OPEN SESSION

FOR ACTION

1. Designer Selection
   - Morehead Planetarium Building Renovation
   - Wilson Library Roof Replacement
   - McColl Hall Roof Replacement
   - Hanes Art Center Roof Replacement and Envelope Repairs
   - Hamilton Hall, George Watts Hill Alumni Center, Student Recreation Center, and Ackland Art Museum Fire Alarm Panel and Devices Installation
   - MacNider Hall Air Handler Replacement
   - Swain Hall, Fetzer Hall, Battle Hall, Vance Hall, and Pettigrew Hall Electrical Service and Branch Panel Installation
   Anna Wu, Associate Vice Chancellor for Facilities Services

   (Attachment A)
   (Attachment B)
   (Attachment C)
   (Attachment D)
   (Attachment E)
   (Attachment F)
   (Attachment G)

2. Site Approval
   - Practice Field Renovation and Expansion at Finley Fields
   - SECU Family House Addition
   Anna Wu, Associate Vice Chancellor for Facilities Services

   (Attachment H)
   (Attachment I)

3. Lease Approval
   - SECU Family House Expansion and Extension of Lease
   Anna Wu, Associate Vice Chancellor for Facilities Services

   (Attachment J)

FOR INFORMATION ONLY  (No formal action is requested at this time)

1. UNC Surgical Tower
   Anna Wu, Associate Vice Chancellor for Facilities Services

   (Attachment K)

2. Internal Audit Report
   Phyllis Petree, Director of Internal Audit

   (Attachment L)

3. Development Report
   David Routh, Vice Chancellor for University Development

4. Financial Update
   Matthew Fajack, Vice Chancellor for Finance and Administration

5. Security Update
   Derek Kemp, Associate Vice Chancellor for Campus Safety & Risk Management

6. Student Stores Update
   Brad Ives, Associate Vice Chancellor for Campus Enterprises
DESIGNER SELECTION – MOREHEAD PLANETARIUM BUILDING RENOVATION

This project will improve the existing Planetarium by increasing accessibility, improving visitor flow and enlarging the public educational space. Approximately 8,000 square feet of staff offices, classrooms and exhibit halls will be renovated and new educational exhibits will be installed.

The project budget is $1.5M and will be funded by University Foundation and Repairs and Renovations funds.

This project was advertised on March 15, 2016. Seven (7) proposals were received. Four (4) firms were interviewed on April 28, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with museum projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX
DESIGNER SELECTION – WILSON LIBRARY ROOF REPLACEMENT AND OTHER BUILDING ENVELOPE REPAIRS

This project will address numerous building envelope maintenance issues and ongoing moisture intrusion at Wilson Library. The project will repair and replace the highest priority roof sectors and other envelopes areas.

The project budget is $2,495,000 and will be funded by Repairs and Renovations funds.

This project was advertised on March 18, 2016. Eight (8) proposals were received. Three (3) firms were interviewed on May 2, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

1. XXX
   XXX, XX
2. XXX
   XXX, XX
3. XXX
   XXX, XX

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX
   XXX, XX
2. XXX
   XXX, XX
3. XXX
   XXX, XX
DESIGNER SELECTION – MCCOLL BUILDING ROOF REPLACEMENT

This project will replace the McColl Building’s original, 20,620 SF of ethylene propylene diene monomer rubber (EPDM) roof system installed in 1997, add a permanent fall protection system, repair the skylights and replace the roof flashing system. The permanent fall protection system will be installed for the life safety of maintenance and service personnel.

The project budget is estimated at $610,000 and will be funded by Repairs and Renovations funds.

This project was advertised on April 8, 2016. ____ (__) proposals were received. ____ (__) firms were interviewed on May 12, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX
DESIGNER SELECTION – HANES ART CENTER ROOF REPLACEMENT AND BUILDING ENVELOPE REPAIRS

This project will replace the existing 26,000 square feet of built-up roof at Hanes Art Center. The project includes envelope repairs to clean and re-seal the control and expansion joints in the exterior brick walls. Additional repairs include re-caulking stone coping and metal counter-flashing and the addition of permanent fall protection. The roof material tested positive for asbestos and will require abatement as a part of the project.

The project budget is estimated at $1,160,000 and will be funded by Repairs and Renovations funds.

This project was advertised on March 17, 2016. Seven (7) proposals were received. Four (4) firms were interviewed on May 3, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

1. XXX
2. XXX
3. XXX

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX
2. XXX
3. XXX
DESIGNER SELECTION – ADDRESSABLE FIRE ALARM PANEL INSTALLATION IN FOUR BUILDINGS

This project will address existing and outdated analog fire alarm control panels and analog initiating devices requiring replacement. New addressable fire alarm control panels and devices will increase the reliability and effective coverage of the fire detection systems. This project scope includes systems in four buildings: Hamilton Hall, Hill Alumni Center, Student Recreation Center, and Ackland Art Museum.

