



January 30, 2019, 1:00PM
Chancellor's Ballroom West, Carolina Inn

OPEN SESSION

FOR ACTION

1. Property Acquisition of Student Housing to Benefit the Nutrition Research Institute in Kannapolis
Gordon Merklein, Associate Vice Chancellor for University Real Estate Ops. Attachment A
2. Designer Selection
 - School of Dentistry, Patient Skills & Digital Lab Attachment B
 - Classroom Renewals Attachment C
 - Burnett Womack Conference Center Attachment D
 - Lenoir Hall Outdoor Dining Attachment E*Anna Wu, Associate Vice Chancellor for Facilities Services*

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

1. Preliminary Design Review Attachment F
 - Carroll Hall Addition (Curtis Media Center)
Evan Yassky, University Architect
2. Semi-Annual Capital Report Attachment G
Anna Wu, Associate Vice Chancellor for Facilities Services
3. Semi-Annual Lease Report Attachment H
Gordon Merklein, Associate Vice Chancellor for University Real Estate Ops.
4. Development Report
David Routh, Vice Chancellor for University Development
5. Internal Audit Report Attachment I
Jonathan Pruitt, Vice Chancellor for Finance & Operations
6. Year-End Financial Summary and Review of CAFR
Jonathan Pruitt, Vice Chancellor for Finance & Operations
7. UNC Investment Fund LLC
Jon King, CEO of UNC Management Company

COMMITTEE MEMBERS

Dwight Stone, Chair
Lowry Caudill, Vice Chair
Chuck Duckett
Julia Grumbles
Ed McMahan
Richard Stevens

Administrative Liaison:
Jonathan Pruitt, Vice Chancellor for Finance & Operations

ATTACHMENT A

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

This request is for approval to purchase of 102 Cedar Avenue, Kannapolis, NC, for the purpose of temporarily housing graduate students and post-doctoral trainees for the Nutrition Research Institute (NRI). The NRI currently owns five houses and leases these to students and researchers, and these units consistently remain occupied as there are very few housing options available to students and researches. All UNC-CH NRI graduate students are required to spend significant blocks of time in Kannapolis to learn lab techniques, and most second-year graduate students must move to Kannapolis to work with their mentor for advanced training and dissertation work. Funding for the purchase of the house is from the Cannon Foundation in the amount of \$125,000.

The identified home is located approximately one-half mile from the NC Research Campus, on a route easily traversed by foot. The home is sited on .20 acres and is a 2-bedroom, 1-bath house that will be converted to a 2-bedroom, 2-bath house with the provided grant funds. The current property owner, Atlantic American Properties, has agreed to renovate the home prior to purchase per design plans approved by UNC-CH and the State Construction Office. The State Construction Office conducted 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.

RECOMMENDED ACTION

A motion to recommend approval for purchase of a residence from Atlantic American Properties, located at 102 Cedar Street, Kannapolis, NC, for an amount not to exceed \$125,000, 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 sign-off on the renovation work.

