



OPEN SESSION

FOR ACTION

1. Demolition Approval
 - [Odum Village Units](#) (Attachment A)
Anna Wu, Associate Vice Chancellor for Facilities Services
2. Designer Approval
 - [Taylor Campus Health Services Building – Sports Med. Renovation](#) (Attachment B)
 - [Herbarium Feasibility Study – NC Botanical Garden](#) (Attachment C)
 - [Medical Education Building - Berryhill Hall Vivarium Migration](#) (Attachment D)
 - [Everett, Lewis, and Stacy Residence Halls – HVAC Renovation & Window Replacements](#) (Attachment E)
 - [Solar and Energy Storage Project](#) (Attachment F)
Anna Wu, Associate Vice Chancellor for Facilities Services
3. Construction Manager at Risk Approval
 - [Mountain Area Health Education Center \(MAHEC\)](#) (Attachment G)
Anna Wu, Associate Vice Chancellor for Facilities Services
4. Property Acquisition & Ground Lease
 - [Student Housing for Nutrition Research Institute - Kannapolis, NC](#) (Attachment H)
 - [Porthole Alley Easements](#) (Attachment I)
Gordon Merklein, Associate Vice Chancellor for University Real Estate Operations
5. [Annual Endowment Fund Report](#) (Attachment J)
Matt Fajack, Vice Chancellor for Finance and Administration
6. [Tuition and Fees](#) (Attachment K)
Jim Dean, Executive Vice Chancellor and Provost

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

1. [FY16 UNC Investment Fund Performance Update](#)
Jonathon King, CEO of UNC Management Company
2. [Development Report](#)
David Routh, Vice Chancellor for University Development
3. [Carolina Research Venture Fund Overview](#)
Sallie Shuping-Russell, Chair

COMMITTEE MEMBERS

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W. Lowry Caudill, Vice Chair
Donald Williams Curtis
Julia Sprunt Grumbles
Allie Ray McCullen
William (Ed) McMahan
Administrative Liaison:

Matthew (Matt) Fajack, Vice Chancellor for Finance and Administration

ATTACHMENT A

APPROVAL FOR THE DEMOLITION OF ODUM VILLAGE UNITS

In January 2016, the University Board of Trustees approved the demolition of thirty-six (36) buildings in Odum Village containing a total of two hundred thirty-six (236) apartments. Since this approval, it has been determined that fewer buildings than anticipated would be repurposed and three (3) additional buildings have been identified for demolition. This brings the total demolition count to thirty-nine (39) buildings. The demolition work is expected to be performed in phases to accommodate the continuous use of some of the buildings for non-residential purposes.

The project budget is an additional \$500,000 to the existing authorization of \$5.1M. The project is funded by University funds.

RECOMMENDED ACTION

A motion to approve the demolition of the following additional three (3) buildings at Odum Village:

- Unit 201 Branson Drive, one (1) building
- Units 613 - 617 Hibbard Drive, two (2) buildings

ATTACHMENT B

DESIGNER SELECTION – TAYLOR CAMPUS HEALTH SERVICES BUILDING – SPORTS MEDICINE RENOVATION

This project will provide a partial renovation of the first floor of the Taylor Campus Health Services Building for the Sports Medicine department and public areas. The project will renovate approximately 12,000 SF of exam rooms, cast rooms, nurse stations, waiting areas, a break room, support spaces and check-in/check-out areas. As part of this renovation, a portion of the loading dock will be enclosed to add more support space for the floor. The project will also add a hard canopy to the front of the facility.

The project budget is estimated at \$1.9 million and will be funded by University Funds.

The project was advertised on September 12, 2016. Five (5) proposals were received. Three (3) firms were interviewed on October 31, 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 |

ATTACHMENT C

DESIGNER SELECTION – FEASIBILITY STUDY FOR HERBARIUM/RESEARCH FACILITY FOR NORTH CAROLINA BOTANICAL GARDEN

The project scope of this feasibility study will provide programming and concept plan for a new herbarium/research building at the North Carolina Botanical Garden (NCBG). The proposed herbarium will house research, classrooms, a large museum collection and staff. The herbarium also provides research, office, and seed processing space for the NCBG Southeast Regional Seed Bank; a library of botany-related books and other materials; and areas for programming and teaching related to plant systematics and plant conservation all of which are open to the public.

The study is budgeted at \$250,000 and will be funded by University funds.

This project was advertised on September 14, 2016. Nine (9) proposals were received. Five (5) firms were interviewed on October 25, 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 |

ATTACHMENT D

DESIGNER SELECTION – MEDICAL EDUCATION BUILDING- BERRYHILL VIVARIUM MIGRATION PROJECT

This project will provide advance planning for the Berryhill Hall vivarium that will be relocated as part of the development of the new Medical Education Building.

Advance planning is estimated at \$250,000 and will be funded by the Medical Education Building project.

The project was advertised on September 21, 2016. Three (3) proposals were received. Three (3) firms were interviewed on October 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 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 |

ATTACHMENT E

DESIGNER SELECTION – EVERETT, LEWIS & STACY HVAC IMPROVEMENTS & WINDOW REPLACEMENT

The project will upgrade the existing HVAC systems and provide window replacements for Everett, Lewis and Stacy Residence Halls.

The project budget is \$4,500,000 and will be funded by Housing receipts.

This project was advertised on September 15, 2016. Twelve (12) proposals were received. Four (4) firms were interviewed on October 31, 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 |

ATTACHMENT F

DESIGNER SELECTION – SOLAR AND ENERGY STORAGE PROJECT

This project will provide a renewable energy system consisting of a ground-mounted, moveable photovoltaic array coupled with a battery storage system. The project will be located at Horace Williams Airport.

The project budget is \$1.7M and will be funded by University funds (Energy Services).

This project was advertised on September 30, 2016. Five (5) proposals were received. Three (3) firms were interviewed on November 7, 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 |

**CONSTRUCTION MANAGER AT RISK SELECTION – UNC MOUNTAIN
AREA HEALTH EDUCATION CENTER (MAHEC)**

This project will construct approximately 36,000 square feet at the MAHEC campus in Asheville, NC. The building will house a surgical simulation lab, clinical space for the MAHEC Psychiatry Residency and classroom and office space for the School of Medicine, Center for Health Professions Education and School of Public Health programs.

The project budget is \$8,000,000 with funding from state appropriations.

This project was advertised on August 19, 2016. Six (6) proposals were received. Four (4) firms were interviewed on October 24, 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:

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

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

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 |

PROPERTY ACQUISITION OF STUDENT HOUSING TO BENEFIT THE NUTRITION RESEARCH INSTITUTE IN KANNAPOLIS

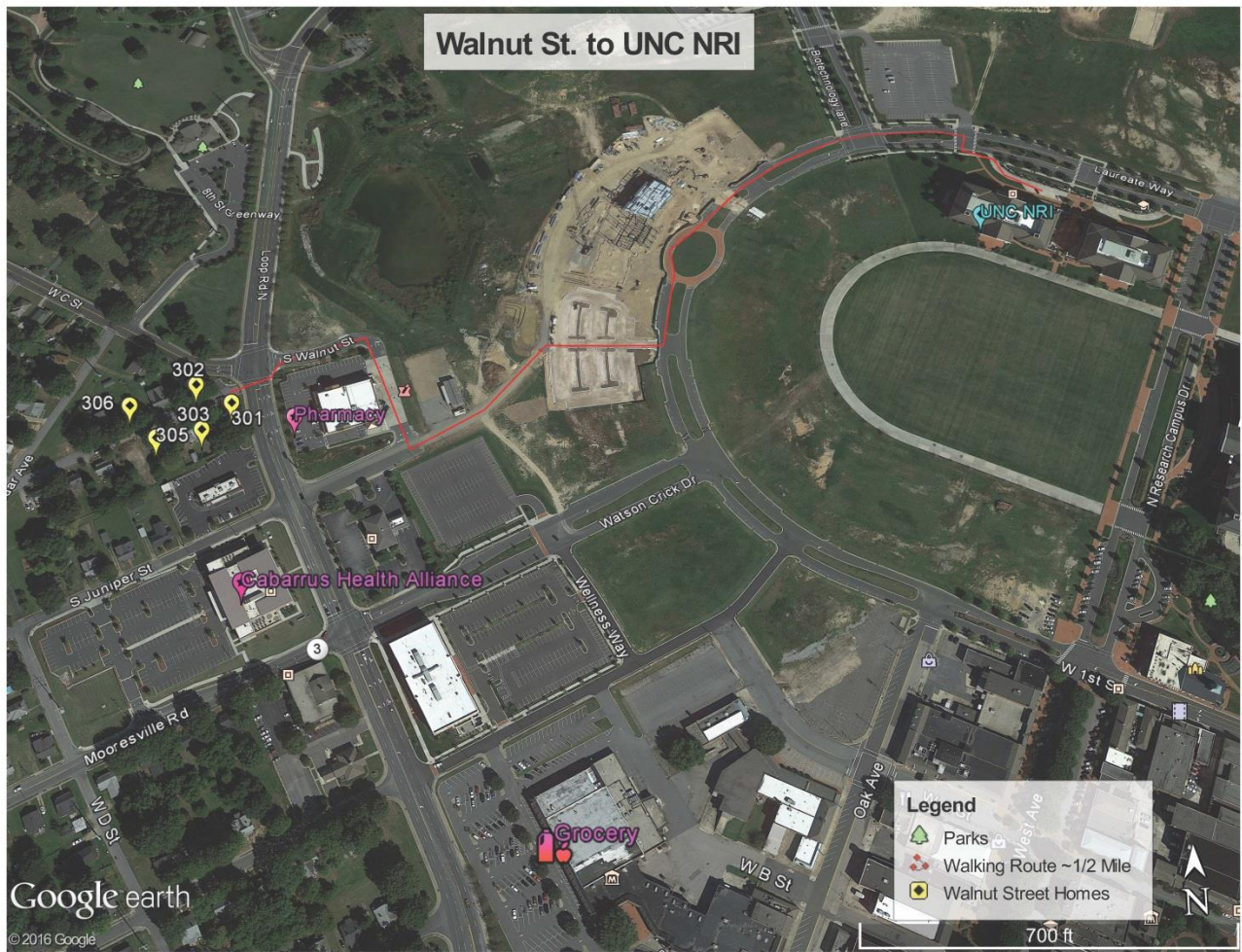
This request is for approval to purchase five residences (former mill homes) proximate to the NC Research Campus in Kannapolis to be used for short-term housing needs of graduate students and post-doctoral trainees studying at the Nutrition Research Institute (NRI). Graduate students and postdoctoral trainees are critical to the long-term success of the NRI. The NRI currently needs affordable housing for up to ten students and for that housing to be within walking distance of the NC Research Campus.

The five mill homes identified for purchase meet the above criteria and are located just one-half mile from the NC Research Campus on a route easily traversed by foot. The homes are situated on five neighboring tax parcels at 301, 302, 303, 305 & 306 Walnut Street, in Kannapolis, totaling +/- 1 acre and averaging ~ 0.20 acres or 8,850 SF each. They include four 2-bedroom homes (+/- 1,200 SF each) and one 3-bedroom home (+/- 1,400 SF), for a total of eleven bedrooms. The current property owner, Atlantic American Properties has agreed to renovate the homes prior to purchase per design plans approved by UNC-CH and the State Construction Office. These renovations will allow the NRI to house up to eleven students by adding a second bathroom to each home and making one fully ADA compliant. The State Construction Office conducted Facilities Condition Assessment Program (FCAP) reports on each home detailing needed repairs and will monitor the renovation work in cooperation with county inspectors and UNC-CH's Engineering Services Division. The agreed upon sales price reflects the above improvements and is the same as the State's appraised value of \$492,500, despite the owner's higher appraisal of \$585,000. Closing costs are estimated at approximately \$5,000.

This purchase will be funded with State appropriated funds. In the 2014-15 State budget appropriation, the Nutrition Research Institute received a one-time State allocation of \$500,000, which has been earmarked for the purpose of acquiring student housing. On December 9, 2014 the UNC-CH budget committee approved a request from the NRI to transfer these funds to Finance & Administration (F&A) funds until such time as housing could be acquired.

RECOMMENDED ACTION

A motion to approve the purchase of five mill homes from Atlantic American Properties, located at 301, 302, 303, 305 & 306 Walnut Street, Kannapolis, NC for \$492,500.00, plus closing costs. Sale is contingent upon Atlantic American Properties renovating the homes to agreed upon design plans and UNC-CH Facilities Services and State Construction Office approval of the renovations.



**PORTHOLE ALLEY IMPROVEMENT PROJECT PROPERTY RIGHTS: CLOSURE
OF PUBLIC ALLEYWAYS; ACQUISITION OF PROPERTY BY DEED; AND
DISPOSITION OF PROPERTY BY EASEMENT**

As part of the University's plan to improve the Porthole Alley area and to generally improve pedestrian and bicycle safety in the area, two public rights-of-way will be closed to most vehicular traffic and a new alley entrance via South Columbia Street will be developed by the University. The public rights-of-way to be closed are traditionally known as Old Fraternity Row (extending north/south) and Porthole Alley (extending east/west), as shown on Exhibit A below. Upon closure, the University will assume the maintenance responsibilities associated with the alleys previously performed by the Town of Chapel Hill. In accordance with N.C. Gen. Stat. § 160A-299(f), the Town will reserve easements in the alleyways for public purposes that include access for pedestrians, access for emergency vehicles and the location of utilities.

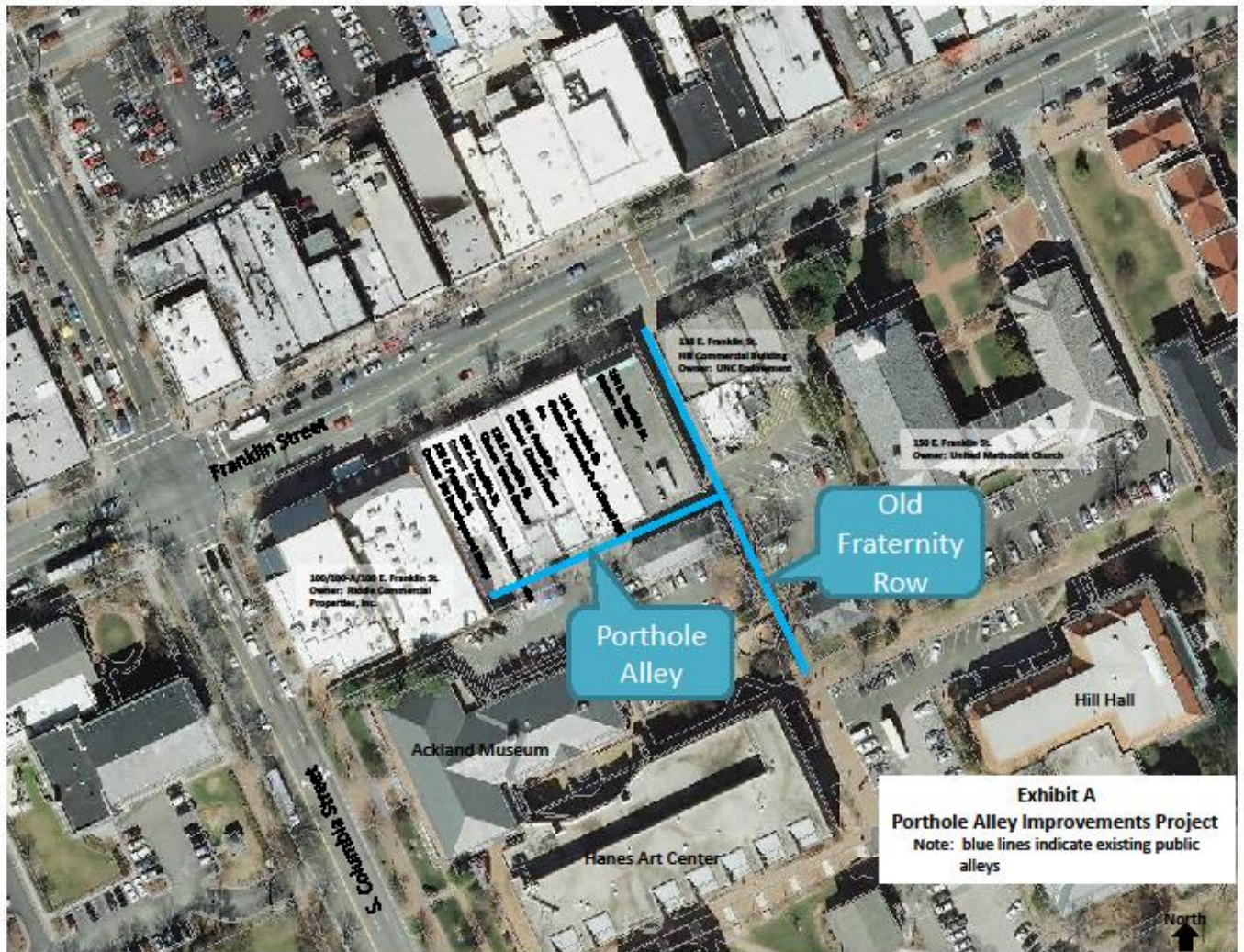
Upon adoption of an order by the Chapel Hill Town Council to close the right of ways, the State and other adjoining property owners are entitled to take title to the portion of the alleys lying between the centerline of the alleys and the boundaries of their respective lots. In addition to the State/University, the following persons or entities own property that adjoins Porthole Alley (the east/west alleyway): (i) Riddle Commercial Properties, Inc. (ii) Alexander's of Chapel Hill, Inc., (iii) H. Charles House, III and wife, Mary O. House, (iv) Elizabeth D. Banner, Trustee pursuant to the Will of Ollie Scott Durham, (v) John P. Dorton and Mary Jacqueline Haslam, tenants in common, and (vi) MJ Development Group, LLC. The Board of Trustees of the Endowment Fund of the University of North Carolina at Chapel Hill owns property that adjoins Old Fraternity Row (the north/south alleyway). These other adjoining property owners have tentatively agreed to convey their existing access rights (if any) in both alleys and a portion of the interest they are entitled to receive in the closed alleys in exchange for easement agreement(s) from the State/University allowing for their vehicular use of Porthole Alley and a new alley entrance via South Columbia Street.