The Project budget is $541,000 and will be funded by Repairs and Renovations funds.

This project was advertised on March 3, 2016. Six (6) proposals were received. Four (4) firms were interviewed on April 19, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX

The firms were selected for their strength of the project team, specific project approach on recent electrical renovation projects and previous University and State Construction Office experience.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX
DESIGNER SELECTION – MACNIDER HALL AIR HANDLING UNIT REPLACEMENT

The project will replace the four air handling units (AHU’s) located on and serving the entire 4th floor of MacNider Hall. These AHU’s were originally installed in 1981 and are located within the mechanical rooms. The new AHU’s will be connected to the existing duct system and will be equipped with digital controls. The building will be occupied during construction.

The project budget is $850,000 and will be funded by Repairs and Renovations funds.

This project was advertised on March, 2, 2016. Ten (10) proposals were received. Three (3) firms were interviewed on April 20, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX

The firms were selected for their strength of the project team, proposed design approach, previous University and State Construction Office experience, and current workload.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX
DESIGNER SELECTION – REPLACEMENT OF ELECTRICAL SERVICE PANELS IN FIVE CAMPUS BUILDINGS

This project will replace electrical switchgear and electrical distribution equipment that are considered at end of expected life and are obsolete, such that spare parts are no longer available and power service to the buildings is unreliable. Buildings included in this project are Battle Hall, Vance Hall, Pettigrew Hall, Swain Hall and Fetzer Gym.

The project budget is $680,000 and will be funded by Repairs and Renovations funds.

This project was advertised on March 3, 2016. Eight (8) proposals were received. Three (3) firms were interviewed on April 18, 2016. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX

The firms were selected for their strength of the project team, specific project approach on recent electrical renovation projects and previous University and State Construction Office experience.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

1. XXX XXX, XX
2. XXX XXX, XX
3. XXX XXX, XX
SITE APPROVAL – PRACTICE FIELD RENOVATION AND EXPANSION AT FINLEY FIELDS

This project will add a new NCAA running track, 1 new artificial grass field and associated throwing areas and replace 2 existing grass fields with 2 artificial fields to be used as practice fields by multiple men’s and women’s varsity sports programs. Additionally, the project will add 2 new grass fields south of the Finley Field complex that would serve as practice fields for multiple men’s and women’s varsity sports programs.

The project budget is $12,083,062 and will be funded by Educational Foundation.

The Chancellor’s Buildings and Grounds Committee approved the site at its May 5, 2016 meeting.

RECOMMENDED ACTION

A motion to approve the expanded site.
SITE APPROVAL – SECU FAMILY HOUSE EXPANSION

This project will expand the current SECU Family House by adding 36 guest rooms which will provide the facility with 75 total guest rooms. In addition, the expanded site will provide walking and exercise area, a meditation garden and a common outdoor area within easy access of the Family House for the guests.

The expanded site is approximately 3.6 acres in area which will bring the total site to 9.36 acres.

The project budget is $____ and will be funded by the SECU Family House.

The Chancellor’s Buildings and Grounds Committee approved the site at its May 5, 2016 meeting.

RECOMMENDED ACTION

A motion to approve the expanded site.
PROPERTY DISPOSITION BY GROUND LEASE TO THE FAMILY HOUSE AT UNC HOSPITALS

The Family House at UNC Hospitals (SECU Family House) has an existing ground lease from the University, dated June 1, 2006. SECU Family House is now in the 8th year of operating its facility and is seeking to increase the number of rooms to meet rising demand. Approximately 2200 people from all over North Carolina stay at SECU Family House each year. The facility currently operates at 95-98% occupancy. Increasing the number of rooms by 36 would result in a total capacity of 75 rooms. The SECU Family House has also identified a need for a walking trail and exercise areas in close proximity to the House.

This request is for approval for a new ground lease to SECU Family House to facilitate construction and operation of a planned expansion of the existing facility by 26,868 SF. The new leased area will also allow for the construction of a ¼ mile and ½ mile exercise loop, new meditation garden and new common areas for the guests.

The current ground lease is for 5.76 acres at the agreed upon lease price of $1.00 per year and is scheduled to expire in May 2031. The proposed new lease would increase the leased area by approximately 3.6 acres, from 5.76 acres to 9.36 acres. The proposed lease would continue to be at $1 per year and would begin a new 25 year term for the entire 9.36 acres, ending 2041.