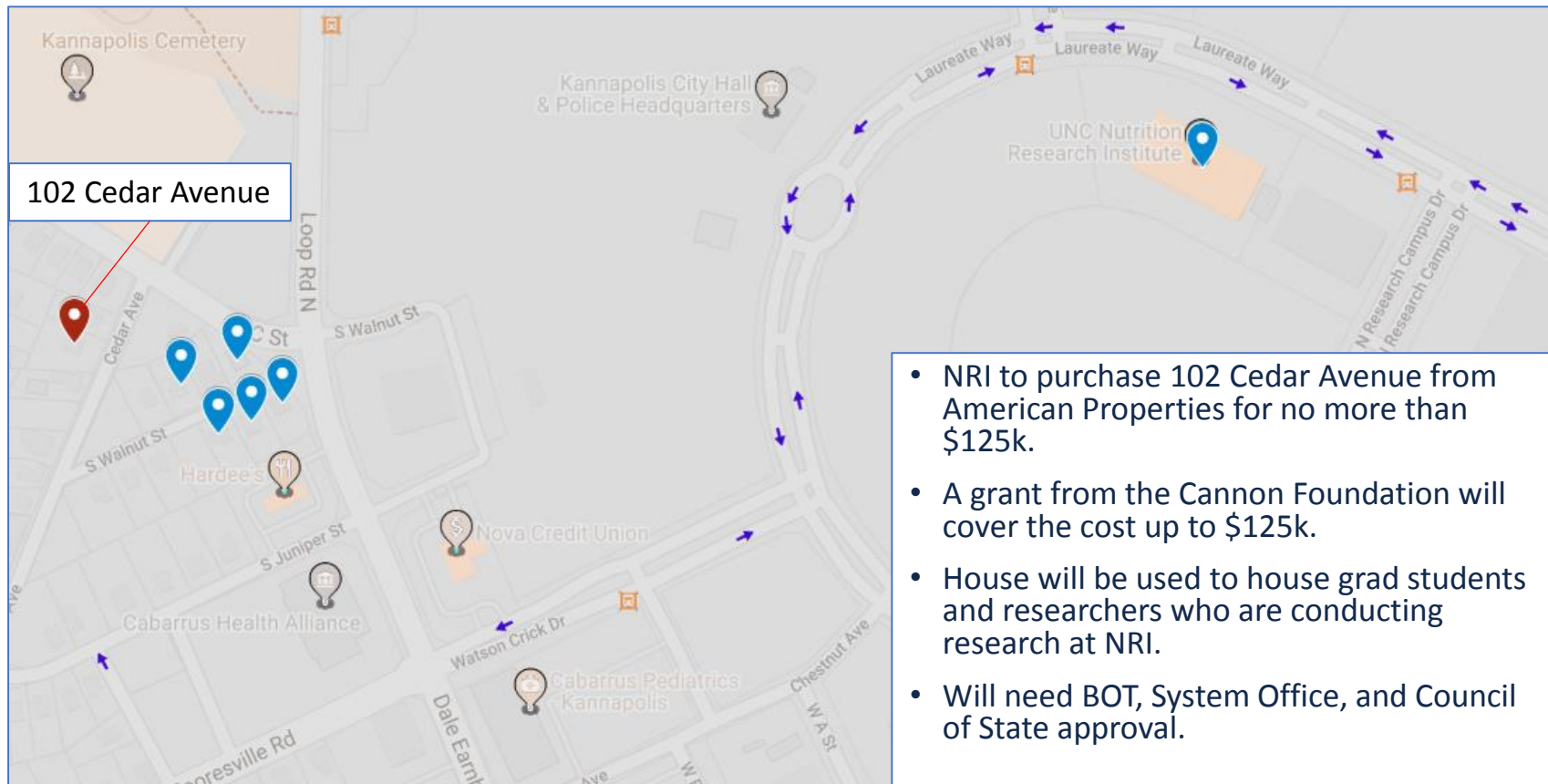
Real Estate Operations

Board of Trustees

January 30, 2019

- Purchase of 102 Cedar Avenue for Nutritional Research Institute in Kannapolis

102 Cedar Avenue Purchase for NRI in Kannapolis



ATTACHMENT B

DESIGNER SELECTION – SCHOOL OF DENTISTRY, PATIENT SKILLS & DIGITAL LAB

The UNC School of Dentistry is developing a contemporary curriculum and reimagining the school's academic, administrative and support facilities. This Capital Improvement Project will renovate the School of Dentistry waiting areas and clinics, academic support facilities, clinical skills and patient simulation labs; develop a Center for Digital Innovation; and centralize and improve the faculty office complex within Brauer and Tarrson Halls. This project aspires to maximize assignable square footage by reducing allotted space and identifying opportunities for efficiency.

The project budget is \$15,000,000 and will be funded through departmental funds (Clinical Income (\$11.5M); Clinical Technology Improvements Fund (\$500K); \$3M Fundraising).

The project was advertised on November 14, 2018. Nine (9) proposals were received. Four (4) firms were interviewed on January 3, 2019. 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, NC |
| 2. XXX | XXX, NC |
| 3. XXX | XXX, NC |

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

RECOMMENDED ACTION

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

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

ATTACHMENT C

DESIGNER SELECTION – CLASSROOM RENEWALS

The Classroom Renewals project will add three large “flexible learning” classrooms to UNC’s learning space inventory. The existing classrooms will require comprehensive renovation – including hazardous materials abatement, demolition, new floor construction, finishes, lighting, A/V, HVAC, electrical and data distribution to spaces at Carroll Hall, Sitterson Hall, and Gardner Hall.

The project budget is \$5,000,000 and will be funded through Institutional Trust Funds.

The project was advertised on November 13, 2018. Fifteen (15) proposals were received. Four (4) firms were interviewed on November 30, 2018. 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, NC |
| 2. XXX | XXX, NC |
| 3. XXX | XXX, NC |

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

RECOMMENDED ACTION

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

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

ATTACHMENT D

DESIGNER SELECTION – BURNETT WOMACK CONFERENCE CENTER

The Burnett Womack Conference Center project will renovate approximately 3,200 gross square feet on the building's fourth floor to create a large (140-person capacity) classroom. New break and storage rooms will also be provided. As part of this project, upgrades are required to the existing toilet rooms to bring them into compliance with current accessibility codes.

The project budget is \$1,720,000 and will be funded through departmental reserves.

The project was advertised on October 26, 2018. Eleven (11) proposals were received. Three (3) firms were interviewed on December 18, 2018. 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, NC |
| 2. XXX | XXX, NC |
| 3. XXX | XXX, NC |

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

RECOMMENDED ACTION

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

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

ATTACHMENT E

DESIGNER SELECTION – LENOIR HALL OUTDOOR DINING

In an effort to relieve significant overcrowding during peak periods, this project will update the seating areas on the North and South Sides of Lenoir Hall, allowing for utilization of these areas during inclement weather.

The project budget is \$1,200,000 and will be funded through Auxiliary Trust Funds.

The project was advertised on December 17, 2018. Eight (8) proposals were received. Four (4) firms were interviewed on January 22, 2019. 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, NC |
| 2. XXX | XXX, NC |
| 3. XXX | XXX, NC |

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

RECOMMENDED ACTION

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

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

ATTACHMENT F

FOR INFORMATION – CARROLL HALL ADDITION (CURTIS MEDIA CENTER)

The School of Media and Journalism is seeking to build a roughly 13,000 gross square foot building adjacent to Carroll Hall to house flexible learning spaces, production studios, and technical support spaces. The project site, at the location of the current Phillips Annex, was approved at the November 2018 Board of Trustees meeting.

The anticipated project budget is \$6,600,000. The School of Media and Journalism has received gift commitments to fund this project.

RECOMMENDED ACTION

No formal action is requested at this time.

**STATUS OF CAPITAL IMPROVEMENT PROJECTS
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
FACILITIES SERVICES**

January 1, 2019

PROJECTS COMPLETED SINCE LAST REPORT (JULY 1, 2018)

1. Kenan Stadium Seating Enhancement Project (670)	\$7,000,000
2. Campus Wide Sidewalk Improvements for Pit Area Walkway (538)	\$2,450,000
3. Finley Fields – Practice Field Renovation and Expansion (608)	\$15,399,225
4. Emergency Declaration - Van Hecke-Wettach Asbestos (601)	\$7,362,895
5. New Women's Field Hockey Stadium and Field (656)	\$15,246,648
6. Smith Center Video Board (680)	\$6,000,000
7. Ambulatory Care Center – ASC Reception Waiting Upgrades (692)	\$930,307
8. ITS Manning Flywheel Installation (685)	\$825,000
Total	\$55,214,075

PROJECTS UNDER CONSTRUCTION:

Renovations to Mary Ellen Jones Building (501) - \$117,292,391

(Funding - University Non-Appropriated)

Construction began March 2016 and is 97% complete. Project completion is expected in January 2019.