Thus, at the conclusion of this process, the State/University will be vested with fee simple title to Old Fraternity Row and a portion of Porthole Alley, subject to public use easements to be reserved by the Town of Chapel Hill and private use easements in Porthole Alley, or portions thereof, and the new alley entrance via South Columbia Street for the benefit of the non State-owned adjoining lands.

RECOMMENDED ACTION

A motion to approve and direct University officials to take the following actions: (1) record the Town of Chapel Hill's Order to close the alleyways in accordance with N.C. Gen. Stat. § 160A-299 after the new alley entrance via South Columbia Street is constructed; (2) sign and record a plat accepting title of such portions of the alleys vesting in the State/University and accept maintenance responsibility for the alleys; (3) acquire by deed the real property interests of other

adjoining property owners in Porthole Alley and Old Fraternity Row; and (4) grant access easements to the Town of Chapel Hill for public use and to other adjoining property owners necessary for their continued use of the Porthole Alley, or portions thereof, and over the new alley entrance via South Columbia Street.



ATTACHMENT I

ANNUAL ENDOWMENT FUND REPORT

Board of Governors' regulations require that the institution's Board of Trustees submit to the Board of Governors an annual report on the endowment fund. The annual report for the fiscal year ending June 30, 2016 is attached. The Endowment Board approved this report at its meeting on October 21, 2016.

RECOMMENDED ACTION

A motion to approve the June 30, 2016 annual report of the endowment fund and to transmit the report to the Board of Governors.

The University of North Carolina at Chapel Hill Endowment Fund

Annual Report: Year Ended June 30, 2016

Fiscal Year 2016 (year ended June 30, 2016) presented a difficult financial market environment for college and university endowments. Most endowment funds failed to achieve a positive return for the fiscal year as diversification away from traditional U.S. stocks and bonds negatively impacted investment performance. Against this backdrop, the University of North Carolina at Chapel Hill Endowment Fund (Endowment Fund) recorded its first decrease in market value since 2009, declining by \$70.8 million to end the year at \$1.30 billion. Despite the continued generosity of donors to the Endowment Fund, the combination of negative investment performance and the annual spending distribution exceeded the amount contributed to the Endowment Fund during the year. The components of the \$70.8 million decrease in Fiscal Year 2016 market value are 1) net investment loss of \$27.8 million, plus 2) net gifts and bequests added to the Fund totaling \$36.4 million, less 3) \$79.4 million distributed for program spending.

Over 99% of the Endowment Fund's assets are invested in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund), which in turn invests all of its assets in the UNC Investment Fund, LLC (UNC Investment Fund). The Endowment Fund also owns several commercial properties in Chapel Hill, North Carolina, that collectively represent less than 1% of the Endowment Fund's total value.

Similar to other university endowment portfolios, the UNC Investment Fund struggled in Fiscal Year 2016, generating a -2.0% loss for the year. While the UNC Investment Fund's return exceeded the -2.9% median return of the Cambridge Associates universe of 161 college and university endowment funds, it trailed both the -0.8% return of its primary benchmark, the Strategic Investment Policy Portfolio ("SIPP"), and the -0.7% return of a more traditional Global 70/30 Portfolio comprised of 70% global equities (MSCI ACWI) and 30% bonds (Barclays U.S. Aggregate Bond Index). However, despite the challenges encountered during Fiscal Year 2016, the UNC Investment Fund outperformed SIPP and its long-term return target of CPI plus 5.5% for the three- and five-year periods ended June 30, 2016, with investment returns of +7.4% and +7.2%, respectively. This CPI plus 5.5% long-term return target reflects the goal of preserving the purchasing power of the UNC Investment Fund after inflation and spending. A detailed description of the asset allocation of the Endowment Fund is provided on the following page along with aggregated asset class and benchmark returns.

The \$79.4 million distributed from the Endowment Fund for spending in Fiscal Year 2016 was computed in accordance with the distribution policy of the Chapel Hill Investment Fund and represented 5.8% of the Endowment Fund's beginning market value. These funds were distributed to the University for spending on programs supported by the corresponding endowed accounts. At its May 2016 meeting, the Board of the Chapel Hill Investment Fund authorized a 0.7% increase in the annual distribution rate for Fiscal Year 2017. This increase is consistent with the spending policy objective of increasing the distribution amount by the rate of inflation, as measured by CPI, each year.

Mr. Dwight Stone served as the Chairman of the Endowment Fund Board of Directors during the year. Other members of the Board were David Carroll, Max Chapman, Jr., Haywood Cochrane, John Ellison, Chancellor Carol Folt, Steve Lerner, Willard J. Overlock, Jr., and Sallie Shuping-Russell.

The Board of Trustees of The University of North Carolina at Chapel Hill has approved all transfers from the Endowment Fund for expenditures as recommended by the Chancellor. All expenditures have been made in accordance with the terms of the applicable gift, devise or bequest.

Respectfully submitted,

The Board of Trustees of the Endowment Fund
of The University of North Carolina at Chapel Hill

ENDOWMENT FUND
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Asset Allocation as of June 30, 2016

Long Biased Equity	\$341,889,533	26.2%
Long/Short Equity	251,857,290	19.3%
Diversifying Strategies	104,396,804	8.0%
Fixed Income	110,921,604	8.5%
Private Equity	272,736,650	20.9%
Real Estate	95,262,084	7.3%
Energy & Natural Resources	75,687,683	5.8%
Cash & Other	52,198,402	4.0%
Total	\$1,304,960,050	100.0%

**Asset Class and Benchmark Returns
for Fiscal Year Ended June 30, 2016**

Public Equity Strategies	-7.2%
<i>Blended Equity Benchmark*</i>	<i>-4.3%</i>
Non-Equity Strategies	-0.9%
<i>Blended Non-Equity Benchmark*</i>	<i>1.9%</i>
Private Partnerships	5.4%
<i>Blended Composite Benchmark*</i>	<i>1.8%</i>
Cash & Other	0.1%
<i>90-Day T-Bill</i>	<i>0.2%</i>
 <i>Total UNC Investment Fund</i>	 <i>-2.0%</i>
<i>Strategic Investment Policy Portfolio</i>	<i>-0.8%</i>

*Blended benchmarks reflect weighted SIPP benchmarks for the underlying asset classes.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Academic Year 2017-18

Proposed Tuition and Fees

November 2016

Board of Trustees Meeting

Proposed Student Fees



2017-18 STUDENT FEES RECOMMENDED FOR APPROVAL

Fee Type/Name	Increase Requested	% Increase
General Fees		
Student Health Fee	\$11.10	3.0%
Student Activity Fees		
Student Organizations Fee - UG	10.00	25.6%
Campus Recreation Fee	3.51	3.1%
Carolina Union Operating Fee	1.94	1.3%
Student Child Care Fee	0.18	1.3%
Carolina Performing Arts Fee	0.15	1.3%
Law Student Activity Fee - Moot Court Fee	16.00	64.0%
Applications Fees		
Undergrad Admission - Application Fee	5.00	6.3%
Graduate School - Application Fee	2.50	2.9%
Special Fees		
BME Program Enhancement Fee	500.00	new
MD IPAD Fee - SOM	500.00	new
Nursing Healthcare Simulation Training Fee - UG	90.00	new
Nursing Practicum Fee-Underg	2.20	1.3%
Miscellaneous Fees		
Student Transit Fee	5.74	3.00%
Orientation Fee - School of Law	52.50	new
Graduate Student Programming Fee	0.28	1.3%
TOTAL RECOMMENDED FOR APPROVAL	\$ 5,201.10	



2017-18 STUDENT FEE NOT APPROVED

Fee Type/Name	Increase Requested	% Increase	Comments
Special Fees			
Instrument Mgmnt Fee – Dental Grad	1,000.00	new	Fee was recommended for 2018-19.



2017-18 PROPOSED STUDENT FEES WITHOUT CONSENSUS

Fee Type/Name	Increase Requested	% Increase
Special Fees		
UBP Program Enhancement Fee - Major	\$2,000.00	new
UBP Program Enhancement Fee - Minor	1,000.00	new



Fees All Students Pay - Summary

Undergraduate	2016-17 Fees	2017-18 Requested Fees
General Fees	\$ 1,499.31	\$ 1,526.19
Debt Service Fees	185.85	185.85
Special Fees	51.00	51.00
Misc Fees	216.94	222.68
Total – UG Fees	\$ 1,953.10	\$ 1,985.72
Total Dollar Increase	\$ 10.11	\$ 32.62
Total Percentage Increase	0.52%	1.67%

Graduate	2015-16 Fees	2017-18 Requested Fees
General Fees	\$ 1,487.33	\$ 1,504.21
Debt Service Fees	185.85	185.85
Special Fees	51.00	51.00
Misc Fees	216.94	222.68
Total – UG Fees	\$ 1,941.12	\$ 1,963.74
Total Dollar Increase	\$ 10.11	\$ 22.62
Total Percentage Increase	0.52%	1.17%



Proposed School Based Tuition Increases



SBTI Proposals	Fall 2017 Proposed Increases						
	2016-17 Tuition	School Based Increase	2017-18 Tuition	2017-18 Percent Increase	2018-19 SBTI	2018-19 Tuition	2018-19 Percent Increase
Program and School Based Increases - Rates do not include potential Campus Based Tuition Increases							
Academic Affairs							
Kenan Flagler Business School(***)						-	
MBA Resident	40,015	\$ 3,000	43,015	7.50%		43,015	
MBA Nonresident	56,138	2,000	58,138	3.56%		58,138	
Master of Accounting Resident - current fall & spring ^	34,491	2,250	36,741	6.52%		36,741	
Master of Accounting Nonresident - current fall & spring ^	48,452	2,250	50,702	4.64%		50,702	
Master of Accounting Resident - proposed fall, spring & summer ^	37,841	2,250	40,091	5.95%		40,091	
Master of Accounting Nonresident - proposed fall, spring & summer ^	55,202	2,250	57,452	4.08%		57,452	
Information & Library Science							
Post Masters Certificate - PMC Resident (*)	14,893	750	15,643	5.04%	750	16,393	4.8%
Post Masters Certificate - PMC Nonresident (*)	32,104	750	32,854	2.34%	750	33,604	2.3%
MS Info Science, MS Lib Science Resident	11,893	750	12,643	6.31%	750	13,393	5.9%
MS Info Science, MS Lib Science Nonresident	29,104	750	29,854	2.58%	750	30,604	2.5%
Media and Journalism							
MA Mass Communication Resident	12,226	750	12,976	6.13%	1,000	13,976	-
MA Mass Communication Nonresident	28,278	750	29,028	2.65%	1,000	30,028	-



(*) - SILS PMC designated Off Campus as of AY2013-14

(***) - KFBS submits a proposal based on the Total Tuition Amount, specific SBTI amounts may vary based on CBTI

(^)- Proposed changes to the MAC billing structure would create a program-based tuition rate which would include fall, spring and summer rates. [See MAC (on-campus) Calendar Change]

MAC (On-Campus) Calendar Change

Impact on Tuition and Future Tuition Proposals

			FY17		FY18 SBTI Proposal	
	Pre-Calendar Change		Post Calendar Change		Post Calendar Change	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Existing Tuition Rate						
Summer School*	335/CH	675/CH				
*Avg 10 CH per student	3,350.00	6,750.00	----	----		
Academic Year	34,491.00	48,452.00	38,491.00	55,852.00		
Tuition Distribution						
Summer School	3,350.00	6,750.00	-	-		
Campus/Legislative tuition	9,423.00	24,109.00	9,423.00	24,109.00	9,423.00	24,109.00
SBTI	25,068.00	24,343.00	28,418.00	31,093.00	30,668.00	33,343.00
Total Program Tuition*	37,841.00	55,202.00	37,841.00	55,202.00	40,091.00	57,452.00
Timing of Tuition Billing						
Summer	3,350.00	6,750.00	----	----	----	----
Fall	17,245.50	24,226.00	12,613.67	18,400.67	13,363.67	19,150.67
Spring	17,245.50	24,226.00	12,613.67	18,400.67	13,363.67	19,150.67
Summer II	----	----	12,613.67	18,400.67	13,363.67	19,150.67
Total Program Tuition	37,841.00	55,202.00	37,841.00	55,202.00	40,091.00	57,452.00



SBTI Proposals	Fall 2017 Proposed Increases						
	2016-17 Tuition	School Based Increase	2017-18 Tuition	2017-18 Percent Increase	2018-19 SBTI	2018-19 Tuition	2018-19 Percent Increase
Program and School Based Increases - Rates do not include potential Campus Based Tuition Increases							
Academic Affairs							
Media and Journalism							
MA Mass Communication Resident	12,226	750	12,976	6.13%	1,000	13,976	-
MA Mass Communication Nonresident	28,278	750	29,028	2.65%	1,000	30,028	-
Graduate Resident	12,226	-	12,226	0.00%	-	12,226	-
Graduate Nonresident	28,278	-	28,278	0.00%	-	28,278	-
Social Work							
MSW Resident	12,443	500	12,943	4.02%	500	13,443	3.9%
MSW Nonresident	29,404	500	29,904	1.70%	500	30,404	1.7%
The Graduate School							
PSM-Biomedical & Health Informatics - PSM-BMHI Resident (**)	13,643	2,000	15,643	n/a	2,000	17,643	-
PSM-Biomedical & Health Informatics - PSM-BMHI Nonresident (**)	30,854	2,000	32,854	n/a	2,000	34,854	-
PSM-Toxicology - PSM-TOXC Resident	17,643	-	17,643	n/a	1,000	18,643	-
PSM-Toxicology - PSM-TOXC Nonresident	34,854	-	34,854	n/a	1,000	35,854	-

(**) - PSM-BMHI includes Schools of Information & Library Science, Medicine, Nursing, Public Health



SBTI Proposals	Fall 2017 Proposed Increases						
	2016-17 Tuition	School Based Increase	2017-18 Tuition	2017-18 Percent Increase	2018-19 SBTI	2018-19 Tuition	2018-19 Percent Increase
Program and School Based Increases - Rates do not include potential Campus Based Tuition Increases							
Health Affairs							
Dentistry							
DDS Resident	31,065	1,500	32,565	4.83%	1,500	34,065	4.6%
DDS Nonresident	52,560	1,500	54,060	2.85%	1,500	55,560	2.8%
MS Resident	12,444	600	13,044	4.82%	1,000	14,044	7.7%
MS Nonresident	29,776	600	30,376	2.02%	1,000	31,376	3.3%
MS programs: Endodontics, Operative Dentistry, Oral & Maxillofacial Radiology, Oral & Maxillofacial Pathology, Orthodontics, Pediatric Dentistry, Periodontology, Prosthodontics, Dental Hygiene.							
Medicine							
MD Resident	24,837	2,500	27,337	10.07%	2,500	29,837	9.1%
MD Nonresident	51,716	2,500	54,216	4.83%	2,500	56,716	4.6%
Medicine - Department of Allied Health							
SPHS, CRMH formerly RPSY, OCCT, PHYT, AUDI, PHTX, MCLS, MRS Resident	15,993	500	16,493	3.13%	500	16,993	3.0%
SPHS, CRMH formerly RPSY, OCCT, PHYT, AUDI, PHTX, MCLS, MRS Nonresident	33,204	500	33,704	1.51%	500	34,204	1.5%
MHS Physician's Assistant PA Resident (New program effective Jan 2016 ****)	25,450	500	25,950	1.96%	500	26,450	1.9%
MHS Physician's Assistant PA Nonresident (New program effective Jan 2016 ****)	47,450	500	47,950	1.05%	500	48,450	1.0%



(****) - Tuition includes spring, summer, and fall rates.