RECOMMENDED ACTION

A motion to recommend approval for a new ground lease to the Family House at UNC Hospitals as described above.
FOR INFORMATION – UNC HOSPITALS SURGICAL TOWER

This project will add new operating rooms, central sterile processing, administrative support space and infrastructure. The site was approved by the Board of Trustees at the September 2014 meeting.

The project budget is $177 million and will be funded by the UNC Health Care System.

This information is presented to the Board of Trustees for review and comment.

No formal action is requested at this time.
REPORT TO THE FINANCE, INFRASTRUCTURE, AND AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Internal Audit Department
University of North Carolina at Chapel Hill
May 18, 2016
May is Internal Audit Awareness Month
COMPLETED

Center for Health Promotion and Disease Prevention – a financial, compliance, and operational review of fiscal processes in the Center particularly those related to retro-active salary changes and other grant management activities. We found issues related to posting salary reallocations promptly and worked with center management to identify ways to resolve these issues.

Learn NC – limited review of activity in sponsored awards managed by the School of Education (School). The review focused on allocability of contract costs and the nature of financial information provided to faculty members who are performing contract work for outside entities. We determined that costs charged to the contracts we reviewed were allocable but the informal reports obtained by a former faculty member were not what he needed to manage his contact budget. The issues identified are no longer relevant. The School no longer does contract work for outside entities and does not plan to do so in the future. Sponsored projects awarded to School faculty members are managed through other units, such as the Frank Porter Graham Child Care Development Center, rather than the School.

Coal Sorbent Contract – review of procurement process related to purchase of limestone and similar sorbents used to reduce sulfur-dioxide emissions from the University’s coal-fired boilers. Also, reviewing monitoring processes related to sorbent quality and performance. We determined that procurement and award of the sorbent contract were handled correctly. We also found that management properly monitored coal to sorbent ratios and took appropriate action in response to performance variances.

Anesthesiology – review of an anonymous report related to fringe benefits – specifically health care coverage - for fellows in Anesthesiology. We found that the fellows were temporary employees and, therefore, were not eligible for healthcare coverage. The grant that supports the fellowship funds only the employer’s share if Social Security for fellows. No report.

IN PROCESS

Orthodontics – assistance to management with a review of processes and transactions related to acquisition of dental molds and implants for patient care and instructional purposes. We found that two cases of conflict of interest involving labs used to produce dental molds for Orthodontics and the need for better processes related to how dental labs are selected to provide services. The University no longer does business with the labs involved and one of the employees who had the conflict of interest is no longer with the University.

Auxiliary Services Equipment – referral from the Office of the State Auditor – review of equipment acquisition and management related to Dining Services. Field work is complete and we found no problems with these activities.

Lineberger Cancer Center Grants - referral from the Office of the State Auditor – review of cost management related for sponsored funds.

Clery Act Reporting – a review of processes used to manage notifications and reporting required by the “Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act”. Internal Control review in process.
**Historically Under-utilized Business Program** – a review of processes used to promote and encourage full and open competition, promote equal access to contracting opportunities among the various contractors and vendors that do business with the University, and ensure compliance with policy and reporting requirements related to this program. Planning and preliminary survey in process.

**Green Cart** – referral from the Office of the State Auditor – a review to determine if participant payments were being made in keeping with terms of a program working on sustainable food systems, food access, and health disparities in North Carolina. We determined that payments were initially delayed due to issues with obtaining the advances used to make the payments. Those issues were resolved and participant payments are up-to-date. Field work is complete.

**Follow-up to 2015 Financial Statement Audit Findings** – follow-up to assess adequacy of steps taken to correct findings involving matters related to financial reporting. This project must be complete within 90 days of the date the Office of the State Auditor released its audit report.

The University has made satisfactory progress toward correcting findings from the financial statement audit. Some project tasks will not be completed and most financial statement preparation and year-end tasks will not occur until after the end of the 90-day follow-up period. Therefore, we will need to perform an additional assessment of corrective action after the end of the fiscal year to take place concurrently with development of the fiscal year 2016 financial statements and preparation for the FY2016 state audit.

**Follow-up to 2015 Federal Compliance Audit Finding** – follow-up to assess adequacy of steps taken to correct lack of certification of time and effort charged to sponsored awards.

The most recent time and effort certification cycle was not complete as of the date this Summary of Audit Activities was written. However, in our opinion, this finding has been corrected. As of April 28, 2016, approximately 99.5% of time and effort reports were certified. A new policy requires that any payroll charge that has not been certified by the end of the certification period will be removed from the project.

