

million dollars and built the ABB building. Once that was done and we sold the building back to the endowment fund and subsequently to the University, it had very little need for activity. Again it languished for some period of time. As we developed the business plan for the golf course conference center, we decided that we probably ought to use the research corporation, which we renamed the NC State Partnership Corporation, to own the golf course, the hotel, and the conference center. And one of the reasons for that was the we needed to have an entity that could manage that whole process and contract with a developer and an operator for the hotel. There was another reason as well; there are certain alcoholic beverage statutes that affect Universities that don't affect 501(c)(3)s, and so we needed to make sure that we were not encumbered with that in the operation of the hotel and the conference center and the golf course. And that was another sort of minor reason that we resurrected that. At the moment, we don't have the hotel, we don't have the conference center, but we are going to lease a parcel of land to that partnership corporation to operate and build the golf course. So it's still in place, the name's been changed. I'm treasurer of it, or will be for a couple more days, and then it is University personnel that are the officers and directors of the entity.

Q: OK. Thank you for clearing that up, I was a bit confused about that. Those are all the questions that I had; Ron wants to take over, or

M: That's it for that part of it, so we can stop for a second.

Q: Alright, we'll take a little break.

M: I'm going to put this on a different table [INAUDIBLE]

[END OF TAPES #9 AND #10; TAPE 11 BEGINS]

Q: Okay, since this is going to archives, let's start all over again. Would you tell us who you are, what your title is and where we are and why we're here. We're close to your retirement--

Worsley: Do I need to spell my name?

Q: No, you don't need to spell your name.

Worsley: My name is George Worsley and I'm Vice Chancellor for Finance and Business at NC State University.

Q: And when did you come here and what's today's date and how long has it been--

Worsley: I came 41 years ago, almost 41 years ago. I came in August of 1963.

Q: There's been a lot of changes in the last four years at NC State. Could you talk about how it's changed for the good, for the better or worse—whatever you'd like to say about the major changes that you've seen.

1. Worsley: Well, some of the changes—well, first let's start with the budget. I believe that when I got here the budget was about 30 million dollars. Enlisted about 6,000 students. And 40 years after, those numbers may be a little bit off, but I think comparing the numbers today with 30,000 students and our budget is almost 900 million dollars. But it has been a lot of change and growth; growth has been one of the experiences that has both positives and negatives. Let me start with the negatives and get back to the positives real quick. I think the thing that I miss more than anything else is the opportunity to know a lot of our faculty and department heads. With the growth of the university and the size of it now, I'm involved in the corporate activities of the university. Unfortunately that tends to—the size begins to isolate you from the faculty



and particularly the department heads. One time I could name each one of them and call them by their first names; today, unfortunately, sadly, I don't know many of the department heads. On the positive side, it means that we are serving more and more of NC's—North Carolina's youth and we, our growth. We're also more actively involved in economic development. When I came here, we were known as the «ag school» and those of us who came from a rural background remember the extension agents and spoke fondly of NC State. But engineering was growing, but didn't do a whole lot with economic development, natural resources was the same. Institution today touches almost every citizen in the state of North Carolina in one way or the other. The addition of the College of Veterinary Medicine, the expansion of our sciences, the creation of the College of Physical and Mathematical Sciences, the creation of the College of Humanities and Aocial Sciences, the creation of the College of Management—all that has occurred in that 41 years. All of the other colleges and schools have expanded and grown. So this growth has brought huge change. The campus has expanded both in terms of acreage—now we're responsible for a little over 200,000 acres of land in both here in Wake County and throughout the state. In fact, we have an 80,000 acre forest in the eastern part of the state. So there's been a lot of growth and a lot of change. Been in staff—so growth, I think, is one of the big changes that I've seen. And I think the development of science benefits that we can offer to the state of North Carolina are just enormous. As one individual it's hard for me to be able to articulate all the changes and the benefits that we do offer to the state.

Q:           How about campus life--what's life--how's life here different than it was 41 years ago?