SBTI Proposals	Fall 2017 Proposed Increases						
	2016-17 Tuition	School Based Increase	2017-18 Tuition	2017-18 Percent Increase	2018-19 SBTI	2018-19 Tuition	2018-19 Percent Increase
Program and School Based Increases - Rates do not include potential Campus Based Tuition Increases							
Health Affairs							
Nursing							
MS Nursing, Post-MS Nursing Resident	14,943	500	15,443	3.35%	500	15,943	3.2%
MS Nursing, Post-MS Nursing Nonresident	32,154	500	32,654	1.56%	500	33,154	1.5%
Doctor of Nursing Practice DNP Resident	14,943	500	15,443	3.35%	500	15,943	3.2%
Doctor of Nursing Practice DNP Nonresident	32,154	500	32,654	1.56%	500	33,154	1.5%
Eshelman School of Pharmacy							
PharmD Resident	20,223	404	20,627	2.00%	413	21,040	2.0%
PharmD Nonresident	42,687	404	43,091	0.95%	413	43,504	1.0%
Gillings School of Global Public Health							
MPH, MSPH Resident	16,009		16,009	0.00%		16,009	0.0%
MPH, MSPH Nonresident	32,463		32,463	0.00%		32,463	0.0%
MHA Resident	14,009	1,000	15,009	7.14%	1,000	16,009	6.7%
MHA Nonresident	30,463	1,000	31,463	3.28%	1,000	32,463	3.2%
MSEE Resident	11,709	-	11,709	0.00%	-	11,709	0.0%
MSEE Nonresident	28,163	-	28,163	0.00%	-	28,163	0.0%
DrPH Resident	14,509	-	14,509	0.00%	-	14,509	0.0%
DrPH Nonresident	30,963	-	30,963	0.00%	-	30,963	0.0%



Campus Based Tuition is not added to Executive Program Tuition Academic Affairs - Executive Degree Programs					2016-17 Current Tuition	2017-18 Proposed Increase	2017-18 Planned Tuition	2017-18 Percent Increase	2018-19 Planned Tuition	% Increase
Kenan Flagler Business School(***)										
MBA for Executives Evening (24-month program)					81,090	\$ 2,433	83,523	3.00%	81,090	0.0%
MBA for Executives Weekend (20-month program)					107,100	3,213	110,313	3.00%	107,100	0.0%
OneMBA [®] (21-month program)					112,270	7,859	120,129	7.00%	112,270	0.0%
MBA@UNC (tied to Weekend EMBA tuition rate & represents 24 month program - 66 credit hrs)					104,659	9,419	114,078	9.00%	104,659	0.0%
MAC Online (15 month program - 45 credit hours) - New program effective July 2015					61,360	2,450	63,810	N/A	63,810	0.0%
UNC-CH/Tsinghua Dual Degree Program (22 months)					77,440		77,440	0.00%	77,440	0.0%
School of Government										
MPA@UNC (27 month program - 45 credit hrs)					52,800		52,800	0.00%	54,384	3.0%



Proposed Campus Based Tuition Increases



Proposed CBTI: 2% Undergrads; \$300 Grads

Proposed Uses: QEP
Faculty Salaries, Recruitment & Retention
Graduate Student Support

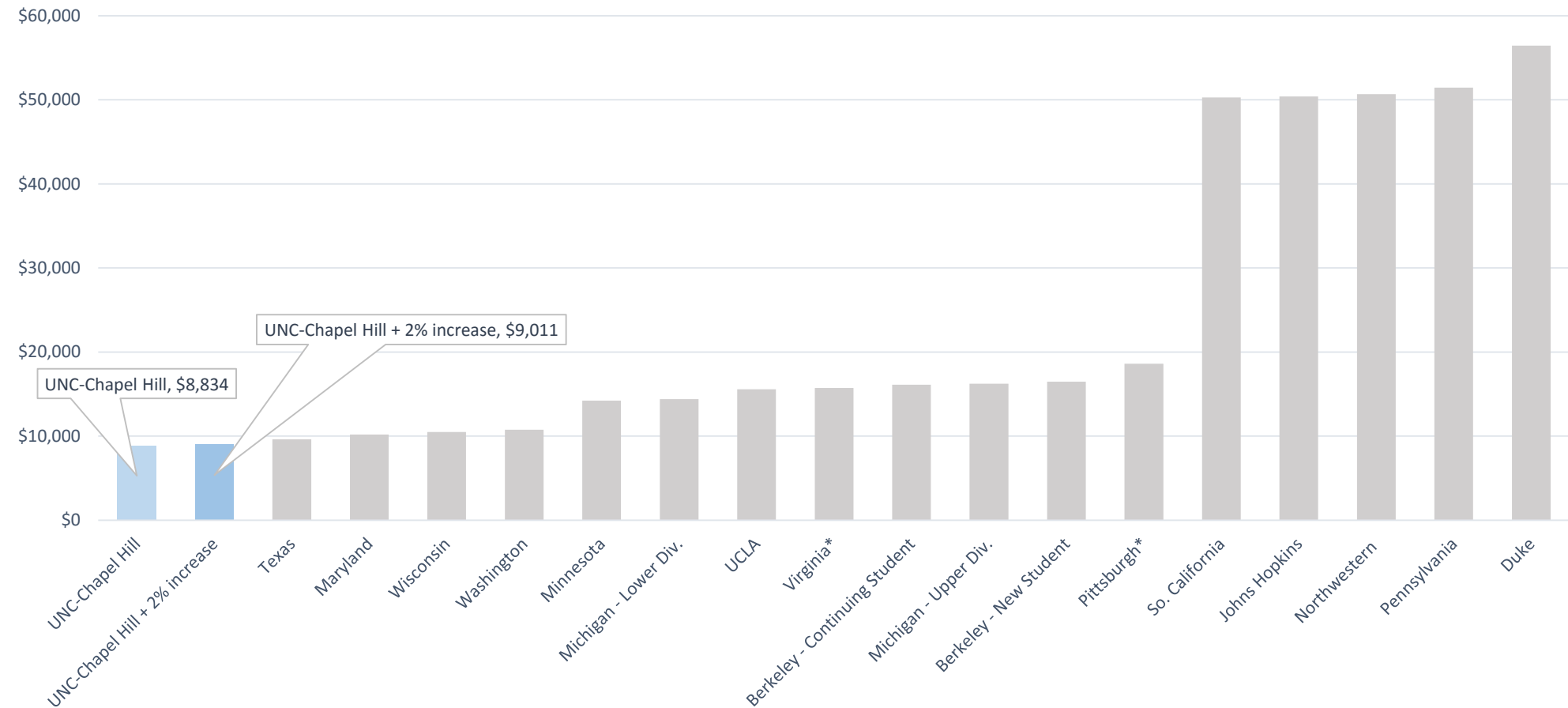
Student Type	\$ Increase	Tuition Rate	Additional Revenue
UG R - New	\$ 138	\$ 7,019	\$ 485K
UG R - Continuing	0	6,881	0
UG NR	639	32,602	2.030M
Grad R	300	9,943	2.024M
Grad NR	300	27,154	737K
			\$ 5.276M



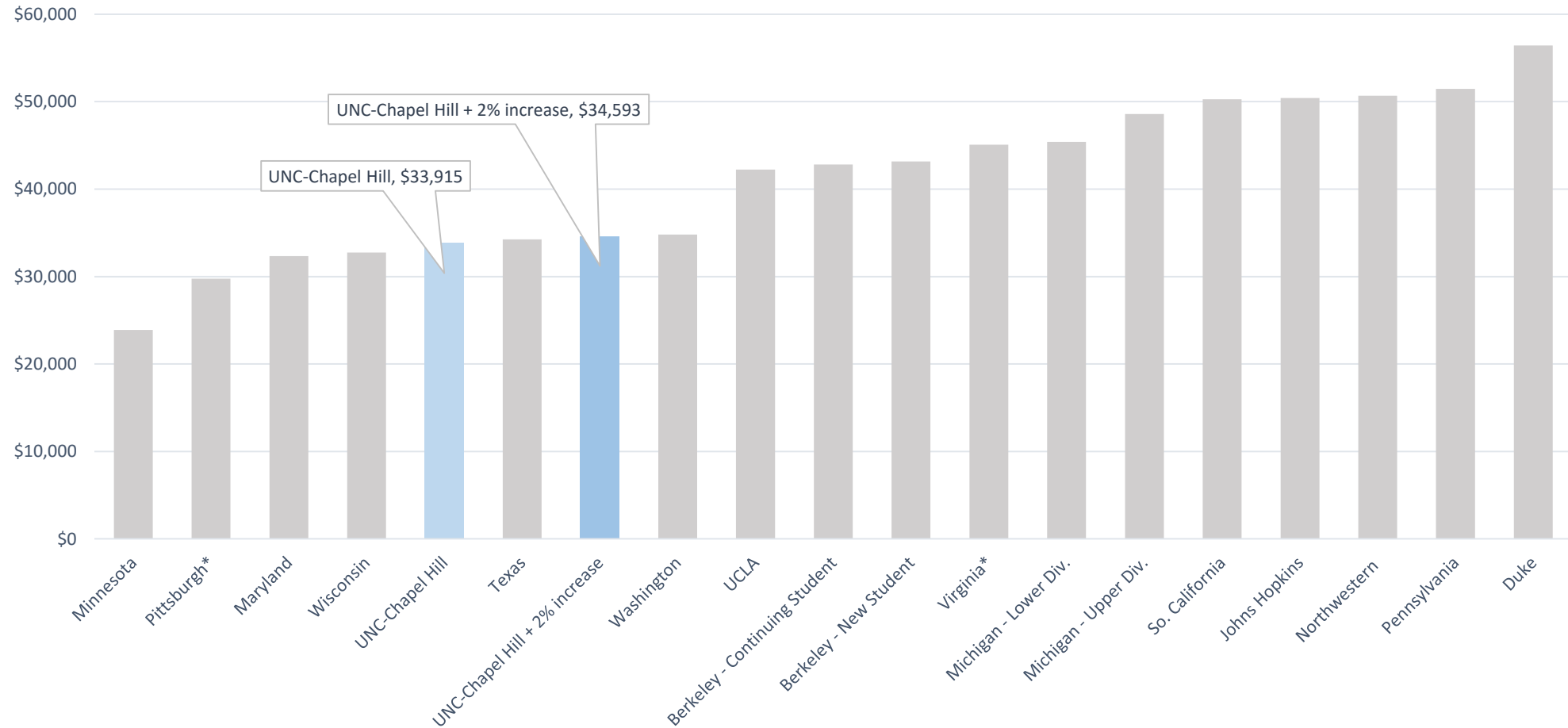
Peer Data



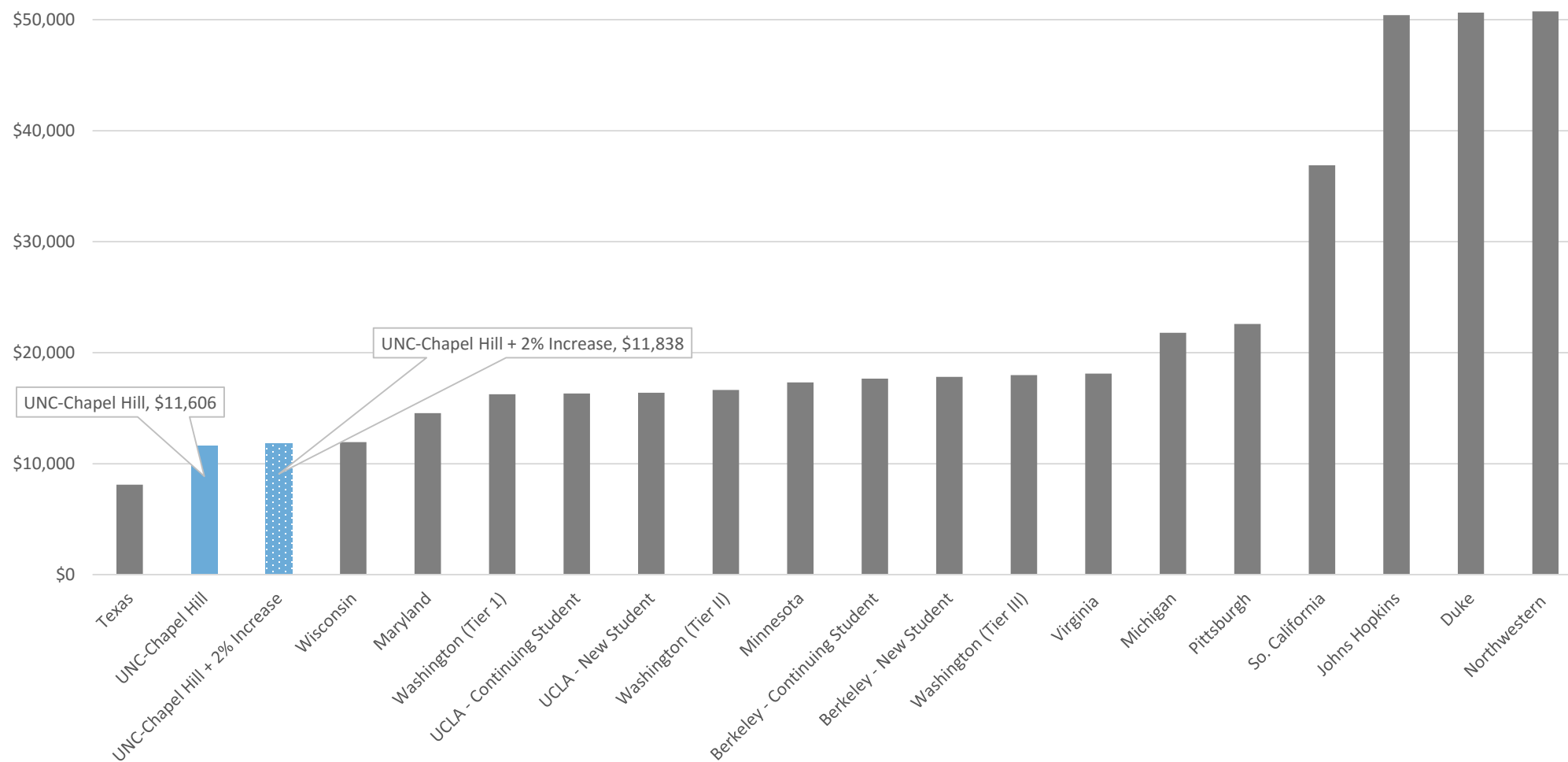
2016-17 Tuition & Fees - Resident UNDERGRADUATE - UNC System Defined Peers



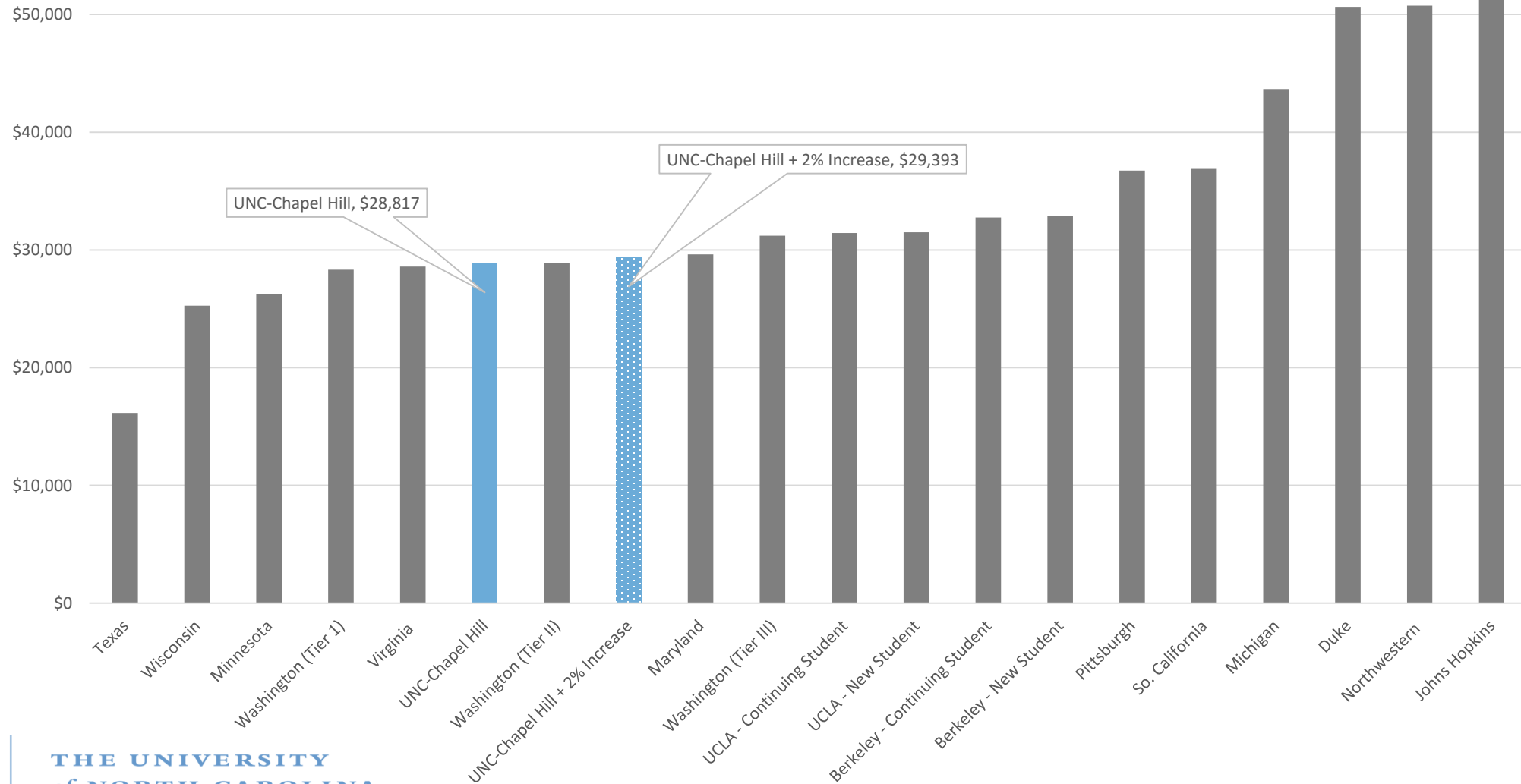
2016-17 Tuition & Fees - Nonresident UNDERGRADUATE - UNC System Defined Peers



2016-17 Tuition & Fees - Resident GRADUATE - UNC System Defined Peers



2016-17 Tuition & Fees - Nonresident GRADUATE - UNC System Defined Peers



Undergraduate Tuition and Fees Public Peers Comparison 2016-17, 2015-16, and Percentage Change

Institution	In-State			Out-of-State		
	2016-17	2015-16	% Change	2016-17	2015-16	% Change
UNC-Chapel Hill	\$8,834	\$8,591	2.83%	\$33,915	\$33,673	0.72%
Texas	\$9,626	\$9,806	-1.84%	\$34,262	\$34,676	-1.19%
Maryland	\$10,180	\$9,996	1.84%	\$32,344	\$31,144	3.85%
Wisconsin	\$10,488	\$10,416	0.69%	\$32,738	\$29,665	10.36%
Washington	\$10,753	\$11,839	-9.17%	\$34,791	\$34,143	1.90%
UCLA	\$15,559	\$15,018	3.60%	\$42,241	\$39,726	6.33%
Minnesota	\$14,224	\$13,790	3.15%	\$23,888	\$22,210	7.56%
Michigan - Lower Divison	\$14,402	\$13,528	6.46%	\$45,410	\$43,148	5.24%
Michigan - Upper Divison	\$16,218			\$48,598		
Virginia*	\$15,722	\$14,678	7.11%	\$45,066	\$43,974	2.48%
Berkeley - New Student	\$16,487	\$13,791	19.55%	\$43,169	\$38,499	12.13%
Berkeley - Continuing Student	\$16,121			\$42,803		
Pittsburgh*	\$18,618	\$18,192	2.34%	\$29,758	\$28,958	2.76%

* For institutions with differential undergraduate tuition by program, tuition for College of Arts and Sciences is shown.