**ON-GOING ADVISORY PROJECTS AND COMMITTEE WORK**

- PeopleSoft conversion
- HIPAA Security Liaisons;
- University-wide Committee on the Protection of Personal Data;
- CERTIFI – committee working to manage compliance with Payment Card Industry Standards;
- IT Governance Committee;
- Multiple short-term projects done to assist management with identifying and managing risks.
OTHER ACTIVITIES

- A staff member presented at the International Conference of the Information System Audit and Control Association.
- Policies and Procedures Audit Working Group;
- Ethics and Integrity Working Group
- Served as member of a committee developing recommendations for developing data mining and analysis processes and other techniques for managing risks of a decentralized operating environment.
- Served as member of search committee for new Chief Privacy Officer
- Served as member of search committee for the new Executive Director of Enterprise Financial Accounting and University Controller.
- Served as member of committee developing recommendations for implementing new policy and procedure management ecosystem.
- Assisted the Office of the State Auditor staff with data retrieval for two investigations.
- Assisting the Schools of Medicine and Public Health with data retrieval and analysis for two projects.
- Assisted with interviews for new Director of Tax Policy and Analysis.
- Continued to expand use of ACL software to develop more powerful analytics.
Audit Schedule - 2015/16
Revised as of April 14, 2016
(Some projects will be in process at June 30, 2016)

<table>
<thead>
<tr>
<th>Planned Audits</th>
<th>Original Budget</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Equipment Repair Contract - in process</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Historically Underutilized Business Program</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Clery Act Reporting</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Deferred due to increase in budget for follow-up of prior internal audit findings -1-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Audit - TBN</td>
<td>350</td>
<td>0</td>
</tr>
<tr>
<td>Cost Transfers - Sponsored Awards</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Deferred due to delays in filling vacancies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletics Facilities</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Title IX Monitoring</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Select Agents and Hazardous Materials</td>
<td>450</td>
<td>0</td>
</tr>
<tr>
<td>Academic Performance Monitoring</td>
<td>450</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total for Routine Audits</strong></td>
<td>3,220</td>
<td>770</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Projects</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow-up for 2014 OSA Audit - in process</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Enterprise Resource Planning</td>
<td>500</td>
<td>150</td>
</tr>
<tr>
<td>Risk Assessment and Audit Plan</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Follow-up for Prior Internal Audit Findings</td>
<td>300</td>
<td>900</td>
</tr>
<tr>
<td>Follow-up for 2015 OSA Audit</td>
<td>150</td>
<td>150</td>
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<tr>
<td>UNC Business Compliance Program 2016</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total for Annual Projects</strong></td>
<td>1,250</td>
<td>1,500</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Audit Related</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested Reviews, Consulting, and Other Unplanned Projects</td>
<td>2,700</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Total Hours Scheduled</strong></td>
<td>8,470</td>
<td>6,870</td>
</tr>
<tr>
<td>Total Hours Available</td>
<td>8,373</td>
<td>6,771</td>
</tr>
<tr>
<td>Under/&lt;Over&gt;Scheduled</td>
<td>(97)</td>
<td>(99)</td>
</tr>
</tbody>
</table>

-2- = lowest risk project scheduled
-3- = project would have needed to be rescheduled due to status of conversion of sponsored research data in ConnectCarolina
-4- = Internal Audit will not need to be as heavily involved in the ConnectCarolina conversion in the post-implementation phase
-5- = additional hours allocated based on trends for thee types of projects
# UNC Internal Audit
## Use of Audit Resources
### Summary of Audit Hours Used - FY 2016 as of 04/17/16

<table>
<thead>
<tr>
<th>Hours Available for Projects</th>
<th>Budgeted</th>
<th>Pro-Rated Budget -1-</th>
<th>Hours Charged</th>
<th>Variance (Over)/Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Hours Available -2-</td>
<td>12,133</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Training &amp; Professional Development</td>
<td>(460)</td>
<td>(372)</td>
<td>533</td>
<td>(161)</td>
</tr>
<tr>
<td>Less: Leave</td>
<td>(2,000)</td>
<td>(1,615)</td>
<td>2,155</td>
<td>(540) -4-</td>
</tr>
<tr>
<td>Less: Other Administrative Time -3-</td>
<td>(1,300)</td>
<td>(1,050)</td>
<td>887</td>
<td>163</td>
</tr>
<tr>
<td>Total for Leave &amp; Administrative</td>
<td>(3,760)</td>
<td>3,575</td>
<td></td>
<td>(538)</td>
</tr>
<tr>
<td></td>
<td><strong>8,373</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Routine Audits