Kenan Lab - Energy Conservation (543&599) - \$24,000,000

(Funding - University Non-Appropriated, University SL Debt, State COPS R&R, State Appropriations)

Kenan Lab Fire Alarm (543)

Construction began July 2017 and was completed October 2017.

Kenan Lab 7th & 8th Floor Renovation (599)

Construction began September 2017 and is 80% complete. Construction completion is expected March, 2019.

Beard Hall 2nd Floor Renovation (607) \$9,713,728

(Funding: University Non-Appropriated)

Construction began October, 2018 and is 5% complete. Project completion is expected in November, 2019.

Davis Library Sprinklers and Fire Alarm Panel Replacement (551) - \$8,627,500

(Funding - University Non-Appropriated)

Construction began June 2017 and is 88% complete. Construction completion is expected February 2019.

Cheek Clark – Emergency Declaration Repair Roof Structure and Renovation (598) \$6,078,825.00**(Funding: University Non-Appropriated)**

Construction began June 2017 and is 98% complete. Construction completion is expected January 2019.

Fetzer Field Renovation/Indoor Practice Facility (610&611) \$55,000,000**(Funding: Educational Foundation)**

Construction began June 2017 and is 95% complete. Construction completion is expected April 2019.

Morehead Planetarium and Health Science Library elevator modernization (627) \$1,170,000.00**(Funding: State Appropriated – Repair & Renovation)**

Construction began October 2017 and is 75% complete. Construction completion is expected April 2019.

Built – Up Roof Replacement & Envelope Repairs – Hanes Art Center (626) \$1,160,000**(Funding: State Appropriated – Repair & Renovation)**

Construction began May 2018 and is 95% complete. Construction completion is expected January 2019.

Taylor Campus Health Sports Medicine and Specialty Clinics Renov (642) \$2,645,000**(Funding - University Non-Appropriated)**

Construction began December 2018 and is 2% complete. Construction completion is expected December 2019.

Everett, Lewis, and Stacy Window & HVAC Improvements (643) \$9,243,404.00**(Funding - University Non-Appropriated)**

Construction began May 2018 and is 75% complete. Evrette & Lewis were completed over summer 2018. Stacy construction is scheduled for summer 2019.

Mountain Area Health Education Center (637) \$8,000,000**(Funding – State Appropriated)**

Construction began December 2017 and is 95% complete. Shell construction completion is expected January 2019. Upfit of building began December 2018 and will be a separate contract through MAHEC Foundation.

Medical Education Bldg- Berryhill Vivarium Migration (644) \$21,140,000**(Funding - University Non-Appropriated; State Bond)**

Construction began March 2018 and is 45% complete. Construction completion is expected December 2019.

Media and Communications Studio (657) \$10,000,000**(Funding – University Non-Appropriated)**

Construction began June 2018 and is 25% complete. Construction completion is expected May 2019.

Kenan Flagler School of Business 1st, 2nd and 4th floor Renovations (667) - \$1,651,197.00**(Funding – University Non-Appropriated)**

Construction began June 2018 and is 90% complete. Construction completion is expected January 2019.

Glaxo Research Bldg- Infrastruct Support for Cryo-Electron Micro (671) - \$850,000

(Funding – University Non-Appropriated)

Construction began August 2018 and is 90% complete. Construction completion is expected January 2019.

Carolina Union Auditorium Renovation (673) - \$2,300,000

(Funding – University Non-Appropriated)

Construction began December 2018 and is 5% complete. Construction completion is expected May 2019.

Chase Dining Hall Second Floor Renovation (613) \$4,404,402.22

(Funding: University Non-Appropriated)

Construction began January 2019. Construction completion is expected August 2019.

Kenan Stadium – Backflow Preventers and Booster Pumps (691) - \$900,000

(Funding – University Non-Appropriated)

Construction began January 2019. Construction completion is expected March 2019.

Wilson Library Slate Roof, Dome Roofing Replacement, and Envelope Repair (623) \$2,495,000

(Funding: State Appropriated – Repair & Renovation)

Construction began December 2018. Construction completion is expected June 2019.

PROJECTS IN DESIGN:

Burnett Womack 4th Floor Renovation (668) - \$976,677

(Funding – University Non-Appropriated)

Project is in Schematic Design phase.

Craige Parking Deck – Exterior Improvements (368) - \$35,711,600.00

(Funding - University Non-Appropriated)

Artist selection process underway.

Cogeneration Environmental Site Investigation/Remediation (467) - \$774,000

(Funding - University Non-Appropriated)

Site survey underway.

Campus Way Finding Signage (514) - \$2,466,250

(Funding - University Non-Appropriated)

Project is on hold.

Sitterson Bus Stop (541) - \$700,000

(Funding - University Non-Appropriated)

Project is on hold.

Power Generation & Chilled Water Plant Addition (547) - \$106,307,988

(Funding - University Non-Appropriated)

Project is on hold.

Campus Master Plan (570) - \$2,150,000

(Funding - University Non-Appropriated)

Draft plan presented to Board of Trustees in May, 2018.

Morehead Planetarium Building, Renovation of Classrooms, Offices (585) \$8,076,122.00

(Funding – Foundation/gifts)

Project in Bidding Phase.

Campus Safety Upgrade (588) \$4,750,000

(Funding: University Non-Appropriated)

Project Phase I – Camera & TV upgrades- is on hold.