Worsley: Well, I think big change, of course, is whether when I was a student or when I first came here in 1963, the evolution of students living on campus had already started, and many of our students were beginning to live on campus that didn't like the dorm life, didn't like the controls that were imposed by the university on how you—the hours that you kept in the dorms and going—there was a time when people were seeking much more freedom than their parents had experienced and than the university was willing to give, at least early in those early '60s. So campus life changed dramatically, and I'm seeing now, I think, a reversal of that. More students are interested in living on campus, certainly their parents are probably have always been interested in students living on campus. I think the most dramatic change has been the interest in food service on campus. You ask in the mid '60s about food service, you'd get «I don't want to go through the cafeteria, absolutely not,» but now students are demanding. And I think we have found a way to respond to their interests. We've got Brandit Food Service, we've got—Art White has developed a food service program that takes into consideration the needs of the students and their changing tastes, and is trying to respond to that. So we see that coming back.

Q: What have been your biggest challenges of this job?

Worsley: Well, growth has been a challenge. The challenges have been varied. When you're dealing with a lot of individuals who have different kinds of interests, and particularly faculty who don't want to be bound by all the tradition and all the rules and regulations, focused on their discipline and trying to provide for the students. So it's been our responsibility in finance and business to provide the

business services. And the faculty interests, but don't bother me with the details, please just get me the service. So that's been a challenge. But again, I think, going back to growth, the complications that have been imposed by growth. The changes and the regulations and particularly environmental rules, are issues that you have to deal with now. And things that are really necessary and that we should have been thinking about years ago. Years ago we were thinking about asbestos, we were thinking about lead paint, we were thinking about hazardous waste, and air quality—and air quality in the buildings and whether buildings are healthy or whether they're unhealthy. Those issues have been a challenge. And people, people who have demands to be informed. They know their rights, they expect the university and administration to treat them in a respectful manner and to be sensitive to their needs. So those have been challenges as well. And the financial part. In fact, the last 10 years they started \_\_\_\_\_ a presentation that we make to our deans—have made to our deans—is the last 10 years we've had 129 million dollars in budget cuts. Not all of those were permanent cuts, but nevertheless, they were spending opportunities that were withdrawn and even financial \_\_\_\_\_ this size—129 million dollars does make a dent in the university. A big change that we've experienced has been the reorganization of higher education which occurred in 1971. Prior to that the university system consisted of the UNC-Chapel Hill and NC State and UNC-Greensboro, although the evolution toward a single system had already started because in the early '60s we had added UNC-Asheville, UNC-Charlotte, and there may have been one other, but then in '71 that whole system was consolidated into the same system.

That brought about a big change. Prior to that, Bill Friday presided over the university system, but it was more of a confederacy in some respects. The president would make recommendations to the chancellors about the operation of the institution in programs, but each chancellor still had the opportunity to interact with the general assembly asked for new resources. But today, the program in the direction of the university is determined by the board of governors. And the president now has exclusive responsibility for interaction with the general assembly. In fact, the statutes now say that the board of governors and the president shall make the budget request on behalf of the sixteen constituent institutions. So that creates a competition within the system. It tends to eliminate, omit the competition that the individual institutions would have for the general assembly. With one exception, and a surprising exception, and perhaps a troubling one. And that is that in the closing days of this past session, some—almost 500 million dollars in capital improvements were authorized on the bill to issue certificates of participation, also known as \_\_\_\_\_ without a referendum by the people. And it would appear that if that continues, suddenly the university system is reverted back to the old pork barrel days and has created some of the same problems that the consolidation legislation was intended to prevent and solve. So, I think we're got a real question as to what's going to happen in the future and what is the role of the board of governors, and has that role now been modified, been managed in a way that they are not as they are not as relevant as they might have been. A concern that I have, particularly about NC State and also UNC-Chapel Hill, is to research universities in the system. And there have been a

proliferation of additional programs, and perhaps they were all needed at the institutions, but it is the increasing duplication, and I think we've got the question on the table now, as to--is all that duplication necessary, and by this duplication are we diminishing the role of the two research universities? We must take whatever steps are necessary to protect those two institutions; otherwise, we may average those institutions down to a level that they won't have the national prominence that they have today.