<table>
<thead>
<tr>
<th>Hours Available for Projects</th>
<th>Budgeted</th>
<th>Pro-Rated Budget -1-</th>
<th>Hours Charged</th>
<th>Variance (Over)/Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine Audits</td>
<td>3,220</td>
<td>2,601</td>
<td>190</td>
<td>2,411</td>
</tr>
<tr>
<td>Annual Projects</td>
<td>1,250</td>
<td>1,010</td>
<td>541</td>
<td>468</td>
</tr>
<tr>
<td>Audit Related</td>
<td>1,300</td>
<td>1,050</td>
<td>1,442</td>
<td>(392)</td>
</tr>
<tr>
<td>Unplanned Projects</td>
<td>2,700</td>
<td>2,181</td>
<td>2,553</td>
<td>(372)</td>
</tr>
<tr>
<td>Total Scheduled/Charged</td>
<td>8,470</td>
<td>4,726</td>
<td>2,115</td>
<td></td>
</tr>
</tbody>
</table>

Re: Variances

Routine audits - 600 hours re-allocated to follow-up of prior internal audit findings; 1,430 hours lost from not having vacancies filled by January 1, 2016.

Annual Projects - most work related to follow-up or prior internal audit findings will be done in May and June.

Audit Related - more time that budgeted spent on developing data analysis tools and on short-term consulting.

Unplanned Projects - more time needed to complete projects than initially projected; in some cases projects were reopened due to related events that happened after the report was issued.
UNC Internal Audit
2015/16 Audit Schedule as of 04/17/16

Planned Audits

**Complete**

Large Equipment Repair Contract

**In Process**

Historically Underutilized Business Program
Clery Act Reporting

**Deferred - due to increase in budget for university-wide follow-up**

Cost Transfers - Sponsored Awards
Department Audit - TBN

**Deferred - due to delay in filling vacancies**

Title IX Monitoring
Select Agents and Hazardous Materials
Academic Performance Monitoring
Athletics Facilities

Annual Projects

**Complete**

2014 Office of the State Auditor A-133 Follow-up (added)
Risk Assessment and Audit Plan

**On-Going**

Enterprise Resource Planning

**In Process**

Follow-up for Prior Internal Audit Findings
Follow-up for 2015 OSA Audit

**Scheduled**

UNC Business Compliance Program 2016

Audit Related

**Complete**

Ethics and Integrity Task Force
Policies and Procedures Committee
Chief Privacy Officer Search Committee
Exec. Director for Enterprise Financial Reporting Search

**On Going**

Continuous Auditing
Office Systems
HIPAA Security Liaison
University Committee on the Protection of Personal Data
IT Governance Committee & Data Custodian Work
CERTIF (PCI Standards)
Audit Committee
Audit Planning
Audit Process Improvement
HIPAA Risk Assessment
KPI Reporting
UNCAA Conference Planning
Director of Tax Policy Search
Multiple Short-term Advisory Projects

Special Projects & Management Requests

Complete
- Energy Services 2015
- Environmental Sciences & Engineering #2
- Learn NC
- Health Promotion and Disease Prevention
- Coal Sorbent Contract

In Process
- Women's Studies
- Neurology - NIH (reopened)
- Orthodontics
- Auxiliary Equipment -1-
- Lineberger Cancer Center Grants -1-
- HPDP - Green Cart
- Anesthesiology

new
new
Development Update
May 18-19, 2016
Meeting of the UNC-CH Board of Trustees

David S. Routh
Vice Chancellor for Development
Cash Totals

YTD comparison as of 4/29/16
Grants and Ed Foundation through 3/30/16.

Gifts
- FY15: $132,577,821
- FY16: $131,968,949

Grants
- FY15: $60,703,154
- FY16: $70,282,659

Cash Total
- FY15: $193,280,975
- FY16: $202,251,608

+16%
+5%
New Cash and Commitments Totals

YTD comparison as of 4/29/16
Grants and Ed Foundation through 3/30/16.

$0

$100M Eshelman Gift

$329,873,197

$292,379,314

-11%

FY15

FY16
The Pipeline

YTD Comparison as of 5/01/16

<table>
<thead>
<tr>
<th>Category</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,007,713,040</td>
<td>$967,593,475</td>
</tr>
<tr>
<td>Proposals</td>
<td>$405,249,494</td>
<td>$449,410,780</td>
</tr>
<tr>
<td>Intents</td>
<td>$602,463,546</td>
<td>$518,182,695</td>
</tr>
</tbody>
</table>