Wilson Hall Annex (603) \$31,450,173

(Funding: University Non-Appropriated)

Project is on hold.

Install Fire Alarm Panels in (4) Buildings (619) \$811,500

(Funding: State Appropriated – Repair & Renovation)

Project on hold. Bids were opened and exceeded project budget. Have received R&R supplement. Will re-bid for Summer 2019 and 2020 construction.

Medical Education Building Replacement (633) \$78,600,000

(Funding: State Bond)

Project is in Construction Documents phase.

Horace William Airport Property Solar and Energy Storage Demo (645) \$1,700,310

(Funding – University debt)

Project is in Construction Documents phase

Taylor Air Flow Reduction Energy Project (653) \$520,000.

(Funding - University Non-Appropriated)

Project is in Construction Documents phase.

Thurston Bowles Air Flow Reduction Energy Project (654) \$1,300,000.

(Funding - University Non-Appropriated)

Project is in Construction Documents phase.

New East – Install New ADA Compliant Elevator (655) \$1,650,000

(Funding – State Appropriation)

Project is in Construction Documents phase.

Science Complex III & Institute of Convergent Science (658) \$500,000

(Funding – University Non-Appropriated)

Project is in programming phase.

Translational Research Building (659) - \$2,400,000.00

(Funding – University Non-Appropriated)

Project is in programming phase.

Marsico Hall – Mechanical, Electrical, and Plumbing Upfits & Recommissioning (663) - \$800,000

(Funding – State COPS)

Project is in schematic design phase.

Lineberger Cancer Center- Faculty Recruitment Lab Renovation (664) - \$1,400,000

(Funding – University Non-Appropriated)

Project is in Schematic Design phase.

Marsico Quad Improvements (665) - \$200,000

(Funding – State COPS)

Project is on hold.

Kenan Flagler School of Business McColl Bldg Addition & Renovation (666) - \$1,000,000

(Funding – State Appropriation)

Project is in Advanced Planning phase.

UNC Parking Decks- LED Lighting Safety Upgrades (669) - \$896,000

(Funding – University Non-Appropriated)

Project is in Bidding phase.

UNC School of Media & Journalism - Media & Communication Studio (672) - \$600,000

(Funding – University Non-Appropriated)

Project is in Schematic Design phase.

UNC Chapel Hill Outdoor Education Center Pond Retrofit (674) - \$475,000

(Funding – University Non-Appropriated/Fund Raising)

Project is in Construction Documents phase.

Cameron Cogen – Dry Sorbent Injection System (675) - \$5,000,000

(Funding – University Non-Appropriated)

Project is in Design/Build. First bid package awarded.

Foundation Water Proofing - Ackland Art Museum (676) - \$400,000

(Funding – State Appropriation)

Preliminary design is complete and in review.

Supplement to Replace Laboratory Ventilation System Morehead Lab (677) - \$845,000

(Funding – State Appropriation)

Project is in Schematic Design/Design Development.

Replace Electrical Switchgear - Mitchell Hall, Dey Hall (678) - \$200,000

(Funding – State Appropriation)

Reevaluating electrical upgrade priorities.

Art Lab Building Roof Replacement and Fall Protection (679) - \$285,678

(Funding – State Appropriation)

Scope has been changed to Ventilation Upgrades (safety priority). Project is in Designer Award.

Carmicheal Residence Hall Deck (681) - \$849,660

(Funding – University Non-Appropriated)

Project is on Hold after Design Development phase was completed.

Institute of Marine Sciences Fisheries Research Lab (682) - \$380,598

(Funding – University Non-Appropriated)

Project is in Design Development.

Joyner Residence Hall HVAC Improvements (683) - \$6,616,825

(Funding – University Non-Appropriated)

Project is in schematic design.

Kenan Stadium – Fire Alarm Upgrades (684) - \$1,060,000

(Funding – University Non-Appropriated)

Project is in Designer Selection.

Carmichael Residence Hall Curtain Wall Replacement (687) - \$2,501,730

(Funding – University Non-Appropriated)

Project is on hold.

Chase Hall Second Floor Renovation (688) - \$980,247

(Funding – University Non-Appropriated)

Project is on hold.

Friday Center Bus Loop Road Repair (689) - \$400,000

(Funding – University Non-Appropriated)

Project is at SCO Review.

Parking Deck at S1 Lot (690) - \$1,300,000

(Funding – University Non-Appropriated)

Project is in the Schematic Design phase..

NRB MBRB Vivarium Enabling Project Renovations (693) - \$850,000

(Funding – University Debt)

Project is in design development phase.

West Drive Street Improvements (694) - \$650,000

(Funding – State COPS)

Project is on hold until ME Jones is substantially completed.

School of Dentistry Pipe Remediation (696) - \$150,000

(Funding – University Non-Appropriated)

Project is in designer selection phase.

Hwy 54 Park& Ride Lot Stormwater Pond Repair&Retrofit (697) - \$330,000

(Funding – University Non-Appropriated)

Project is in design.

Ambulatory Care Center – Musculoskeletal Enhancement Service - \$7,177,219

(Funding – UNC Chapel Hill Hospital)

Project is in construction documents phase.

Koury Dental Tarrson Hall Amalgam Separator & Recevier (698) - \$300,000

(Funding: State Appropriated – Repair & Renovation)

Project is in the Schematic Design phase.

Cooper Telecommunication Replacement Phase 1 (699)- \$100,000

(Funding: State Appropriated – Repair & Renovation)

High Frequency Throughput Sequencing Facility Relocation (700)- \$675,000

(Funding: University Non-Appropriated)

Project is in the Schematic Design phase.

UNC Vistors Center (701)- \$347,721

(Funding – University Non-Appropriated)

Morehead Planetarium and Science Center Roof Repair (702) - \$250,000

(Funding: State Appropriated – Repair & Renovation)

Project is in the Bidding phase.