Sources:

- 2016-2017 tuition gathered from individual institution websites.
- 2015-2016 tuition as reported to University of Wyoming for Public Doctoral Universities, for first-time, full-time students, http://www.uwyo.edu/oia/_files/tfrb/ugrad1516.pdf.

Undergraduate Tuition and Fees Peers Comparison 2016-17, 2015-16, and Percentage Change

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Berkeley - Continuing Student	\$16,121			\$42,803		
Pittsburgh*	\$18,618	\$18,192	2.34%	\$29,758	\$28,958	2.76%
Private Peers						
So. California	\$50,277			\$50,277		
Johns Hopkins	\$50,410			\$50,410		
Northwestern	\$50,673			\$50,673		
Pennsylvania	\$51,464			\$51,464		
Duke	\$56,431	\$54,153	4.21%	\$56,431	\$54,153	4.21%

* For institutions with differential undergraduate tuition by program, tuition for College of Arts and Sciences is shown.

Sources:

- 2016-2017 tuition gathered from individual institution websites.
- 2015-2016 tuition as reported to University of Wyoming for Public Doctoral Universities, for first-time, full-time students, http://www.uwyo.edu/oia/_files/tfrb/ugrad1516.pdf.

Prepared by: Office of Institutional Research and Assessment (OIRA), September 20, 2016



2016-17 Tuition and Fees at Competitor Peers for First-Year Full-Time Students

Institutions	Tuition and Fees	
	In-State	Out-of-State
UNC-Charlotte	\$ 6,627	\$ 19,798
East Carolina University	\$ 6,946	\$ 22,904
UNC-Wilmington	\$ 6,952	\$ 20,920
UNC-Asheville	\$ 6,977	\$ 23,372
UNC-Greensboro	\$ 7,029	\$ 21,891
Appalachian State University	\$ 7,121	\$ 21,637
UNC-Chapel Hill	\$ 8,834	\$ 33,916
North Carolina State University	\$ 8,880	\$ 26,398
Western Carolina University	\$ 9,249	\$ 19,642
Virginia Institute of Technology	\$ 10,860	\$ 27,460
University of South Carolina	\$ 11,482	\$ 30,298
University of Georgia	\$ 11,634	\$ 29,844
Georgia Institute of Technology*	\$ 12,212	\$ 32,404
Clemson University	\$ 14,708	\$ 34,592
University of Virginia	\$ 15,722	\$ 45,066
Campbell University	\$ 28,800	\$ 28,800
Elon University	\$ 33,104	\$ 33,104
Vanderbilt University	\$ 45,610	\$ 45,610
Furman University	\$ 47,144	\$ 47,144
Emory University	\$ 47,954	\$ 47,954
Davidson College	\$ 48,376	\$ 48,376
Wake Forest University	\$ 49,322	\$ 49,322
Duke University	\$ 51,510	\$ 51,510

Sources:

- 2016-17 tuition and fees information gathered from individual institution websites.
- Consulted *U.S. News & World Report* (*) when 2016-17 tuition information was unavailable on the institution's website.

Prepared by: Office of Institutional Research and Assessment (OIRA), October 21, 2016



Graduate Tuition and Fees Public Peers Comparison 2016-17, 2015-16, and Percentage Change

Institution	In-State			Out-of-State		
	2016-17	2015-16	% Change	2016-17	2015-16	% Change
UNC-Chapel Hill	\$11,606	\$11,074	4.81%	\$28,817	\$28,285	1.88%
Texas	\$8,104	\$10,934	-25.88%	\$16,156	\$20,762	-22.18%
Wisconsin	\$11,942	\$11,870	0.61%	\$25,269	\$25,197	0.29%
Berkeley - New Student	\$17,829	\$13,603	31.07%	\$32,931	\$28,705	14.72%
Berkeley - Continuing Student	\$17,655			\$32,757		
Maryland	\$14,558	\$16,688	-12.76%	\$29,618	\$34,232	-13.48%
Washington (Tier 1)	\$16,266	\$16,278	-0.07%	\$28,314	\$28,326	-0.04%
Washington (Tier II)	\$16,653			\$28,896		
Washington (Tier III)	\$17,976			\$31,212		
UCLA - New Student	\$16,405	\$15,830	3.63%	\$31,507	\$30,932	1.86%
UCLA - Continuing Student	\$16,325			\$31,427		
Minnesota	\$17,334	\$17,289	0.26%	\$26,214	\$25,953	1.01%
Virginia	\$18,124	\$17,094	6.03%	\$28,598	\$24,574	16.38%
Michigan	\$21,794	\$20,638	5.60%	\$43,674	\$41,688	4.76%
Pittsburgh	\$22,578	\$22,060	2.35%	\$36,734	\$35,744	2.77%

Sources:

- 2016-2017 tuition gathered from individual institution websites.
- 2015-2016 tuition as reported to University of Wyoming for Public Doctoral Universities, for first-time, full-time students, http://www.uwyo.edu/oia/_files/tfrb/grad1516.pdf.

Prepared by: Office of Institutional Research and Assessment (OIRA), September 20, 2016



Graduate Tuition and Fees Peers Comparison 2016-17, 2015-16, and Percentage Change

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	2016-17	2015-16	% Change	2016-17	2015-16	% Change
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Public Peers						
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Pittsburgh	\$22,578	\$22,060	2.35%	\$36,734	\$35,744	2.77%
Private Peers						
So. California	\$36,882			\$36,882		
Johns Hopkins	\$50,410			\$55,281		
Duke	\$50,642			\$50,642		
Northwestern	\$50,754			\$50,754		
Pennsylvania	N/A			N/A		

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Prepared by: Office of Institutional Research and Assessment (OIRA), September 20, 2016



School Based Tuition Increases



Review: UNC GA – Proposal Guidelines

School Based Tuition Increases

- Graduate and Professional School Tuition
- Focus on “maintaining and increasing program excellence”
- Program specific, market-based rates
- Access and affordability



SBTI Proposal Summary

- Proposals developed under 2-year planning cycle
- Graduate CBTI added to proposed SBTI
- Proposal Requirements:
 - SBTI Revenue and Expenditure Budget
 - Summarize proposed uses (ex: Financial Aid, Faculty Salaries, etc.)
 - Written justification based on BOG Tuition Policy



SBTI Proposal Summary

- Justification Based on BOG Tuition Policy addresses
 - Anticipated impact on program quality
 - Projected impact on access to NC Residents
 - Availability of need-based financial aid, assistantships or grant support
 - Affordability
 - Peer tuition and fee comparisons
 - Plan for the intended use of revenue
 - Overview of student involvement or feedback during the process



Campus Based Tuition Increases



2017-18 CBTI Proposed Uses

- QEP Initiatives
- Faculty salaries, recruitment and retention
- Graduate student support



2017-18 CBTI – Planning Scenario: 2% ATB Increase

Student Type	\$ Increase	Tuition Rate	Additional Revenue
UG R - New	\$ 138	\$ 7,019	\$ 485K
UG R - Continuing	0	6,881	0
UG NR	639	32,602	2.03M
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Northwestern	\$50,673			\$50,673		
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Prepared by: Office of Institutional Research and Assessment (OIRA), September 20, 2016



Policy Considerations

- NC Constitution
- UNC Policy 1000.1.1 – Establishing Tuition and Fees
- Recently adopted State Budget Provisions
- UNC GA – Proposal Guidelines



Policy Considerations

“The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.”

- North Carolina Constitution, Article IX, Section 9



Policy Considerations

BOG Policy Establishing Tuition & Fees

“Tuition is charged to students enrolled in academic programs during regular terms, summer sessions, or through off-campus distance instruction and is used to partially defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.”

The UNC Policy Manual, 1000.1.1, Section I. Establishing Tuition.



Policy Considerations

BOG Policy Establishing Tuition & Fees

“Fees will be charged only for limited, dedicated purposes and shall not be used to defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.”

The UNC Policy Manual, 1000.1.1, Section II. Establishing Fees.



Policy Considerations – State Budget

BOG Policy Establishing Tuition & Fees

- Student Involvement
 - Consultation and participation in the process
- Maintain and Improve Program Quality and Excellence
- Maintain Quality and Access to NC Residents
- Situational Analysis:
 - Availability of State general funds
 - Inflationary impacts: ex: CPI, HEPI
 - Campus and peer rates



Policy Considerations – State Budget

§ 116-143.9. Fixed tuition payment

- Guarantees NC resident undergraduate tuition rate for freshmen and transfer students for:
 - Eight consecutive semesters for a four-year baccalaureate degree,
 - Or, 10 consecutive semesters for a five-year program, not including summer sessions.

- Effective for freshmen and transfer students who enrolled fall 2016.



Policy Considerations – State Budget

§ 116-143.10. Cap on student fees

- 3% cap on the increase of the cumulative total of all undergraduate student fees
- Cap effective on increases implemented in AY2017-18 with a baseline of AY2016-17 fees



UNC GA – Proposal Guidelines

Campus Based Tuition Increases

- NC Resident Undergraduates
 - New Tuition Guarantee Program
 - Maximum Increase: 2% or \$137.62
 - 5-year average inflation rate based on Consumer Price Index in NC
 - Tuition & Fees remain in the bottom quartile of public peers

- Nonresident Undergraduates & All Graduate Students
 - Market driven tuition & fee rates
 - Reflect full rate of attendance



UNC GA – Proposal Guidelines

School Based Tuition Increases

- Graduate and Professional School Tuition
 - Focus on “maintaining and increasing program excellence”
 - Program specific, market-based rates
 - Access and affordability
-
- 11 schools submitted individual SBTI proposals addressing above considerations.



UNC GA – Proposal Guidelines

Fees

- Maximum increase: 3% (statutory cap)
 - Statutory cap on mandatory students fees that are charged to all students and approved by the BOG
- Fees charged only for limited, dedicated purposes
- Shall not be used to defray the cost of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits
- SFAS will forward fee recommendations for task force review



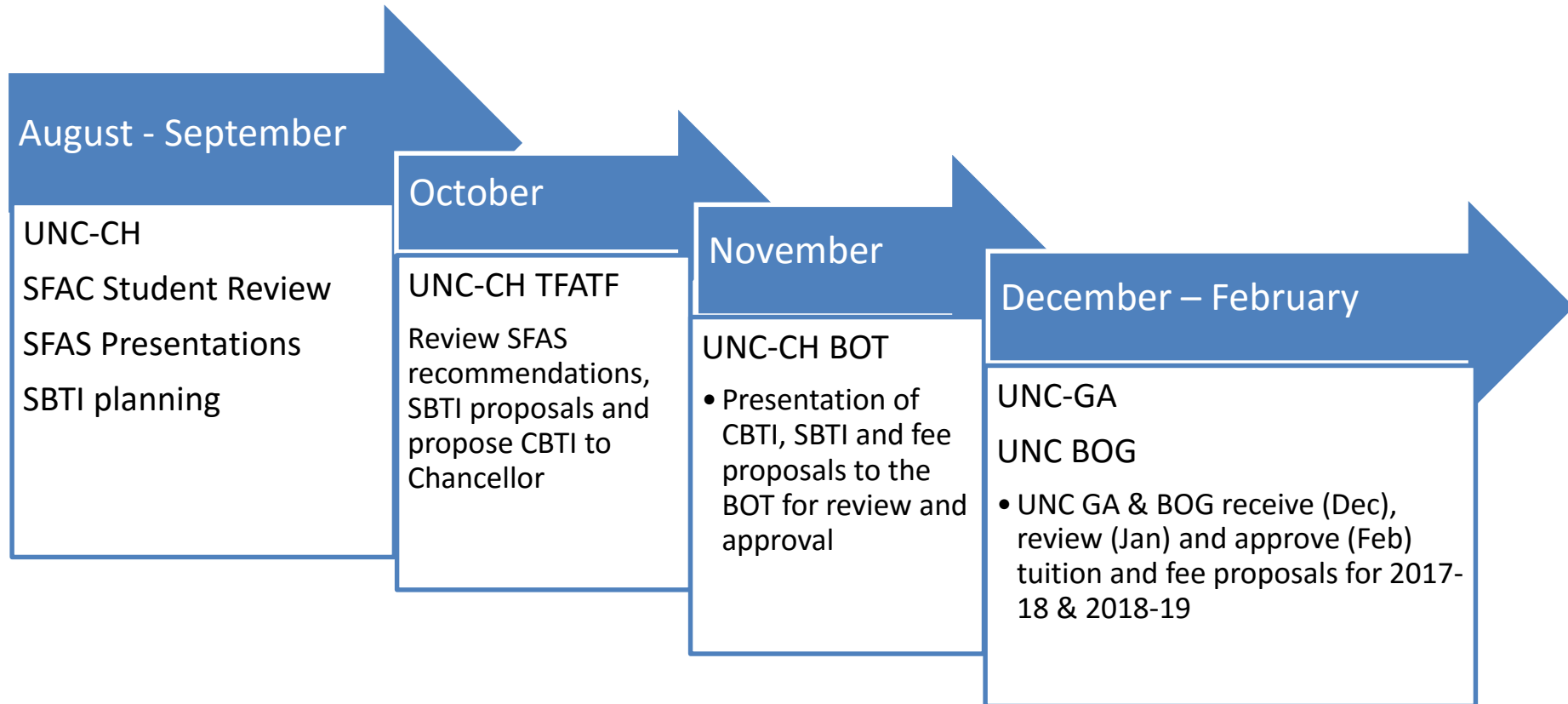
UNC GA – Proposal Guidelines

Student Involvement

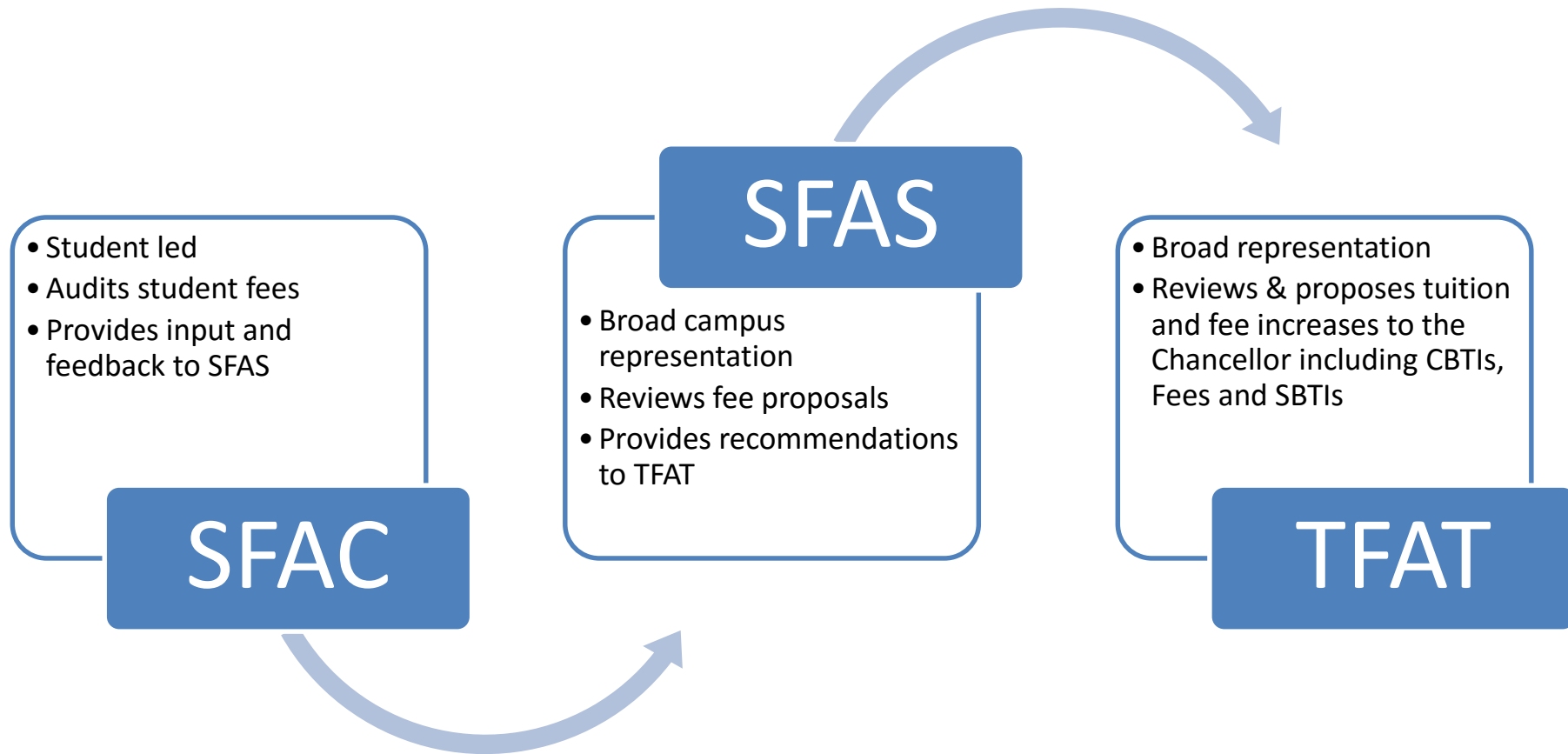
- Expected throughout the process
- SFAC – student led fee review
- SFAS & TFAT Co-Chaired by students
- Student representation via membership