YTD Comparison as of 5/01/16
## Strong School/Unit Performances

<table>
<thead>
<tr>
<th>School/Unit</th>
<th>Revenue</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics</td>
<td>$33,387,053</td>
<td>50%</td>
</tr>
<tr>
<td>Law</td>
<td>$4,970,404</td>
<td>56%</td>
</tr>
<tr>
<td>CPA</td>
<td>$3,409,749</td>
<td>328%</td>
</tr>
<tr>
<td>Arts &amp; Sciences</td>
<td>$45,339,390</td>
<td>25%</td>
</tr>
<tr>
<td>Dentistry</td>
<td>$5,731,712</td>
<td>88%</td>
</tr>
<tr>
<td>Library</td>
<td>$19,167,469</td>
<td>1070%</td>
</tr>
<tr>
<td>Lineberger</td>
<td>$22,925,876</td>
<td>73%</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$14,999,723</td>
<td>56%</td>
</tr>
</tbody>
</table>
This site is a resource and playground. It is a place where you can learn about some of the incredible stories that happen here. Or perhaps you have a story to share?
Carolina Stories

http://stories.unc.edu/
Campaign Events
Development Update
May 18-19, 2016
Meeting of the UNC-CH Board of Trustees

David S. Routh
Vice Chancellor for Development
Financial Update
# Interim Income Statement for UNC Chapel Hill – Period Ending March 31, 2016

## Revenues

<table>
<thead>
<tr>
<th>Operating Revenues:</th>
<th>Adjusted FY 2016 (period ended 3/31/16)</th>
<th>Adjusted FY 2015 (period ended 3/31/15)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student tuition and fees, net</td>
<td>$481,444,697</td>
<td>$464,214,918</td>
<td>3.7</td>
</tr>
<tr>
<td>Patient services, net</td>
<td>355,272,226</td>
<td>281,745,294</td>
<td>26.1</td>
</tr>
<tr>
<td>Grants and Contracts (Federal, State &amp; Non governmental)</td>
<td>610,240,527</td>
<td>587,065,149</td>
<td>3.9</td>
</tr>
<tr>
<td>Sales and services, net</td>
<td>405,041,911</td>
<td>366,503,781</td>
<td>10.5</td>
</tr>
<tr>
<td>Interest earnings on loans</td>
<td>721,522</td>
<td>759,290</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>34,880,601</td>
<td>42,160,191</td>
<td>(17.3)</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>1,887,601,483</strong></td>
<td><strong>1,742,448,623</strong></td>
<td><strong>8.3</strong></td>
</tr>
</tbody>
</table>

## Expenses

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>Adjusted FY 2016 (period ended 3/31/16)</th>
<th>Adjusted FY 2015 (period ended 3/31/15)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>1,181,478,311</td>
<td>1,138,691,722</td>
<td>3.8</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>262,368,230</td>
<td>235,096,302</td>
<td>11.6</td>
</tr>
<tr>
<td>Services</td>
<td>514,055,767</td>
<td>600,969,564</td>
<td>(14.5)</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>202,191,215</td>
<td>172,457,103</td>
<td>17.2</td>
</tr>
<tr>
<td>Utilities</td>
<td>79,792,855</td>
<td>66,483,074</td>
<td>20.0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>96,644,690</td>
<td>96,723,032</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>2,336,531,068</strong></td>
<td><strong>2,310,420,797</strong></td>
<td><strong>1.1</strong></td>
</tr>
<tr>
<td><strong>Operating gain</strong></td>
<td><strong>(448,929,585)</strong></td>
<td><strong>(567,972,174)</strong></td>
<td><strong>(21.0)</strong></td>
</tr>
</tbody>
</table>

Adjusted figures for FY 2016 and FY 2015 are unaudited.
## Interim Income Statement for UNC Chapel Hill – Period Ending March 31, 2016

### Non-Operating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Adjusted FY 2016</th>
<th>Adjusted FY 2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>299,974,402</td>
<td>267,969,314</td>
<td>11.9</td>
</tr>
<tr>
<td>Non-capital grants -- student financial aid</td>
<td>12,128</td>
<td>370,933</td>
<td>(96.7)</td>
</tr>
<tr>
<td>Other non-capital grants</td>
<td>41,027,939</td>
<td>56,500,562</td>
<td>(27.4)</td>
</tr>
<tr>
<td>Non-capital gifts, net</td>
<td>87,950,620</td>
<td>83,644,065</td>
<td>5.1</td>
</tr>
<tr>
<td>Investment income</td>
<td>(40,075,518)</td>
<td>130,238,112</td>
<td>(130.8)</td>
</tr>
<tr>
<td>Interest and fees on debt</td>
<td>(36,139,161)</td>
<td>(31,963,080)</td>
<td>13.1</td>
</tr>
<tr>
<td>Federal interest subsidy on debt</td>
<td>1,059,201</td>
<td>1,053,519</td>
<td>0.5</td>
</tr>
<tr>
<td>Other non-operating expenses</td>
<td>(7,821,126)</td>
<td>(4,416,292)</td>
<td>77.1</td>
</tr>
</tbody>
</table>

**Net non-operating revenues**

|                                      | 345,988,486      | 503,397,133      | (31.3)   |