Institute of Marine Science (IMS) (703)- \$720,604

(Funding: State Appropriated – Repair & Renovation)

Art Lab HVAC and Electrical Systems Improve & Modify Restroom (704) -\$1,220,000

(Funding: State Appropriated – Repair & Renovation)

Project is in the Schematic Design phase.

Peabody Hall-Replace Wheelchair Lift (705)- \$45,000

(Funding: State Appropriated – Repair & Renovation)

Replace Firm Alarm- Dey Hall, Hanes Hall, 134 East Franklin (706)- \$148,000

(Funding: State Appropriated – Repair & Renovation)

Carrington Hall Abate Abestos, Replace Wall, floor, Lighting (707) -\$426,600

(Funding: State Appropriated – Repair & Renovation)

Project is in the Designer Selection phase.

Kenan Labs- Replace Main Distribution Electrical Panel (708) - \$750,000

(Funding: State Appropriated – Repair & Renovation)

Burnett Womack Conference Center (709)- \$ 1,720,000

(Funding – University Non-Appropriated)

Project is in the Designer Selection phase.

Tarrson Hall Medical Gas Alarm System (710)- \$450,000

(Funding – University Non-Appropriated)

Swain Hall Emergency Repairs (711)- \$500,000

(Funding: State Appropriated – Repair & Renovation)

Morehead Chemistry Teaching Labs (712)- \$1,000,000

(Funding – University Non-Appropriated)

Project is in the Designer Selection phase.

Classroom Renewal (713)- \$5,000,000

(Funding – University Non-Appropriated)

Project is in the Designer Selection phase.

School of Dentistry New Programs (714)- \$15,000,000

(Funding – University Non-Appropriated/Fund Raising)

Project is in the Designer Selection phase.

National Pan-Hellenic Council Garden (NPHC) (715)- \$750,000

(Funding – Fund Raising)

Project is in the Designer Selection phase.

Lenoir Outdoor Dining Improvements (716) - \$1,200,000

(Funding – University Non-Appropriated)

Project is in the Designer Selection phase.

SUMMARY OF MAJOR CAPITAL IMPROVEMENT ACTIVITY:

	<u>No. of Projects</u>	<u>Dollar Value</u>
Completed since 7/2018	9	\$ 55,214,075
Under Construction	20	\$ 286,671,447
In Design	62	\$ 346,795,502

HISTORICAL RECORD OF ACTIVITY:

<u>UNDER CONSTRUCTION</u>			<u>IN DESIGN</u>	
<u>Date</u>	<u>No. of Projects</u>	<u>Dollar Value</u>	<u>No. of Projects</u>	<u>Dollar Value</u>
Feb. 1987	14	\$ 39,924,000	27	\$183,061,220
Aug. 1987	13	\$ 26,817,520	25	\$210,316,100
Feb. 1988	12	\$ 42,354,520	26	\$222,477,900
Aug. 1988	14	\$ 61,721,870	34	\$254,328,430
Feb. 1989	15	\$157,882,770	40	\$168,321,630
Aug. 1989	20	\$158,003,370	29	\$170,550,730
Feb. 1990	18	\$153,331,770	34	\$174,785,500
Aug. 1990	14	\$161,479,980	29	\$165,398,600
Feb. 1991	10	\$191,489,780	26	\$147,486,500
Aug. 1991	11	\$202,564,380	28	\$132,000,800
Jan. 1992	9	\$193,656,480	31	\$123,015,800
Aug. 1992	16	\$196,850,380	25	\$132,470,400
Jan. 1993	15	\$178,790,400	27	\$137,062,000
July 1993	9	\$ 91,072,000	21	\$121,141,100
Jan. 1994	6	\$ 90,707,300	33	\$154,615,300
July 1994	15	\$101,999,300	28	\$147,370,700
Jan. 1995	13	\$ 66,320,700	52	\$175,385,600
July 1995	14	\$101,192,800	46	\$164,311,800
Jan. 1996	11	\$ 89,901,800	67	\$246,980,600
July 1996	17	\$ 92,701,100	61	\$299,168,300
Jan. 1997	19	\$131,072,400	63	\$282,872,700
July 1997	37	\$235,425,600	44	\$223,235,350
Jan. 1998	33	\$158,837,100	50	\$278,691,575
July 1998	36	\$183,705,300	43	\$285,946,375
Jan. 1999	26	\$153,298,200	42	\$314,955,275
July 1999	20	\$175,689,300	44	\$374,499,175
Jan. 2000	18	\$173,787,000	38	\$380,677,875
July 2000	20	\$171,732,100	44	\$402,994,475
Jan. 2001	20	\$265,311,575	56	\$255,342,400
July 2001	30	\$277,577,875	57	\$509,245,260
Jan. 2002	28	\$282,315,475	51	\$533,569,700
July 2002	25	\$297,186,000	51	\$533,569,700
Jan. 2003	18	\$246,220,200	52	\$700,266,390
July 2003	15	\$239,095,165	58	\$677,135,478
Jan. 2004	18	\$345,073,797	59	\$607,602,868
July 2004	24	\$435,597,765	61	\$837,011,823
Jan. 2005	32	\$540,484,649	77	\$997,282,175
July 2005	42	\$604,951,066	62	\$848,018,466
Jan. 2006	39	\$606,059,278	50	\$681,154,808
July 2006	36	\$753,387,157	55	\$697,916,808
Jan. 2007	39	\$493,513,761	60	\$729,086,980
July 2007	38	\$559,519,076	50	\$586,321,980
Jan. 2008	29	\$510,723,322	46	\$733,693,000
July 2008	27	\$570,815,114	51	\$715,328,000
Jan. 2009	25	\$429,973,546	47	\$906,213,000
July 2009	24	\$633,089,281	40	\$577,740,422
Jan. 2010	18	\$600,252,605	22	\$409,120,032
July 2010	18	\$618,429,022	32	\$539,620,032
Jan. 2011	15	\$605,745,206	30	\$474,190,032
July 2011	19	\$802,905,823	28	\$292,000,000
Jan. 2012	15	\$742,125,183	28	\$313,100,000
July 2012	17	\$655,508,823	31	\$309,600,000
Jan. 2013	12	\$550,585,206	34	\$389,726,000
July 2013	10	\$311,575,000	34	\$334,449,095
Jan. 2014	9	\$338,372,095	45	\$337,177,000
July 2014	14	\$349,553,714	42	\$376,843,592
Jan. 2015	19	\$377,846,839	50	\$423,639,550
July 2015	17	\$365,166,669	48	\$304,163,543
Jan. 2016	12	\$333,622,316	46	\$324,057,991
July 2016	29	\$434,745,367	43	\$341,359,544
Jan. 2017	18	\$175,227,717	37	\$372,416,500
July 2017	22	\$266,078,688	32	\$349,812,207
Jan. 2018	18	\$274,080,528	29	\$344,807,071
July 2018	19	\$304,079,288	52	\$310,406,734
Jan. 2019	20	\$286,671,447	62	\$346,795,502