Q: Are there—there are always minor things in anybody's life—but are there major things here at the university that you would have liked to have done differently if you were going back and doing it again? Any directions, any things that—any initiatives—

Worsley: Well, any individual has had the experiences that I've had, probably can look back and say, «Personally, I wish I'd have done that.» I think, from the perspective of the chief financial officer, and one who has participated in a lot of life and at the university. I wish we could have found a way to have a different experience with collegiate athletics, and particularly the basketball experience. The unfortunate situation with the basketball program, is it took out a chancellor that made some mistakes along the way, that really didn't—I don't think he really fully appreciated the importance of the intercollegiate athletics, particularly basketball. He came from an institution that just did not emphasize intercollegiate athletics the way we do. And I think he had some real trouble in understanding that. I mean, I talked about that on a number of occasions, and it was a sad day for NC State. There in the '80s was when we had that unfortunate experience. I

hope we've learned a lesson, but—and I really love intercollegiate athletics, and I've been involved in a lot of the projects. I was principle negotiator for the arena, and I think I've built quite a reputation, not always positive in that negotiation, but nevertheless we got a good deal.

Q: They know you well over there...

Worsley: They know me well, and they think I'm really hard and tough, and I am when I'm negotiating for what I think is right. I've also been involved in quite a bit of the expansion of the football stadium. But I also have expressed concern about the university's commitment to athletics, and sometimes what I fear would be some of our supporters having blind commitment to athletics, and not really paying attention to the university in the way that the university can serve the entirety of our student body and the state. We need to make sure we keep our priorities correct. We have—and I have been part of it, and for many now, our Wolfpack club, our boosters club to accumulate a debt of almost a hundred million dollars. And there's been several projects involved, one in Murphey Center, the second one in 20 million dollars on the apartment complex and replacing \_\_\_\_\_. And the other balance of it is the Wolfpack Towers—suites and \_\_\_\_\_ will be available in the fall of '05. We've got 60 million dollars worth of pledges, so it's not as daunting as one might think in terms of financial aspect. But the role that the coaches are playing—and we have many of our trustees who are members of the Wolfpack Club board of directors. And I sometimes worry about the—if not the actual conflict of interest then the perceived conflict of interest with our faculty. And I think we just need to be sensitive to that. I'm not saying there's

anything wrong at this point, but I know athletics is something that can get out of hand almost overnight. As so we just, we have to be very careful. And it takes people who don't mind a little criticism and don't mind being tough and don't mind being known as being tough. If you don't stand your ground, athletic—the analytic beast can get out of hand.

Q: One last question, and that is not so much what is your vision for NC State's future, but where do you see NC State going from here—what do we need to do differently or what do we need to do to take us to the next level as a university?

Worsley: I think we've already started that. Out on the road. NC—When I first came here, we were always looking west, and we were asking questions, we were always concerned about being in the shadow of UNC-Chapel Hill. However, the development of Centennial Campus and the growth of the university—we're much larger than UNC, although I never marked that off as something of real significance. But the accomplishments in research, the accomplishments of our student body, and the pride that has been developing. And in fact, while I was expressing some concern about athletics, that pride has developed because of my success in athletics, as well. I think this plays a role, but I think we've, for the most part, stopped casting that glance back over our shoulder, looking west, and saying, well what is Chapel—where is Chapel Hill, what are they doing? And we're taking pride in our own accomplishments. We got to continue that. I think the Achieve program that we've got—if people will embrace that and celebrate the achievements and take pride, not in the egotistical sense, but take genuine pride in what we've accomplished and what our students are accomplishing, and our

graduates are accomplishing. They went on the road. I do think that we need to stay true to the land grant tradition, and I don't mean the agricultural tradition, but the larger notion of the land grant mission, and that is that you serve the state, you serve the people of the state. We don't need to lose sight of that. And I've worried about my alma mater, which is UNC-Chapel Hill. I'm beginning to wonder if they're not looking more and more like a private university. And I think that NC State ought not to ever take that road. We ought to be about the people of North Carolina, we ought to be about serving the people of North Carolina. People do that, stay true to that land grant mission, then NC State will always be a success and our alums can take pride.

Q: That's all I had—anything you—any closing remarks you want to add to this?

Worsley: No, it's been fun, it's been faster than I had expected. \_\_\_\_\_ it's a long day, so—but it's been—I'll tell you that the thing that most people overlook, and we all have a tendency sometimes when we're bogged down in the day-to-day routine, but \_\_\_\_\_ the university is a lot of change. We've got different students coming in every year, and different faculty, and so all the problems may be similar in some respects, the different personalities. And so it can be a real challenge but it also can be fun.

Q: Thank you very much.

Worsley: Okay. Great. Fantastic.

[END OF RECORDING]