Tuition and Fee Planning Timeline

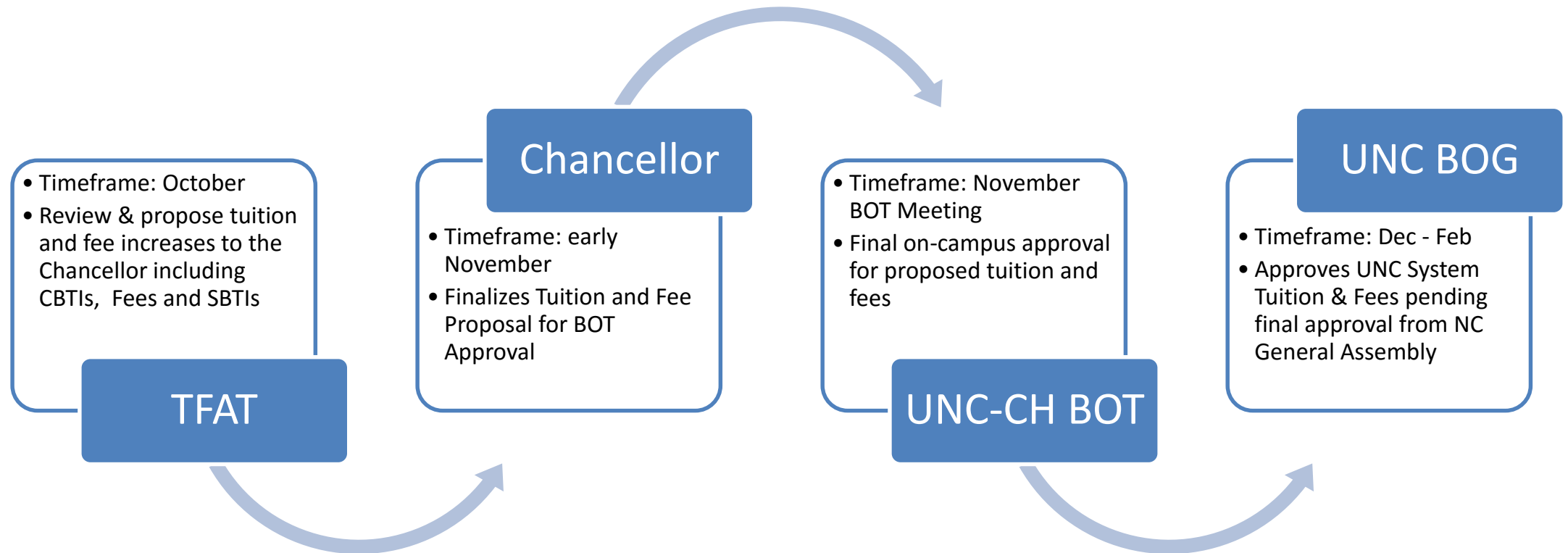


Workflow – Student Fees Tuition & Fee Advisory Task Force



Workflow – Tuition & Fees

Tuition & Fee Advisory Task Force

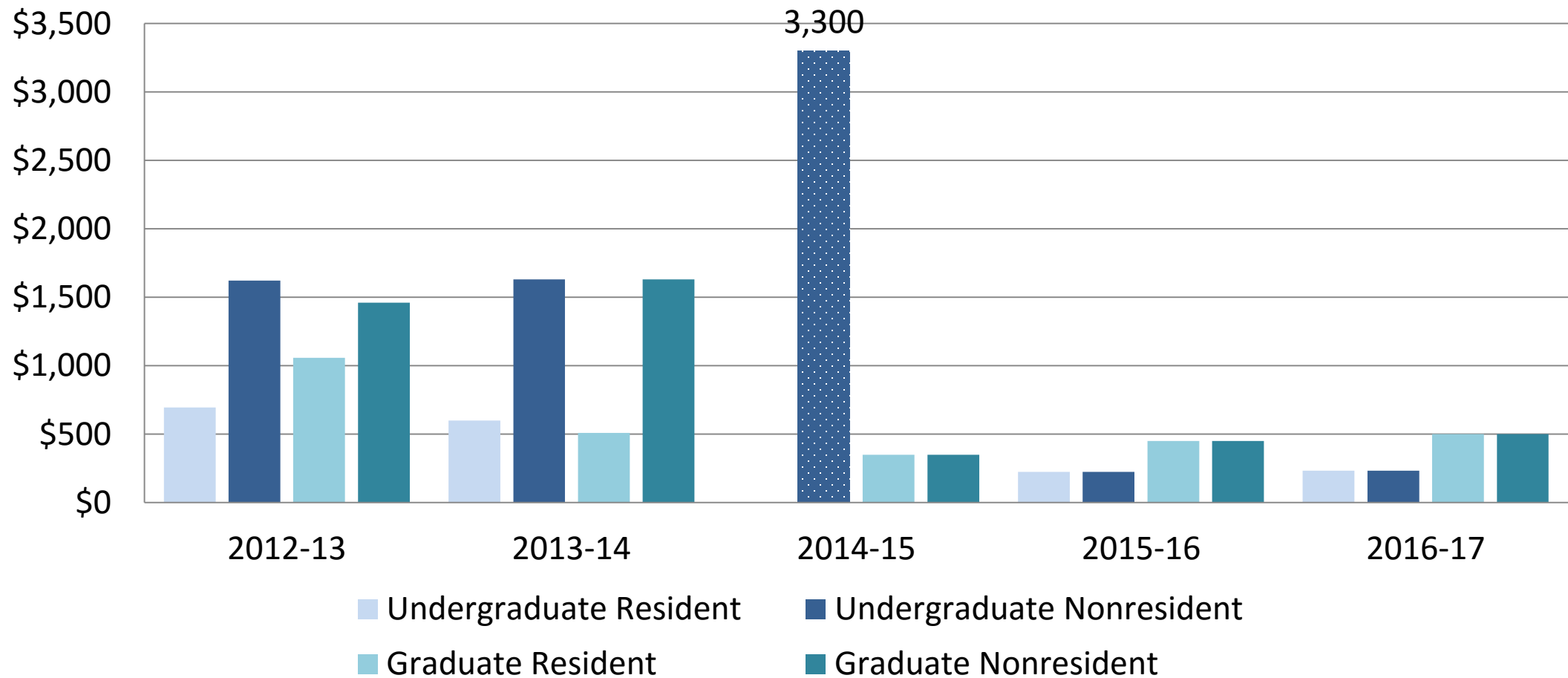


Current Context

- 5-Year Tuition Increase History
- Current Tuition & Fees
- 10-Year Cost of College
- Public Peer Tuition & Fee Comparisons



5-Year Tuition Increase History



5-Year Tuition Increase History

Academic Year	UNDERGRADUATE Resident	UNDERGRADUATE Nonresident	GRADUATE Resident	GRADUATE Nonresident
2012-13	695	1,622	1,057	1,460
2013-14	600	1,630	509	1,630
2014-15	0	3,300	350	350
2015-16	225	225	450	450
2016-17	233	233	500	500
5-YEAR AVERAGE INCREASE	\$350.60	\$1,402	\$573.20	\$878



2016-17 UNC-Chapel Hill Tuition & Fees

Rate Type	UNDERGRADUATE Resident	UNDERGRADUATE Nonresident	GRADUATE Resident	GRADUATE Nonresident
Tuition	6,881	31,963	9,643	26,854
Fees	1,953.14	1,953.14	1,963.16	1,963.16
TUITION & FEES	8,834.14	33,916.14	11,606.16	28,817.16

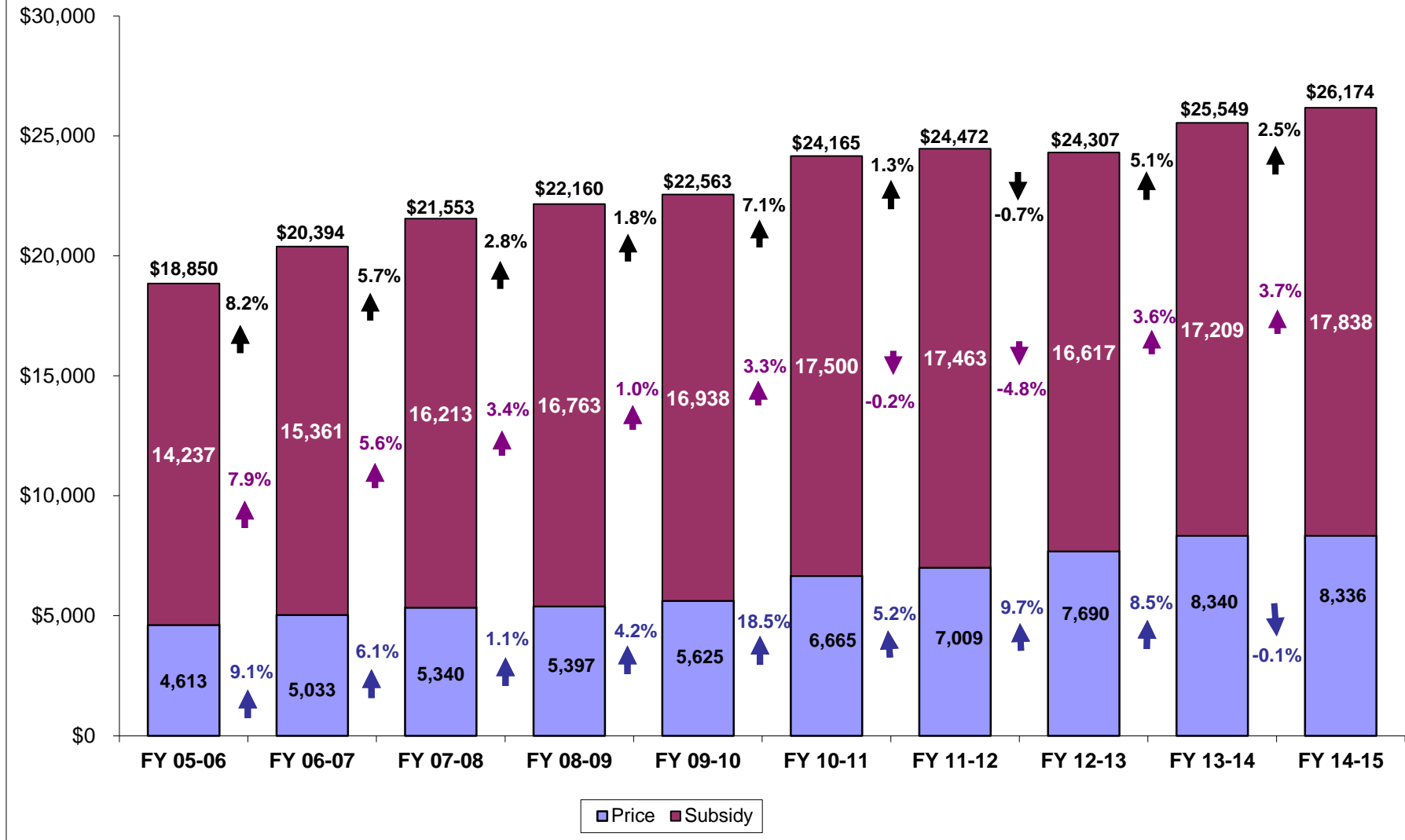


10-Year Cost of College

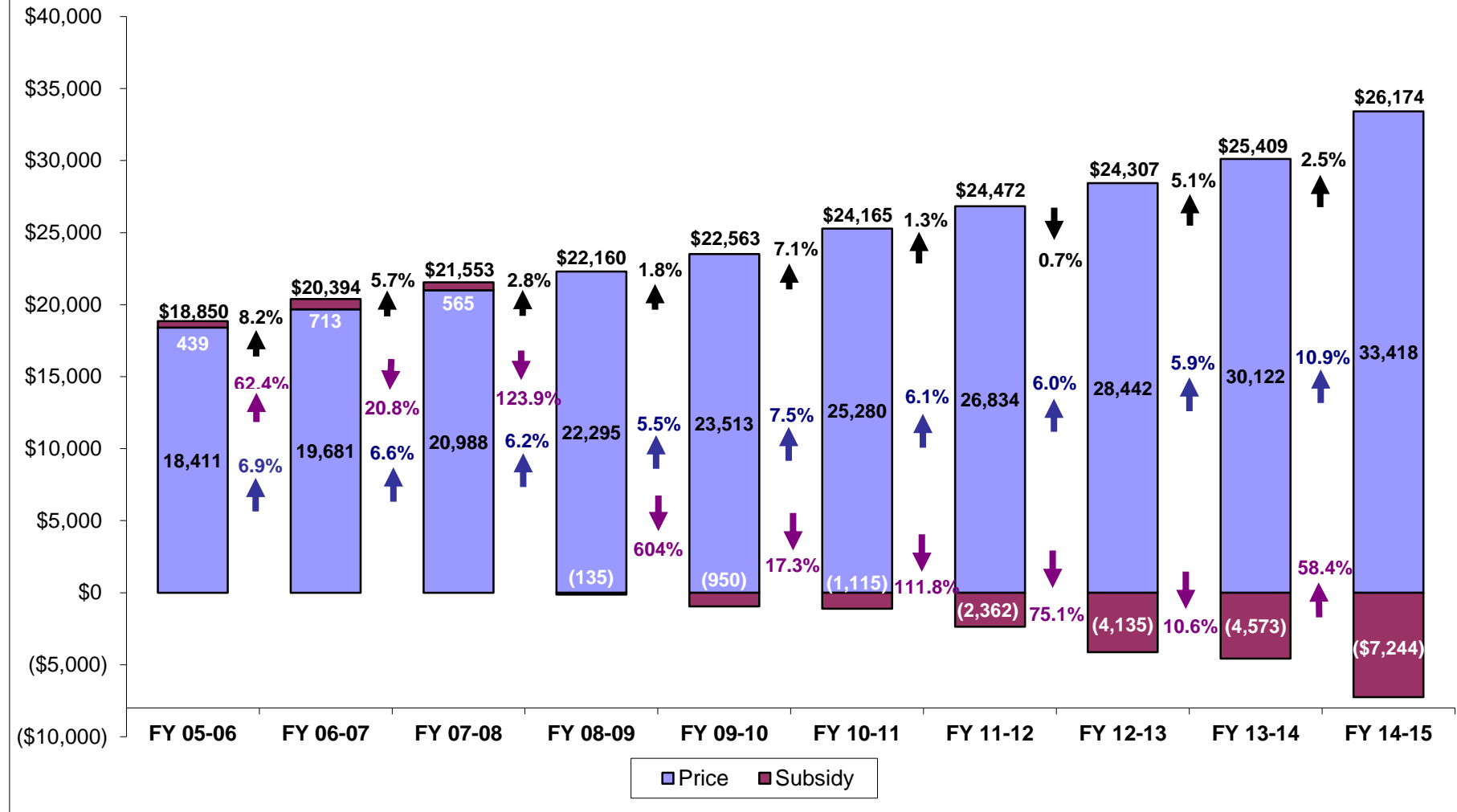
UNC-Chapel Hill Undergraduates



Cost of College for Resident Undergraduate Students



Cost of College for Non-Resident Undergraduate Students



UNC Investment Fund, LLC

Fiscal Year 2016 Review

Presentation to The Board of Trustees of The University of North Carolina at Chapel Hill
November 16, 2016



UNCNCMC

UNC MANAGEMENT COMPANY, INC

Headlines

Fiscal Year 2016

- In FY 2016, the UNC Investment Fund (“UNCIF” or the “Fund”) generated a -2.0% return:
 - FY 2016 is the Fund’s first negative fiscal year since FY 2009
 - The Fund’s -2.0% return:
 - trailed the -0.8% return of the Strategic Investment Policy Portfolio (“SIPP”) benchmark by 1.2%
 - trailed the -0.7% return of a “traditional” 70% equity, 30% fixed income portfolio (“Global 70/30 Portfolio”⁽¹⁾) by 1.3%
 - outperformed the -2.9% median return of the preliminary Cambridge Associates universe of college & university endowment funds (n=161)

UNCIF generated a weak investment return in FY 2016 after very strong returns in the previous two fiscal years

1) 70% MSCI All Country World Index (ACWI), 30% Bloomberg Barclays U.S. Aggregate Bond Index

Headlines (Continued)

- FY 2016 represented a difficult financial market environment for university endowment portfolios
- The Fund's 3-, 5- and 10-year returns remain strong relative to benchmarks and peers
- Looking forward, achieving the Fund's long-term investment objective remains very challenging as the current "low return" environment is expected to persist

Despite the challenges in FY 2016, we remain focused on achieving the Fund's long-term return objectives

What Happened?