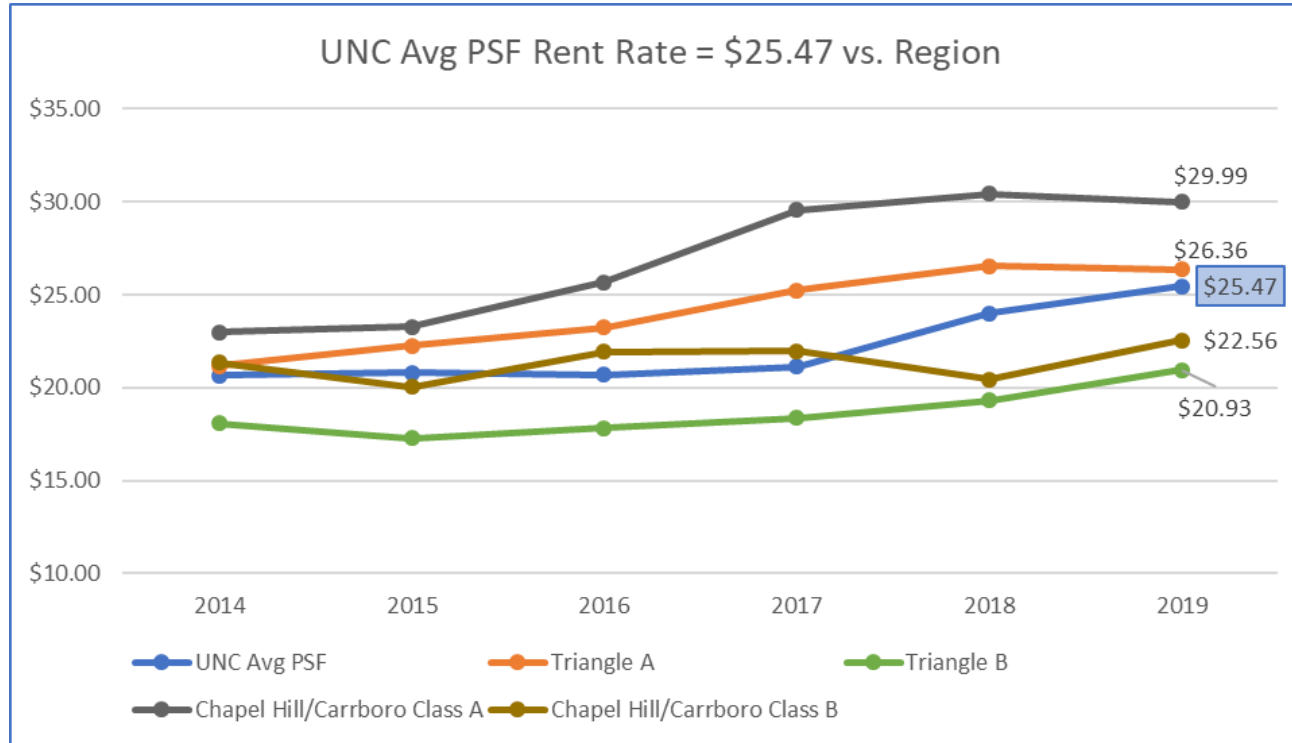
Real Estate Operations Board of Trustees January 30, 2019