### Income before other revenues, expenses, gains, or losses

|                                      | (102,941,098)    | (64,575,041)     | 59.4     |

| Capital appropriations                | 8,766,500        | -                | -        |
| Capital grants                        | 742,783          | 2,544,500        | (70.8)   |
| Additions to endowments               | 12,032,344       | 18,907,097       | (36.4)   |

**Increase in net position**

|                                      | 21,541,627       | 21,451,597       | 0.4      |

### Change in Net Position

|                                      | (81,399,472)     | (43,123,444)     | (88.8)   |

---

Adjusted figures for FY 2016 and FY 2015 are unaudited.
UNC Chapel Hill

Interim Income Statement Highlights

When comparing FY16 financial performance Q3 to FY15, highlights include:

- FY16 net tuition and fees have increased by 3.7%, driven largely by a 3.5% increase in in-state undergraduate tuition.
- Tuition for the second semester is fully recognized, although associated expenses associated with instruction delivery and academic support will continue to be booked through the end of the academic year.
- Net patient services revenue has increased by 26% from FY15. The timing of payouts by the state to Medicaid Upper Payment Limit and Reimbursements accounts significantly improved gross revenue and offset a decline in patient fees and charges-related revenues.
- UNC has drawn down 61% of its $492.5MM in FY16 state authorized appropriations compared to 56% of the $480.4MM in FY15 state authorized appropriations.
- Investment income has declined in FY16 compared to FY15, driven by endowment returns which fell 3% through Q3 FY16 compared to an 8% return through Q3 FY15.
- $8.7 million in capital appropriations, used to fund infrastructure projects across campus, has been recorded in FY16, compared to only $1.6 million received through the full 2015 fiscal year.
## 2016-17 Operating Budget Comparison

<table>
<thead>
<tr>
<th>Certified Base Budget (excludes Aid to Private Institutions)</th>
<th>UNC Budget Priorities 2016-17</th>
<th>Governor’s Recommended Budget 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain Top Talent</td>
<td>2,555,888,173</td>
<td>2,555,888,173</td>
</tr>
<tr>
<td>BOG: Reserve for Merit-Based Performance Compensation</td>
<td>BOG requested equity with other state employees</td>
<td>58,544,209 NR 192,711 R</td>
</tr>
<tr>
<td>Gov: Average 3% NR bonus, capped at $3,000; Salary increases for NCSSM teachers and administrators</td>
<td>Gov: Average 3% NR bonus, capped at $3,000; Salary increases for NCSSM teachers and administrators</td>
<td></td>
</tr>
<tr>
<td>Faculty Recruitment and Retention Fund</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Education Attainment = Growing NC's Economy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovative Intervention Strategies to Improve Completion Rates</td>
<td>18,000,000</td>
<td>18,000,000</td>
</tr>
<tr>
<td>Build Data-Centric Systems of Success and Accountability</td>
<td>3,000,000</td>
<td>$1.3M R, $1.7M NR from Lottery</td>
</tr>
<tr>
<td>Leveraging Technology and Learning Innovations to Get Part-Way Students Home</td>
<td>3,000,000</td>
<td>$0.7M R, $2.3M NR from Lottery</td>
</tr>
<tr>
<td>STEM and Health Degrees Merit Scholarship Program</td>
<td>5,000,000</td>
<td>$5M R from Lottery</td>
</tr>
</tbody>
</table>
## 2016-17 Operating Budget Comparison

<table>
<thead>
<tr>
<th></th>
<th>UNC Budget Priorities 2016-17</th>
<th>Governor’s Recommended Budget 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Certified Base Budget</strong></td>
<td>$2,555,888,173</td>
<td>$2,555,888,173</td>
</tr>
<tr>
<td><strong>Technical Adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment Funding Adjustment</td>
<td>32,972,533</td>
<td>32,972,533</td>
</tr>
<tr>
<td>Eliminate Private Fundraising Cap</td>
<td>16,354,396</td>
<td>–</td>
</tr>
<tr>
<td><strong>Other UNC Items (not requested in BOG Priorities)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Math and Science Teacher Recruitment</td>
<td>–</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Increase State Retirement Contributions</td>
<td>–</td>
<td>3,980,356</td>
</tr>
<tr>
<td>Improve Transparency of Agency IT Expenses</td>
<td>–</td>
<td>36,300</td>
</tr>
<tr>
<td>Brody School of Medicine Shift to Recurring Funding</td>
<td>–</td>
<td>8,000,000 R</td>
</tr>
<tr>
<td>Expand HBCU Internship Program</td>
<td>–</td>
<td>183,000</td>
</tr>
<tr>
<td><strong>Total Operating Increases</strong></td>
<td>81,326,929</td>
<td>108,909,109</td>
</tr>
<tr>
<td><strong>Total Operating Decreases</strong></td>
<td>–</td>
<td>(8,000,000)</td>
</tr>
<tr>
<td><strong>Total Recurring Operating Changes</strong></td>
<td>81,326,929</td>
<td>50,364,900</td>
</tr>
<tr>
<td><strong>Total Nonrecurring Operating Changes</strong></td>
<td>–</td>
<td>50,544,209</td>
</tr>
<tr>
<td><strong>Total Recommended UNC Budget Changes</strong></td>
<td>81,326,929</td>
<td>100,909,109</td>
</tr>
<tr>
<td><strong>Total Recommended UNC Budget</strong></td>
<td>2,637,215,102</td>
<td>2,656,797,282</td>
</tr>
<tr>
<td><strong>Total Percent Change</strong></td>
<td>3.20%</td>
<td>3.90%</td>
</tr>
</tbody>
</table>