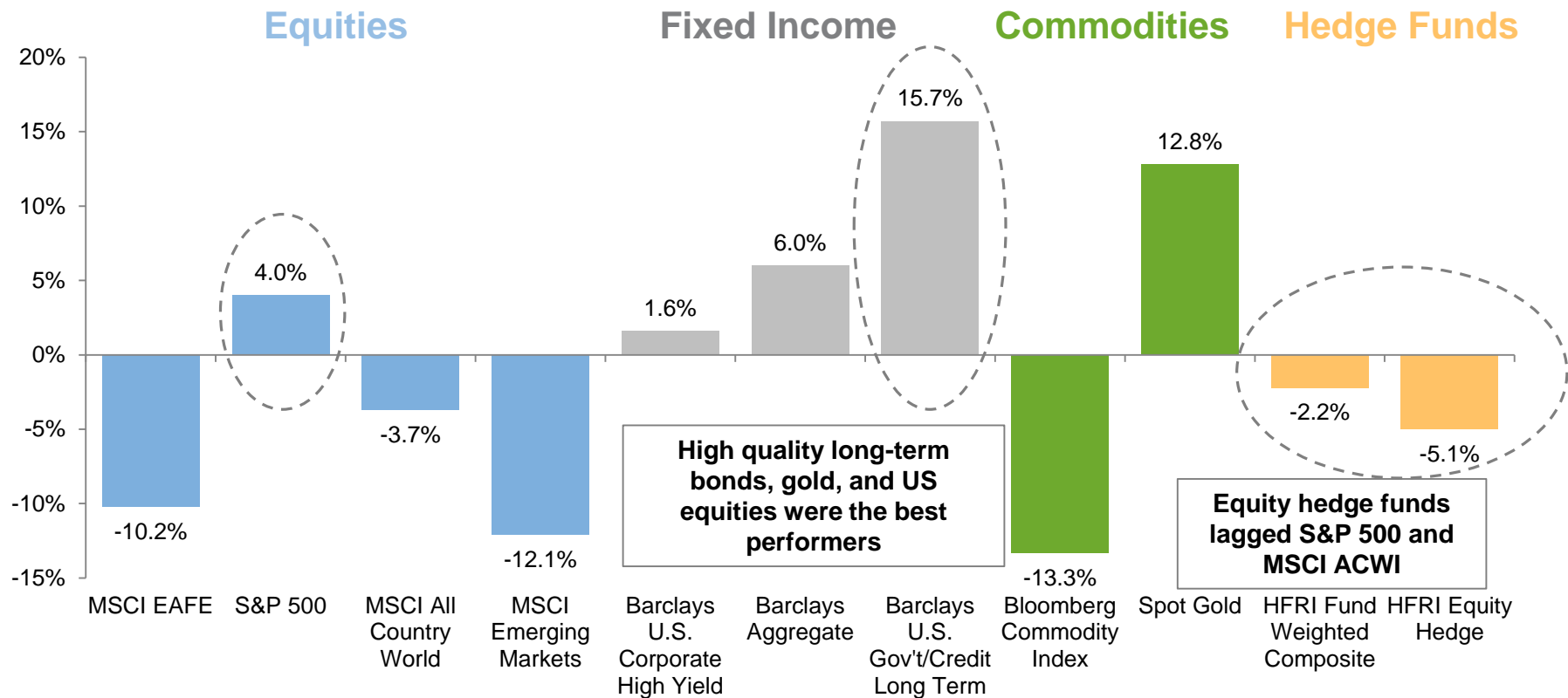
Difficult environment for endowments

- FY 2016 was a difficult market environment for endowments:
 - Of the 161 schools in the Cambridge Associates endowment universe:
 - Only 9 recorded positive returns for the fiscal year
 - Only 17 outperformed the -0.8% return of UNCIF's SIPP benchmark
 - Diversification did not pay off in FY 2016:
 - International equities significantly trailed domestic equities
 - Most hedge fund indices were negative for the year
 - Exposure to energy and other commodities also hurt returns
 - “Traditional” U.S. high quality equities and bonds were relatively strong performers in FY 2016

We continue to believe that diversification is a key component in effective long-term portfolio management

Financial Markets: Public Markets Summary

FY 2016: July 1, 2015 to June 30, 2016



“Diversifying” assets such as international equities, commodities, and hedge funds underperformed “traditional” U.S stocks and bonds

What Happened?

Themes that worked in CY 2015 reversed in the first 6 months of CY 2016

- **Many of the financial market themes that drove the Fund's very strong returns in CY 2015 reversed sharply in the first half of CY 2016**
 - In **CY 2015**, UNCIF's return **beat SIPP by over 5%** and ranked in the **top decile** in the BNY Mellon and Cambridge Associates peer universes
- **These themes within the Fund include:**
 - Overweight to tech/biotech
 - Overweight to growth vs. value in the equity portfolio
 - Relative concentration in the Long/Short Equity portfolio
 - Overweight Japanese equities
 - Euro currency hedge
 - Reduced exposure to emerging markets equities in recent years
 - Underweight to traditional high quality bonds

In the second half of FY 2016, the Fund “gave back” some of the extraordinary outperformance recorded in the previous 2.5 years

Financial Market Backdrop

Low Return Environment

- **We are currently operating in a low return environment**
- **The low return environment is expected to persist going forward:**
 - Historically low global interest rates (negative interest rates in Europe and Japan)
 - High valuations on equities, particularly in the U.S.
 - Weak global economic growth
 - Deflationary forces (globalization of labor, increased use of technology)

We continue to seek pockets of opportunities to generate attractive risk adjusted returns

Relative Return Summary 1-, 3-, 5- and 10-Year Periods

Performance to June 30, 2016

	1 Year	3 Years ⁽¹⁾	5 Years ⁽¹⁾	10 Years ⁽¹⁾
UNCIF	-2.0%	7.4%	7.2%	6.5%
SIPP	-0.8%	5.6%	6.4%	6.1%
Global 70/30 Portfolio ⁽²⁾	-0.7%	5.6%	5.1%	4.8%
Cambridge Median ⁽³⁾	-2.9%	5.1%	5.2%	5.1%
Cambridge Top Quartile ⁽³⁾	-1.7%	6.0%	6.3%	5.9%
UNCIF Rank in Cambridge Universe ⁽³⁾	53 of 161	19 of 160	16 of 160	22 of 153

Over longer time periods, the Fund outperforms both SIPP & the Global 70/30 Portfolio and ranks in the top quartile of the Cambridge Assoc. universe

1) Annualized

2) 70% MSCI All Country World Index (ACWI), 30% Bloomberg Barclays U.S. Aggregate Bond Index

3) Cambridge Associates universe of college & university endowments is preliminary as of 10/11/16

UNC Investment Fund

Primary Objective

■ Primary Objective

- Preserve the inflation-adjusted purchasing power of the endowment while providing a predictable and growing stream of spending distributions
- To accomplish this objective - - the endowment must earn an annualized total rate of return of at least ~8% over rolling 5 – 10 year (and longer) periods
- Managing the return volatility of the endowment helps to stabilize the annual spending distribution

Spending + Inflation: Return Objective > 8%
5% - 5.5% + 2% - 3%

Investment Implementation

Asset Allocation

- The portfolio management process starts with asset allocation
- Strategic Investment Policy Portfolio targets established by UNCIF's Board of Directors

External Investment Management

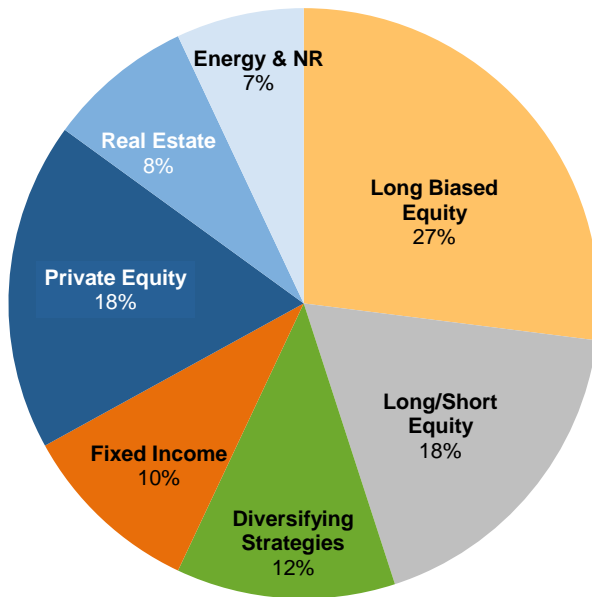
- UNCMC hires third-party (external) investment management firms, allocating the Fund to investment managers based on the respective firm's investment strategy, liquidity, risk profile, and other factors

Board of Directors Approval

- The Executive Committee of UNCIF's Board of Directors must approve all investment manager hires recommended by UNCMC

Strategic Investment Policy Portfolio (SIPP)

SIPP Target Allocations:



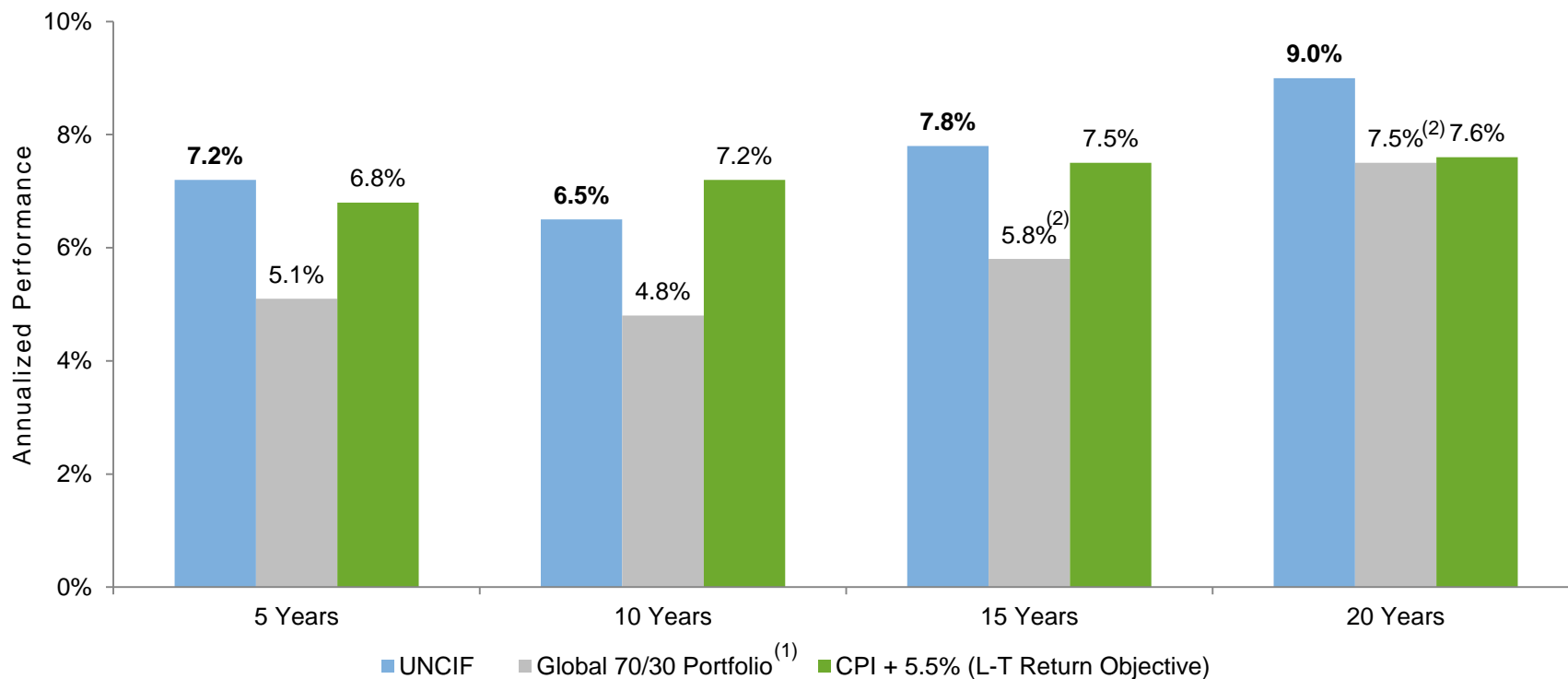
Asset Class	Target	Range
Long Biased Equity	27%	20 - 35%
Long / Short Equity	18%	12 - 24%
Diversifying Strategies	12%	8 - 16%
Fixed Income	10%	5 - 18%
Private Equity	18%	14 - 22%
Real Estate	8%	5 - 12%
Energy & Natural Resources	7%	5 - 10%

Public Portfolio

Private Portfolio

Long-Term Performance

As of June 30, 2016



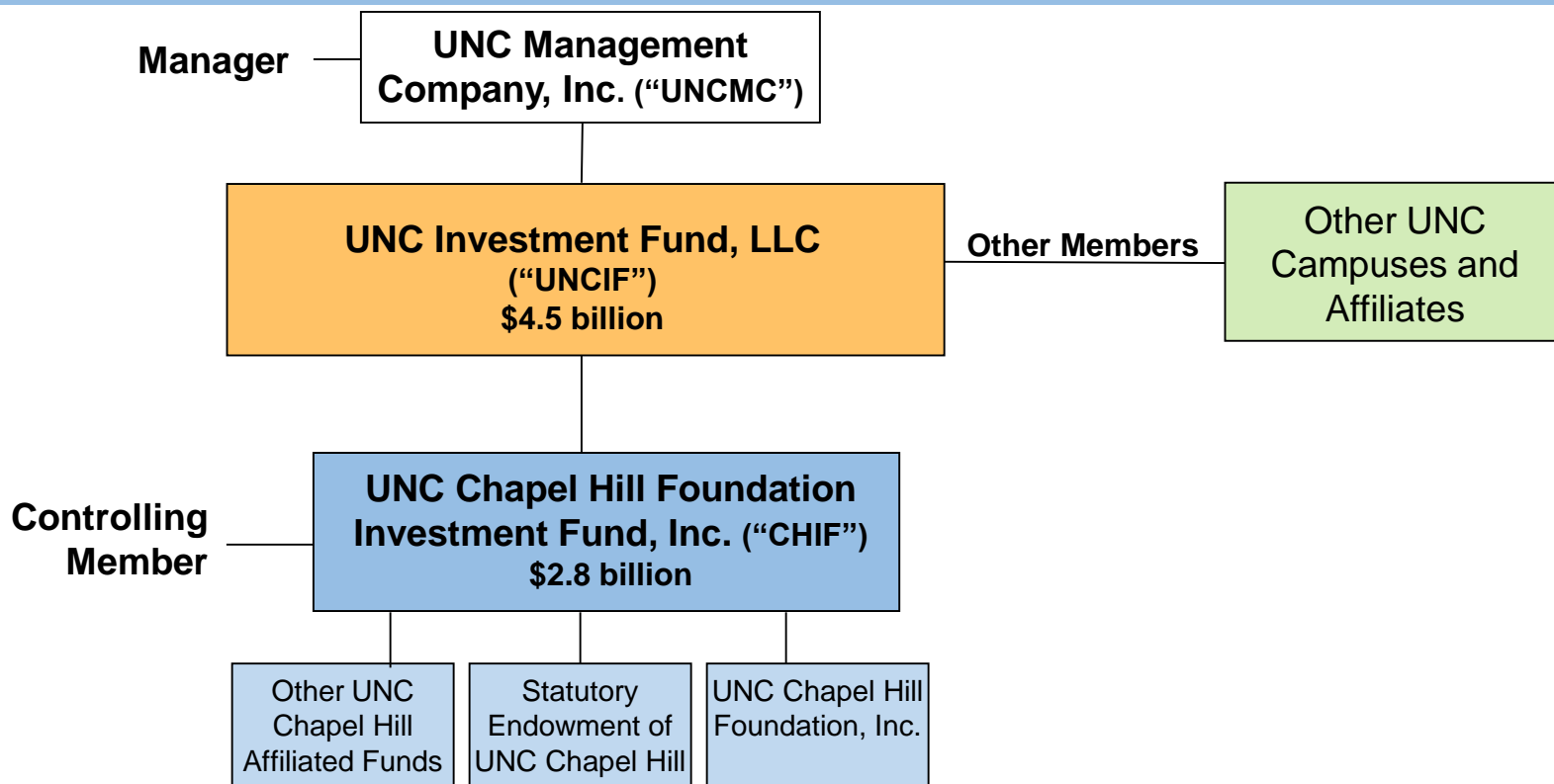
- The Fund has achieved its long-term objective across the 5, 15 & 20 year periods
- A more traditional equity/bond portfolio has fallen short of this target

(1) Global 70/30 Portfolio - 70% MSCI All Country World Index (ACWI), 30% Bloomberg Barclays U.S. Aggregate Bond Index

(2) Domestic 70/30 Portfolio - 70% S&P 500 Index / 30% Bloomberg Barclays U.S. Aggregate Bond Index

UNC Investment Fund

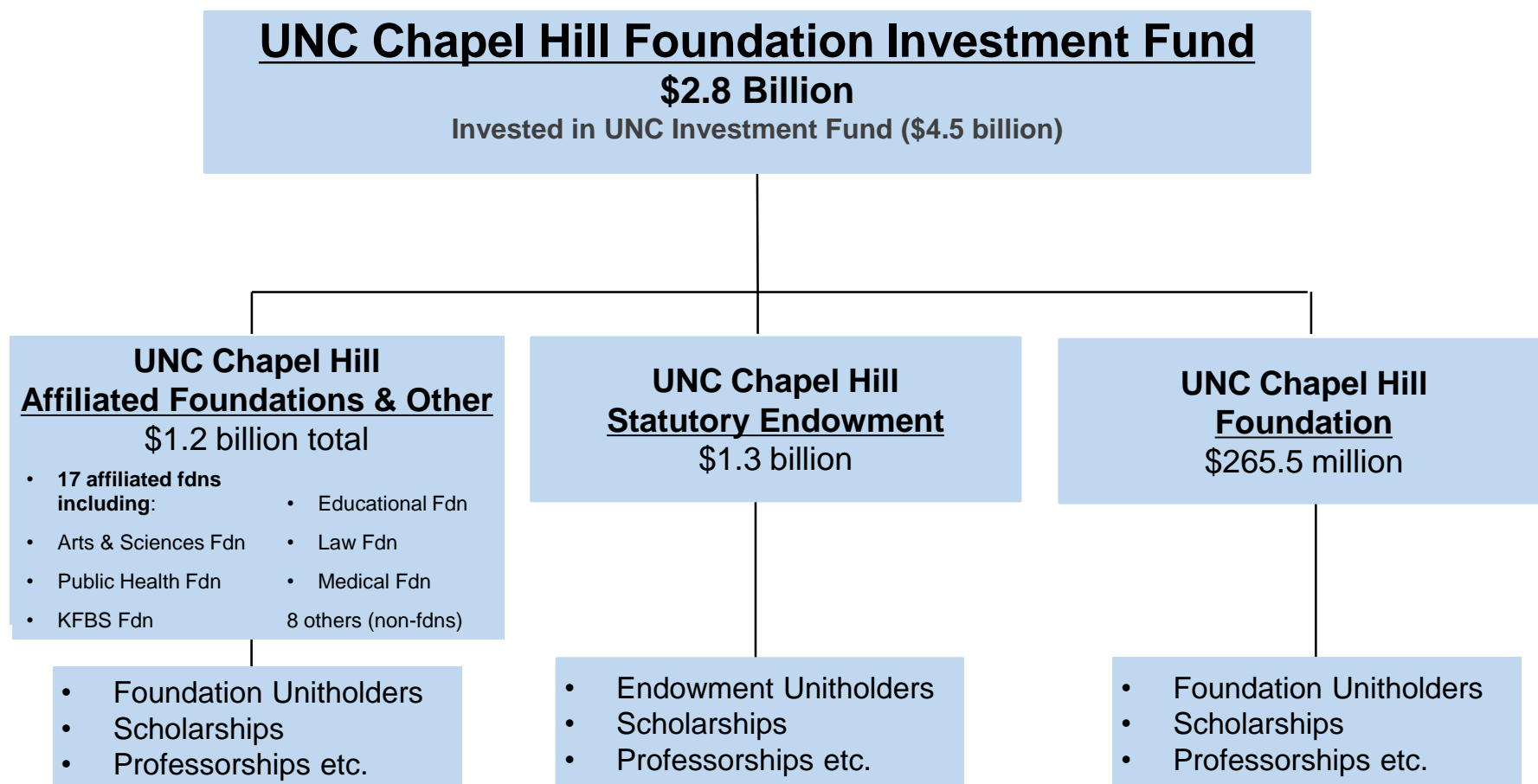
Investment Entity Structure



UNC-CH entities invest alongside other UNC campuses & affiliates

UNC Chapel Hill Foundation Investment Fund, Inc.