- 2018 Lease Review

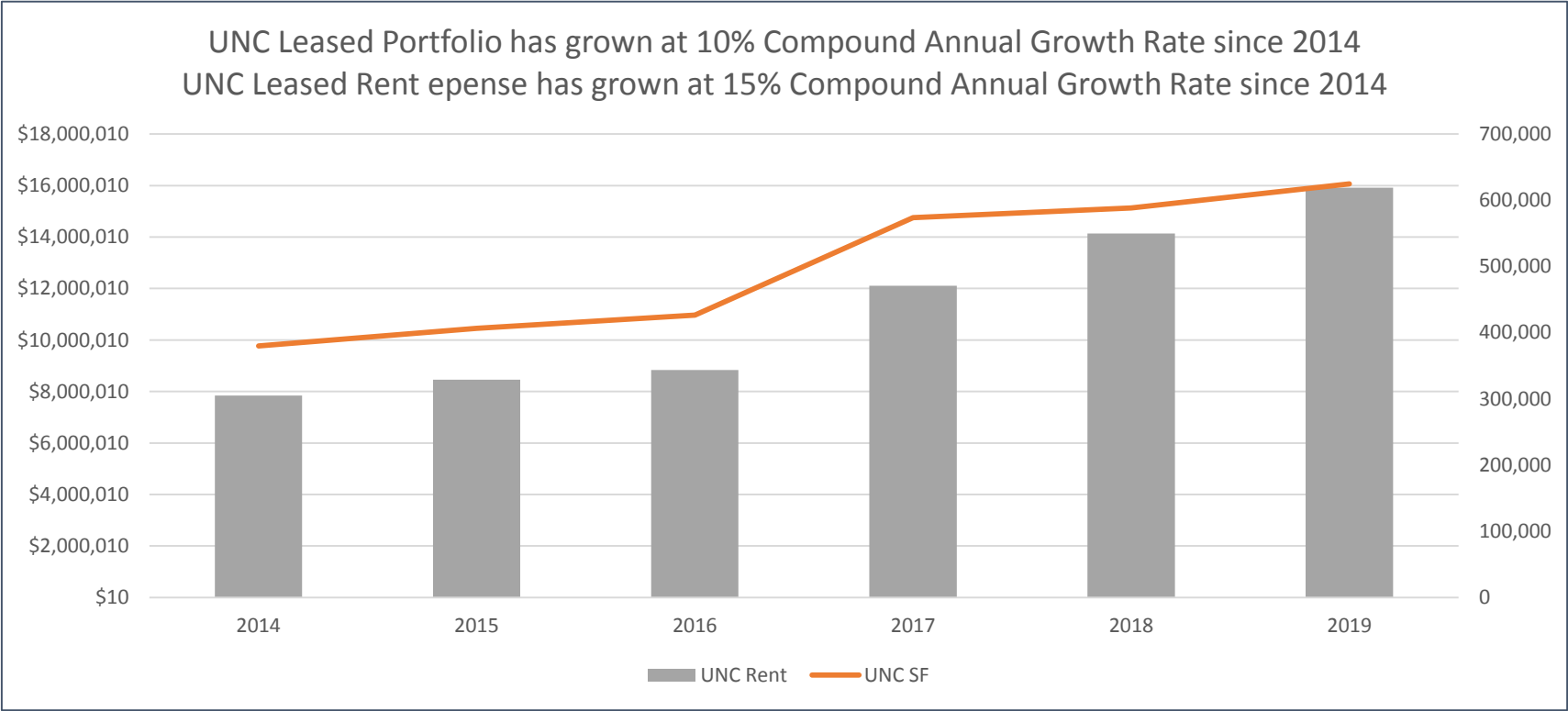
2018 Lease Review

School	Leases	RSF	Annual Rent
Chancellor's Office	4	9,163	\$184,401
College of Arts and Sciences	2	8,045	\$170,794
Communications	2	9,874	\$125,314
Division of Finance and Operations	1	17,864	\$416,942
Human Resources	1	2,686	\$69,164
North Carolina Botanical Garden	1	250	\$5,100
Office of University Development	2	14,270	\$285,940
Provost Office	4	13,111	\$282,889
School of Education	1	2,797	\$51,771
School of Law	1	200	\$6,600
School of Medicine	23	118,433	\$2,719,438
School of Pharmacy	2	7,688	\$269,983
School of Public Health	6	165,362	\$4,705,130
School of Social Work	1	250	\$2,748
VC for Innovation, Entrepreneurship & ED	2	7,143	\$171,803
Vice Chancellor for Research	14	240,569	\$6,216,999
VC for Workforce Strategy, Equity and Engagement	2	7,081	\$225,241
Total	69	624,786	\$15,910,257