36/56
The Team

**Derek Kemp**
Associate Vice Chancellor for Campus Safety and Risk Management

**Mary Beth Koza**
Director of Environment, Health and Safety

**Jeff McCracken**
Chief of Police and Director of Public Safety

**Ron Campbell**
Emergency Management Coordinator
Campus Public Safety Philosophy

PROGRAMMATIC

MULTI-LAYERED/GLOBAL

UNPREDICTABILITY

TEAM-BASED

GUARDIANS
Funding Sources

FINANCE & ADMINISTRATION
Annual Budget ($6.5M)

CAMPUS SECURITY FEE
Annual Student Fee ($432K)
Initiatives

- ADDITIONAL OFFICERS Summer 2016
  - 5 new sworn police officers
  - 1 new crime prevention/community relations officer
  - Augments UNC/Town of Chapel Hill joint task force foot patrols
Initiatives

- **SECURITY ASSESSMENT**
  - Independent assessment of security and emergency response
  - Positive review with recommendations for technical and process improvements

- **NIGHTTIME TRAVEL SAFETY WORKING GROUP**
  - Charter shifts to Campus Personal Safety Committee Summer 2016
Initiatives

- **TECHNOLOGY**
  - Campus Camera System Upgrades Project
  - Lighted Corridor
    October 2016 – January 2017 construction
  - Approximately 350 cameras
Initiatives

- **LIGHTING**
  - Town lighting tour
  - Arboretum lighting

- **TECHNOLOGY**
  - LiveSafe Campus Safety App
Initiatives

- TECHNOLOGY
  - “One Button,” Alert Carolina Initial Emergency Notification Automation Project
Initiatives

- **TRANSPORTATION** Summer 2016
  - Determine feasibility of expanding on-demand after-dark Point-to-Point Service (P2P) Service

- **COMMUNICATION** Summer 2016
  - Create website to educate students on the full range of Nighttime Travel Safety support available
Thank you.
UNC Student Stores and Barnes & Noble College

Brad Ives
Associate Vice Chancellor for Campus Enterprises
May 18, 2016
Evaluation Process

Process
• Employee Input
• January RFP
• College Bookstore Consulting: Financial Analysis

Evaluation
• Student Stores RFP Advisory Committee
  o Evaluated Proposals
  o Offered Pros and Cons of Each Proposal
  o Not a Decision-Making Body
  o Unanimous Consensus for Barnes and Noble College
About Barnes and Noble College LLC

- A Barnes & Noble Education, Inc. company (NYSE:BNED)
- Stores at 750 U.S. colleges and universities
  - 25 of those are in North Carolina
  - Four at other UNC system schools
    - UNC Wilmington
    - UNC Charlotte
    - UNC Greensboro
    - NC A&T
- Serves more than 5 million students and faculty members nationwide
ALL 48 full-time staff members maintain employment with Barnes & Noble College or the University.

Guaranteed 3-year employment maintaining seniority and salary, for employees under new management.

Hire similar number of student employees at comparable salaries.

Employees approaching 30 years of service (within 3 years), or 5 years of service (within 1.5 years) will remain on university payroll until they reach those milestones.
NEED-BASED STUDENT SCHOLARSHIP FUNDS FROM UNC STUDENT STORES ESTIMATED TO QUADRUPLE

Current scholarship contribution: $400,000

Anticipated scholarship contribution: $1.75-2 MILLION

INCLUDES $1 MILLION signing bonus for scholarships
TEXTBOOKS

10% discount on new and used textbooks for UNC-Chapel Hill students

+ A price-match guarantee against national vendors.
CREATES MORE VISIBILITY FOR BULL’S HEAD BOOKSHOP

Larger footprint on second floor

New space for author readings and book signings

Books offered will more than double to 70,000 titles
Store Renovation Vision

https://youtu.be/oqJCkUAPWBs
Questions?