As of June 30, 2016



Chapel Hill Investment Fund (CHIF)

FY 2016 Change in Market Value

In FY 2016 CHIF decreased in value by \$101.2 million:

- net investment loss of \$60.4 million
- + \$102.3 million in net contributions
- less, annual endowment spending distribution of \$143.1 million

	June 30, 2015 (\$ in millions)	June 30, 2016 (\$ in millions)	FY 2016 Change (\$ in millions)
Statutory Endowment	\$1,375.8	\$1,305.0	(\$70.8)
UNC Chapel Hill Foundation	278.0	265.5	(12.5)
Other Affiliated Foundations	1,033.9	1,000.8	(33.1)
Other CHIF participants	196.2	211.4	15.2
Total CHIF	\$2,883.9	\$2,782.7	(\$101.2)

Note: Totals may not sum due to rounding

Chapel Hill Investment Fund (CHIF)

5 Year Change in Market Value

For the five year period ended June 30, 2016, CHIF increased in value by \$564.0 million:

- + net investment gain of \$866.7 million
- + \$345.0 million in net contributions
- less, annual endowment spending distributions of \$647.7 million

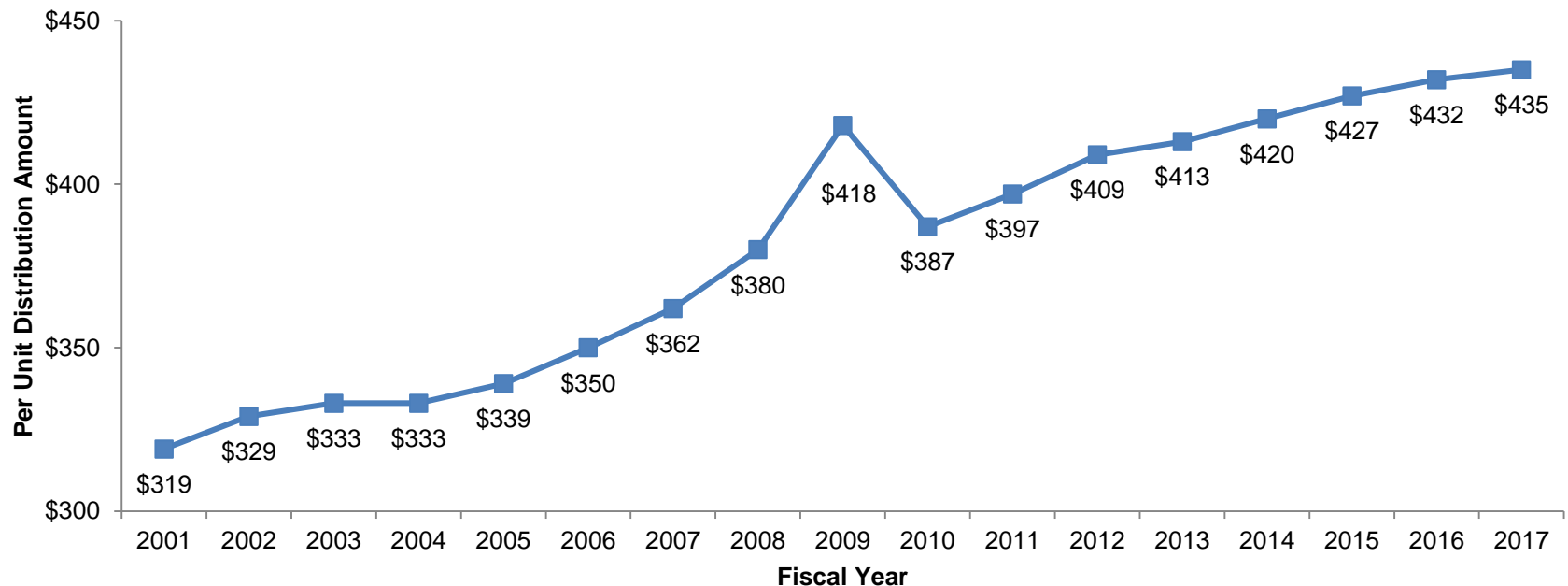
	June 30, 2011 (\$ in millions)	June 30, 2016 (\$ in millions)	FY 2016 Change (\$ in millions)
Statutory Endowment	\$1,013.6	\$1,305.0	\$291.4
UNC Chapel Hill Foundation	219.7	265.5	45.8
Other Affiliated Foundations	856.0	1,000.8	144.9
Other CHIF participants	129.4	211.4	82.0
Total CHIF	\$2,218.7	\$2,782.7	\$564.0

Note: Totals may not sum due to rounding

Chapel Hill Investment Fund (CHIF)

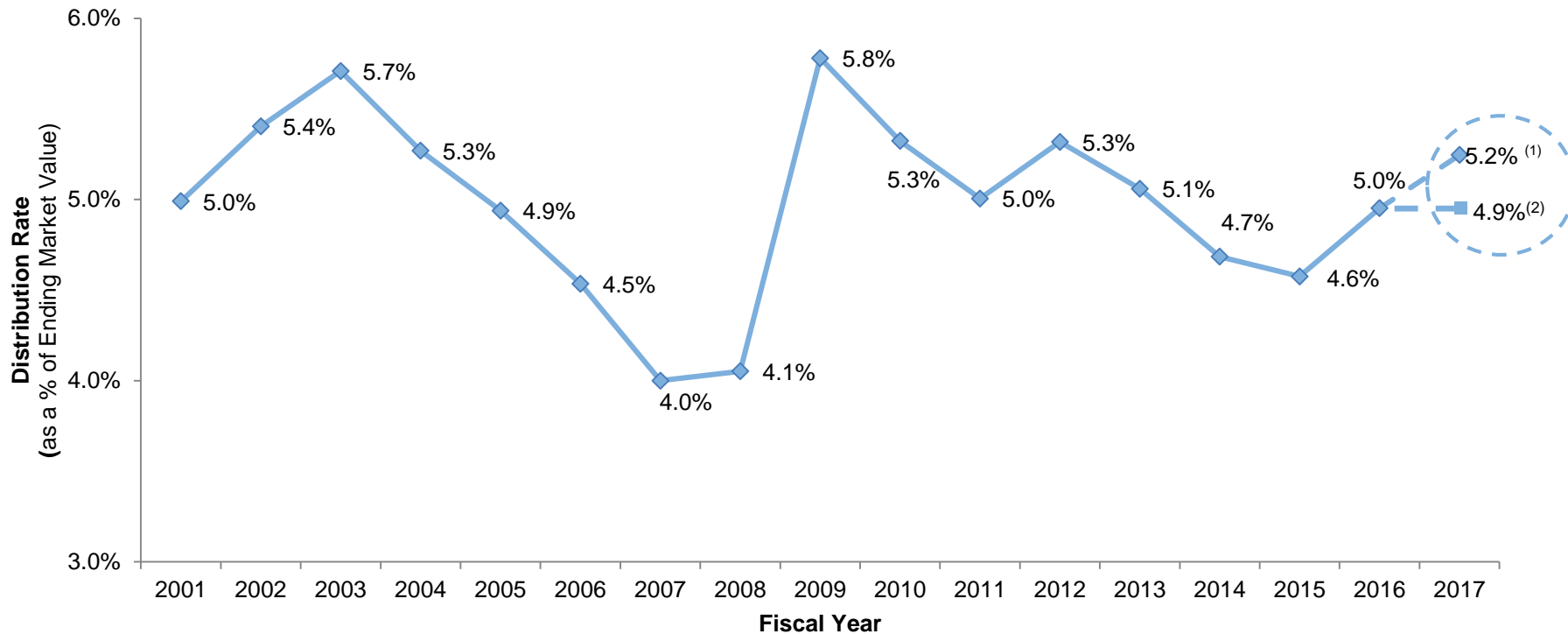
Per Unit Distribution Amount

- **At its May 2016 meeting, CHIF's Board of Directors:**
 - approved the FY2017 Annual Distribution Rate of \$435 per CHIF unit
 - increasing the per unit distribution rate by 0.7% over FY2016
 - the \$435 per unit rate will be distributed to CHIF participants on 6/30/2017



Chapel Hill Investment Fund (CHIF)

Distribution \$ Amount as a % of Ending Market Value



The distribution rate as a percent of market value is a by-product of the “constant growth rule” methodology

- (1) 6/30/2017 market value projected based on 6/30/2016 market value with 0% investment return assumption for FY 2017
 (2) 6/30/2017 market value projected based on 6/30/2016 market value with 8% investment return assumption for FY 2017

Performance Update

As of September 30, 2016

	FYTD (3 months)	3 Year ⁽¹⁾	5 Year ⁽¹⁾	10 Year ⁽¹⁾
UNCIF	4.0%	7.5%	9.0%	6.5%
<i>SIPP</i>	3.9%	5.7%	8.3%	6.2%
Global 70/30 Portfolio ⁽²⁾	3.8%	5.0%	8.5%	4.8%
S&P 500	3.9%	11.2%	16.4%	7.2%
MSCI ACWI	5.3%	5.2%	10.6%	4.3%

The Fund is off to a good start in FY 2017

(1) Annualized

(2) 70% MSCI ACWI / 30% Bloomberg Barclays U.S. Aggregate Bond Index

Our Fundamental Beliefs...

- **To best achieve the Fund's primary investment return objective:**
 - Maintain a long-term time horizon
 - Focus assets with highest conviction investment managers
 - Alternative asset classes play a significant role
 - Tactical portfolio shifts can be utilized selectively to capture shorter-term opportunities
 - Downside protection matters
 - The most important and difficult challenge is striking the proper portfolio balance between upside participation and downside protection

Wrap-Up

FY 2016: July 1, 2015 to June 30, 2016

- **FY 2016 has been a difficult year for endowment portfolios:**
 - For FY 2016 period, the UNC Investment Fund generated a -2.0% return
- While “alternative” asset classes hurt performance in FY 2016, we continue to believe that a highly diversified portfolio with significant allocations to alternative assets provides the best return / risk profile moving forward
- The Fund’s 3, 5, and 10-year returns remain strong relative to benchmarks and peers
- We expect the current market environment, marked by low bond yields and modest equity returns, to persist over the medium term, with a likely increase in equity market volatility in coming months
- We continue to seek opportunities to enhance the Fund’s return potential while maintaining a disciplined approach toward portfolio risk
- FY 2017 is off to a strong start, +4.0% during the first quarter



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Finance, Infrastructure & Audit Committee

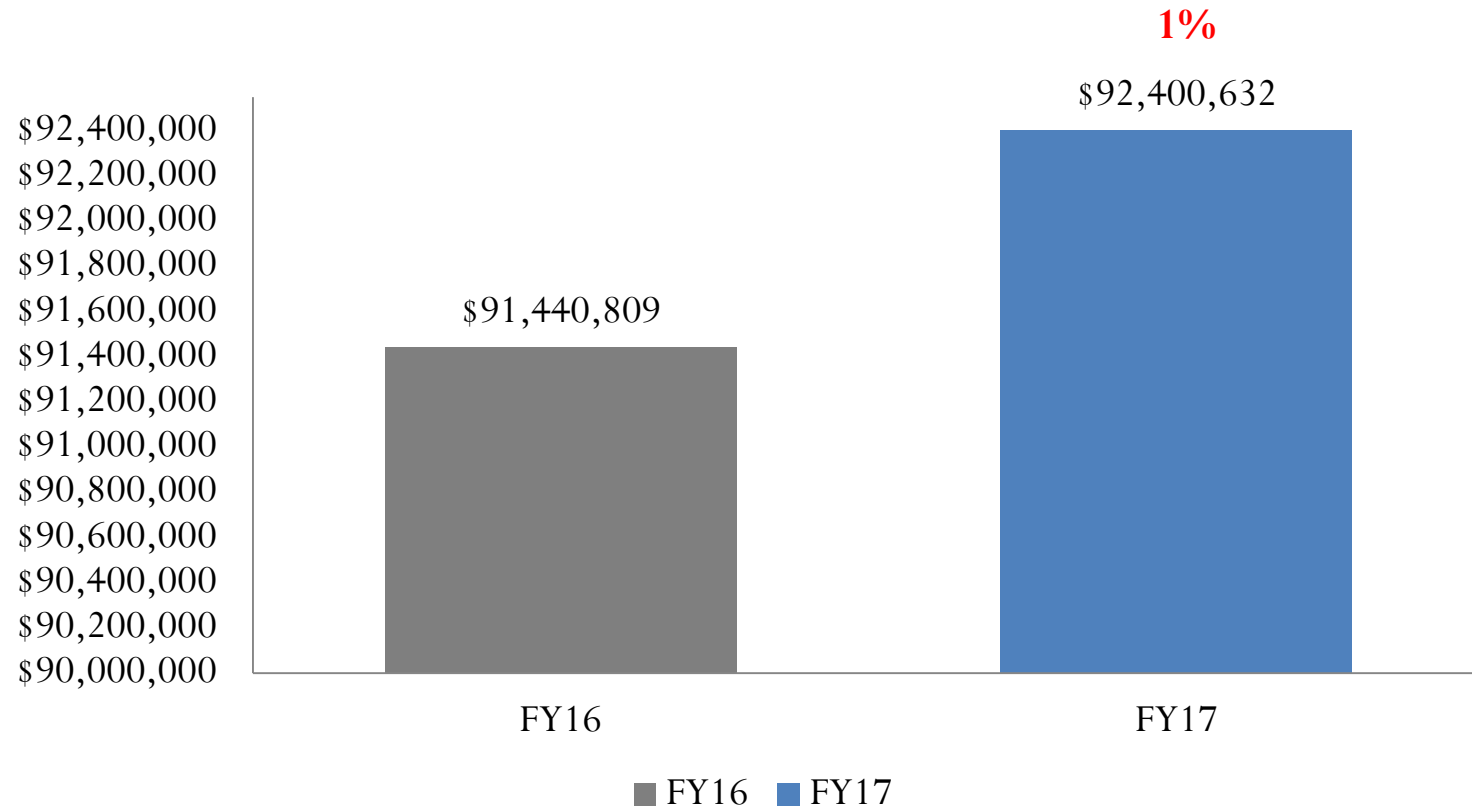
UNC Board of Trustees Meeting
November 16, 2016

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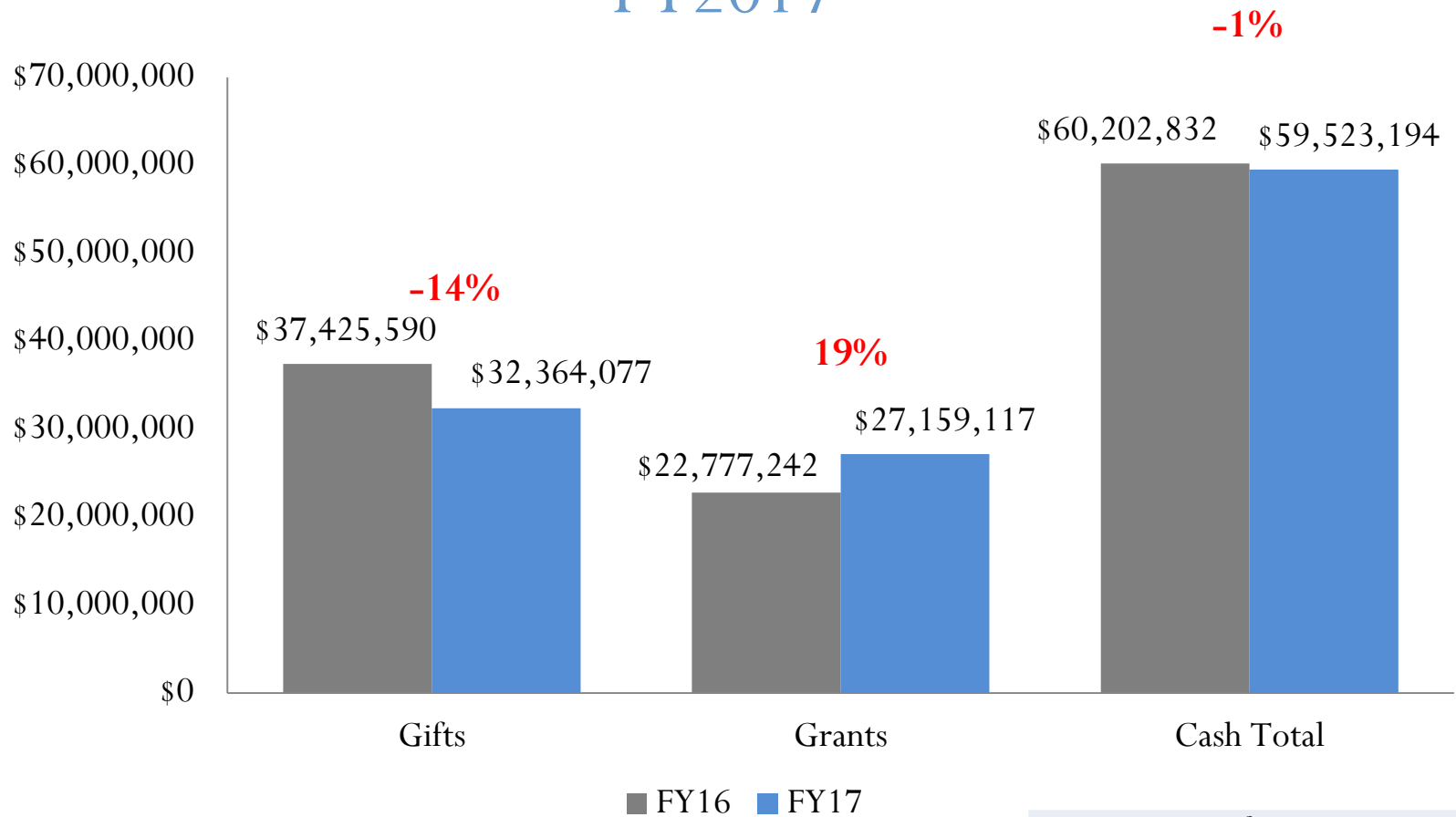
David S. Routh
Vice Chancellor for Development

NEW CASH AND COMMITMENTS TOTALS

FY2017



CASH TOTALS FY2017



As of 10/30/16
Grants Loaded Through: 8/31/2016
Ed Foundation Gifts Through: 8/31/2016



CHANCELLOR'S PHILANTHROPIC COUNCIL FIRST MEETING



CHANCELLOR'S PHILANTHROPIC COUNCIL FIRST MEETING





THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Finance, Infrastructure & Audit Committee

UNC Board of Trustees Meeting
November 16, 2016

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David S. Routh
Vice Chancellor for Development



Carolina Research Ventures, LLC



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Board of Trustees Finance, Infrastructure & Audit Committee

Sallie Shuping-Russell, CRV Board Chair | Nov 16, 2016

Historical Overview



Why Did UNC Create CRV?

- 1. Maximize value/productivity of University assets & resources**
 - Intellectual Property assets
 - Human Resources – faculty, researchers
- 2. Serve a public good by getting research into the marketplace**
 - Provide needed capital to cross the financing “chasm”
 - Connect national VCs specifically to UNC-CH
- 3. Fully participate in commercialization – equity and licensing**
- 4. Broaden our opportunity set through participating in companies formed by faculty & staff that do not require IP**



Examples of Developing & Emerging Technology Trends

Immunotherapies and artificial intelligence are big industries

Forbes Harnessing The Immune System To Fight Cancer: 'Now We Can Offer Hope'
Dec 4, 2015



Artificial Intelligence Is Almost Ready for Business
March 19, 2015

Opportunities in emerging technologies

Healthcare Related	IT Related
Immuno-oncology	Cybersecurity, especially offensive
Gene splitting	FinTech (Financial Technology)
Anti-infectives	Sharing Economy 2.0
Ocular diseases	Virtual Reality for Consumers
Point of care diagnostics	Artificial Intelligence
Healthcare IT	Custom wearables

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CRV Structure



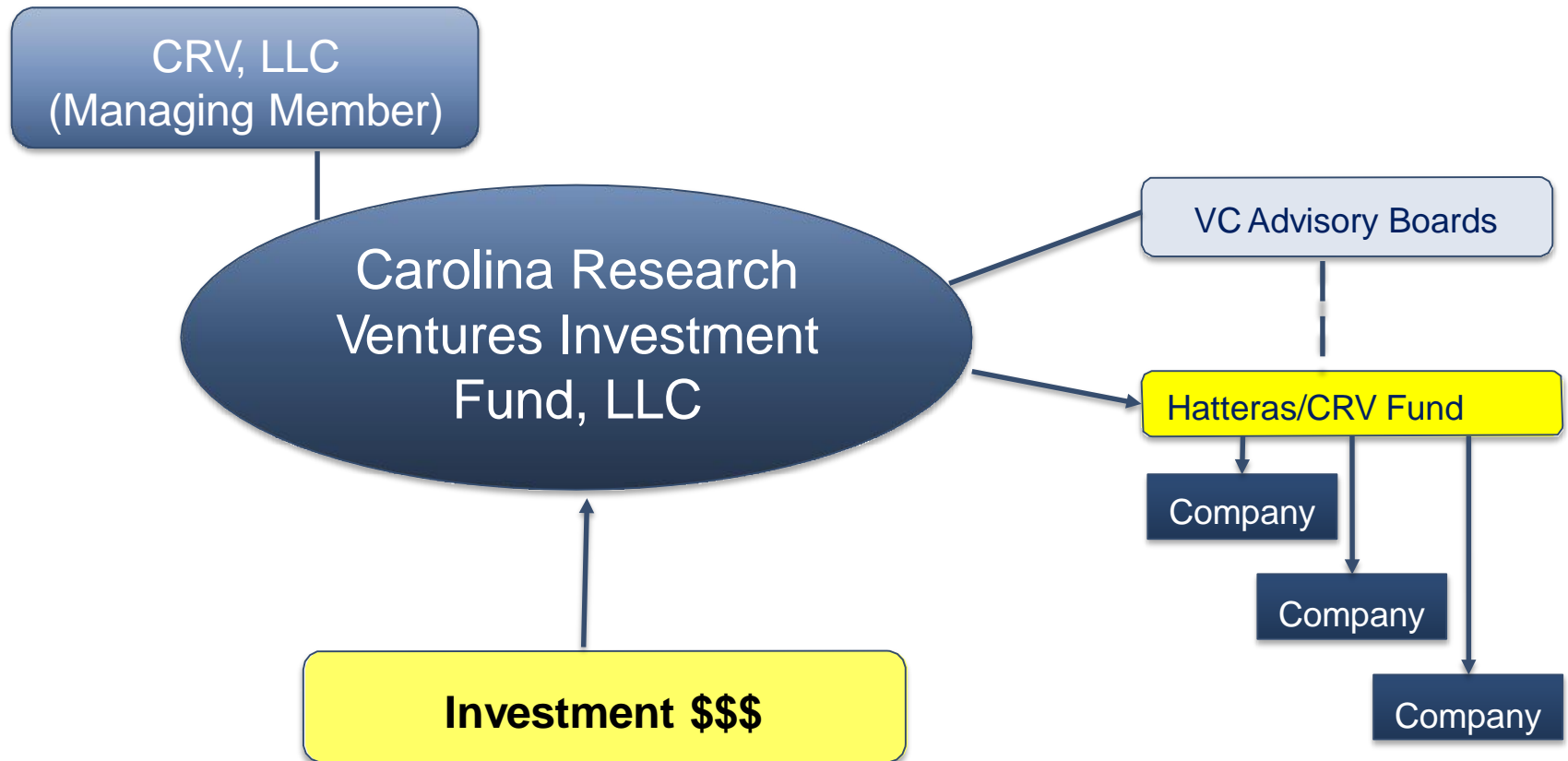
Overview of CRV Investment Fund

- Seed and early stage companies, with follow-on investments
- Evergreen fund → reinvest distributions
 - Years 1 - 5 all distributions are reinvested into the fund
 - After year 5 investors can choose to take 0-100% of distributions as cash
- Outside investment manager(s) – Hatteras Venture Partners
- Venture Capital Advisory Committee(s) – Life Science & IT
- Fund Overseen by the CRV Board
 - University trustees
 - HCS representatives
 - Top institutional financial officers
 - Faculty
 - Industry experts
- If original capital commitment is not drawn or reserved by EOY 6, it can be released back to investor



Carolina Research Ventures Investment Fund, LLC

Investment Structure



CRV Governance Structure - Board of Directors



Sallie Shuping-Russell, Chair
Mng Dir, BlackRock Private Equity
Co-founder DUMAC
Former UNC BOT & UNC HCS Director



Lowry Caudill
Co-Founder, Magellan Labs
Chair, Innovation Circle
UNC BOT (Former Chair)



Haywood Cochrane
Former CFO, LabCorp
UNC BOT (Vice Chair)



Trey Crabb
Exec. Director, Not-For-Profit
Healthcare Strategy, Morgan Stanley
UNC HCS Director



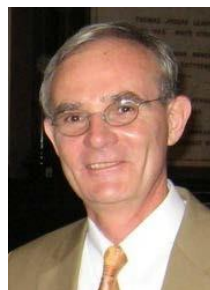
Matt Fajack
VC for Finance & Administration
UNC HCS Director



Jon King
CEO UNC Management Co.
Chief Investment Officer, UNC Inv Fund



Steve Lerner,
Mng Ptn, Blue Hill Group
Entrepreneur
Former UNC BOT



Terry Magnuson
Vice Chancellor for Research
Prof. of Genetics &
Biomedical Engineering



Randy Myer
Prof of Entrepreneurship, KFBS
Chair, NC IDEA
Former Entrepreneur



Judith Cone, Board Observer
VC for Innovation, Entrepreneurship
& Economic Development



Investment Management



Investment Manager: Hatteras Venture Partners

- Manager Background
 - Established 2000
 - Health Care Focus
 - 58 Total Investments (\$186MM)
 - 9 Investments with UNC affiliations (\$31MM)
 - Hiring consultant(s) to help with IT opportunities
 - Dedicated principal to CRV, supported by two senior general partners
- Three Investments:
 - Cancer therapeutic drug company from Lineberger Cancer Center
 - Healthcare informatics company from School of Medicine
 - Genome sequencing company from Department of Chemistry



Investment Manager: Biographies



Mike Dial

PhD Biochem, Biophysics – UNC
Hatteras Principal

Silicon Valley Bank – VP Corp Finance, Emerging Life Sci
Research Scientist – Biochem, structural biol, proteomics



Clay Thorp

MA Public Policy – Harvard University
Hatteras Co-founder and General Partner
Novalon Pharma Co-founder and Head of BD
Xanthon Co-founder

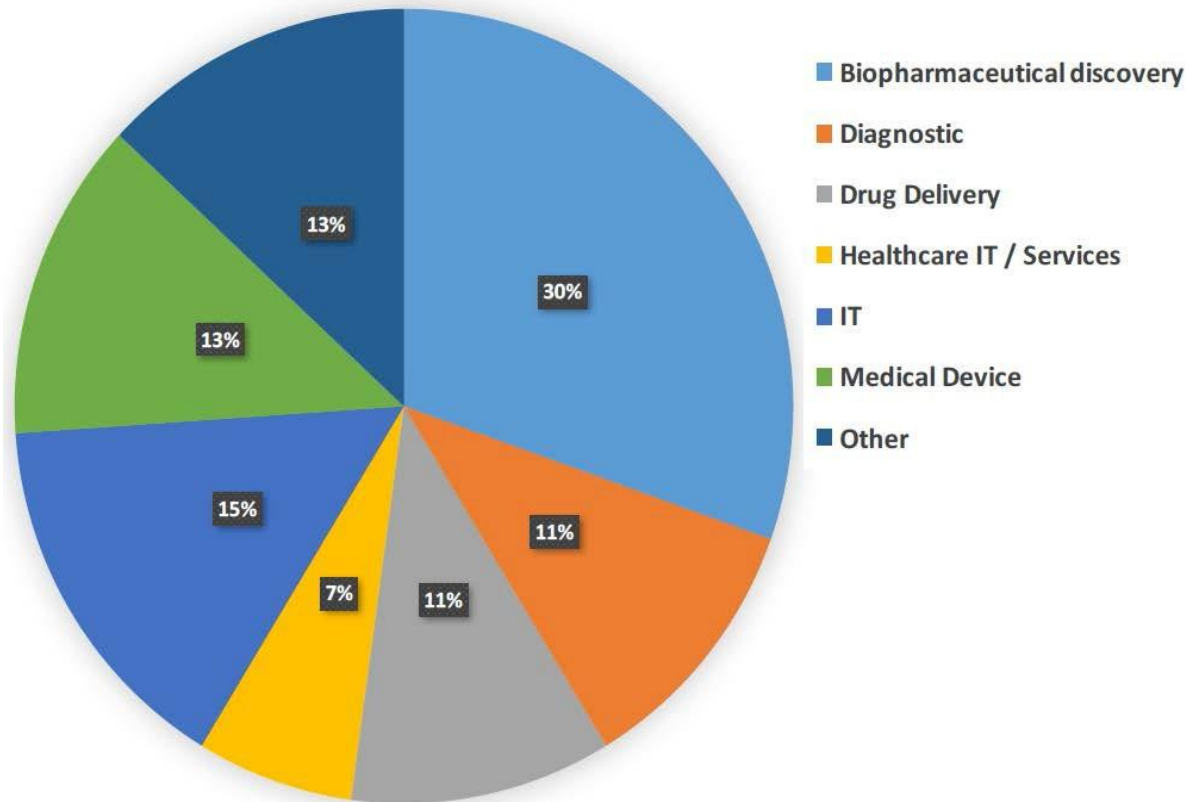


Christy Shaffer

PhD Pharmacology – Univ Tenn Health Sciences
Hatteras General Partner and Head, Hatteras Discovery
Inspire Pharma Pres & CEO
Burroughs Wellcome Assoc Dir Pulmonary & Critical Care



Deal Flow: By Company Type



Portfolio



CRV: Portfolio Vignettes



BUSINESS:

Based on discoveries from Dr. Ned Sharpless' lab at UNC-CH and Dr. Kwok Wong's lab at Dana Farber; technology based on a novel mechanism for modulating the cell cycle to treat cancer.

TECHNOLOGY AND MARKET:

G1T28

- Protects bone marrow/immune system from damage by chemotherapy; In Ph II clinical studies
- SCLC, TNBC, NSCLC
- Multi-Billion \$ Markets

G1T38

- Potentiates tumor cell death when combined with growth-signaling inhibitors; in Ph 1 clinical study
- ER+ BC, CRPC, NSCLC: Multi-Billion \$ Markets

FINANCING HISTORY:

- Total Investment: \$625K; Reserves: \$250K; Series C was at a 2X step-up to Series B; Current valuation: \$212M

CO-INVESTORS: Eshelman Ventures, Hatteras Venture Partners, Medimmune Ventures, RA Capital, Lumira Capital, Tavistock Life Sciences, Cormorant Asset Management, Cowen Private Investments, Franklin Templeton Investments, and Rock Springs Capital



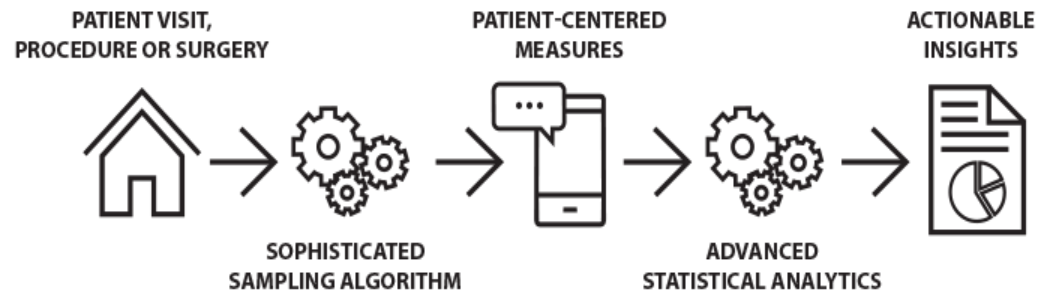
CRV: Portfolio Vignettes



BUSINESS:

With founders Seth Glickman, MD from UNC-CH and Kevin Schulman, MD from Duke, Bivarus has developed a unique patient survey platform enabling real-time quality and patient satisfaction data, driving additional revenues and assisting in patient retention for health systems.

TECHNOLOGY AND MARKET:



- As industry heads towards value-based care, quality improvement and real-time data from patient insights only becoming more important to health systems; Market size for quality improvement over \$1B

FINANCING HISTORY:

- Total Investment: \$180K; Reserves: \$620K; Projecting nearly \$3m in annual revenues by end of 2016

CO-INVESTORS: Excelerate Health Ventures and Hatteras Venture Partners V



CRV: Portfolio Vignettes



BUSINESS:

Confidential Company: Unique microfluidic genomic sequencing platform out of UNC-CH. Serial entrepreneur.

TECHNOLOGY AND MARKET:

- Company was seeded by CRV and another well-established venture group
- The Company raised an \$8M Series A with CRV and four other venture groups

FINANCING HISTORY:

- Initial investment: \$150K as part of a convertible note
- Series A investment: \$162.5K
- Reserved for later follow-on financings: \$687.5K



Questions

Website: crvfund.org



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