UNC Avg PSF Rent Rate = \$25.47



Growth in UNC Leased Portfolio since 2014



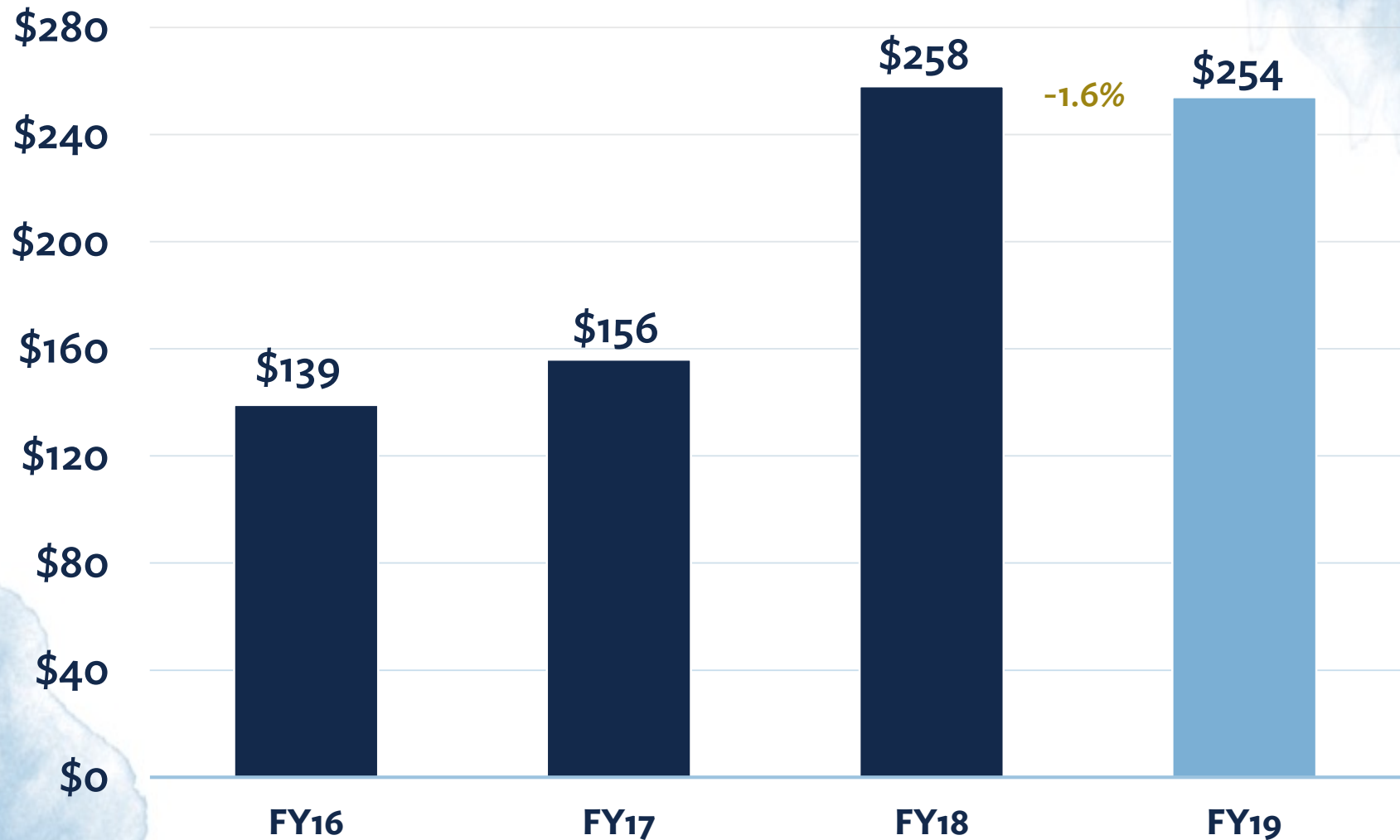


• *the* CAMPAIGN *for* CAROLINA •

David S. Routh

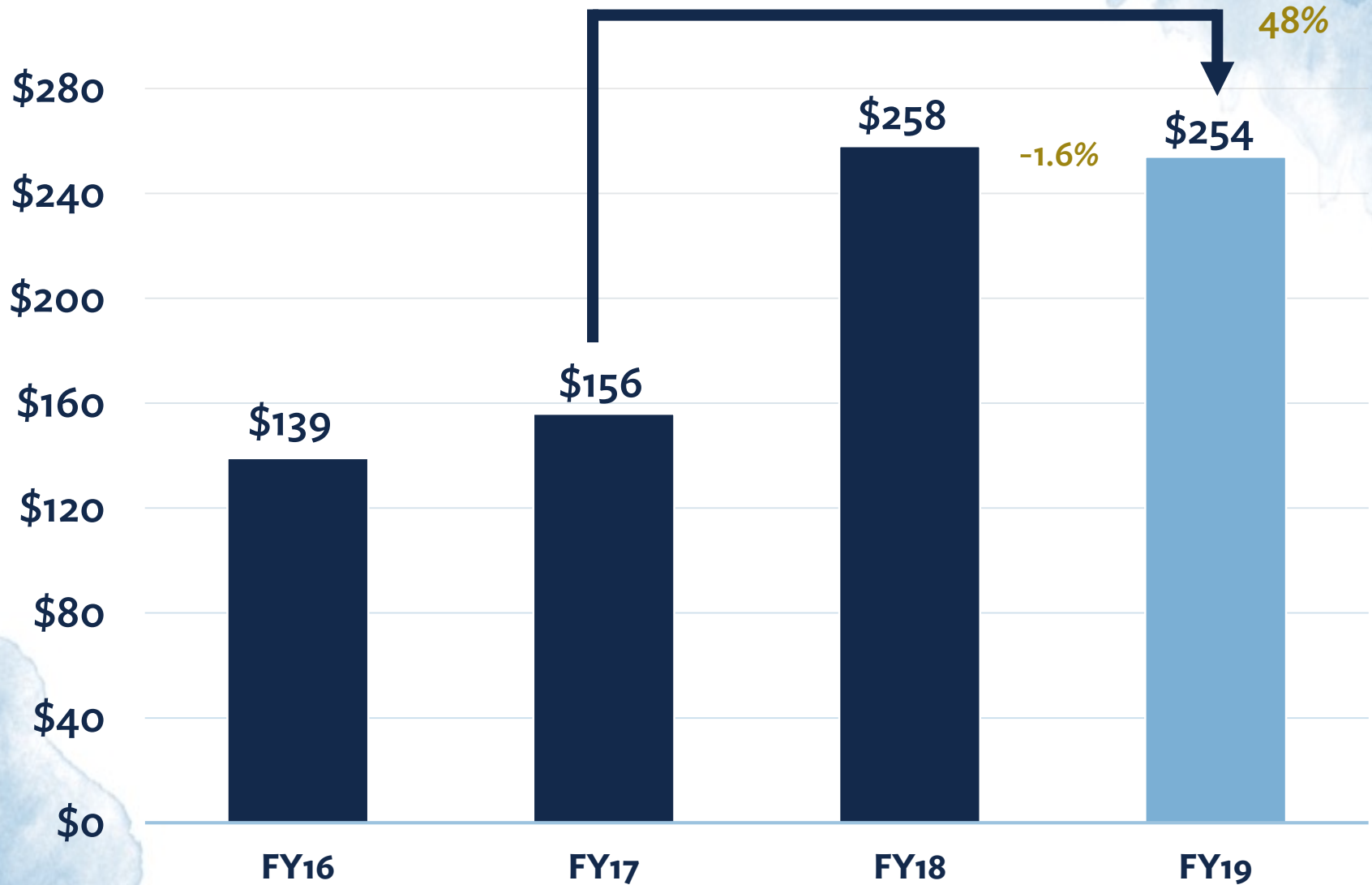
Vice Chancellor for Development

New Cash & Commitments Totals *FYTD 1/7/19*



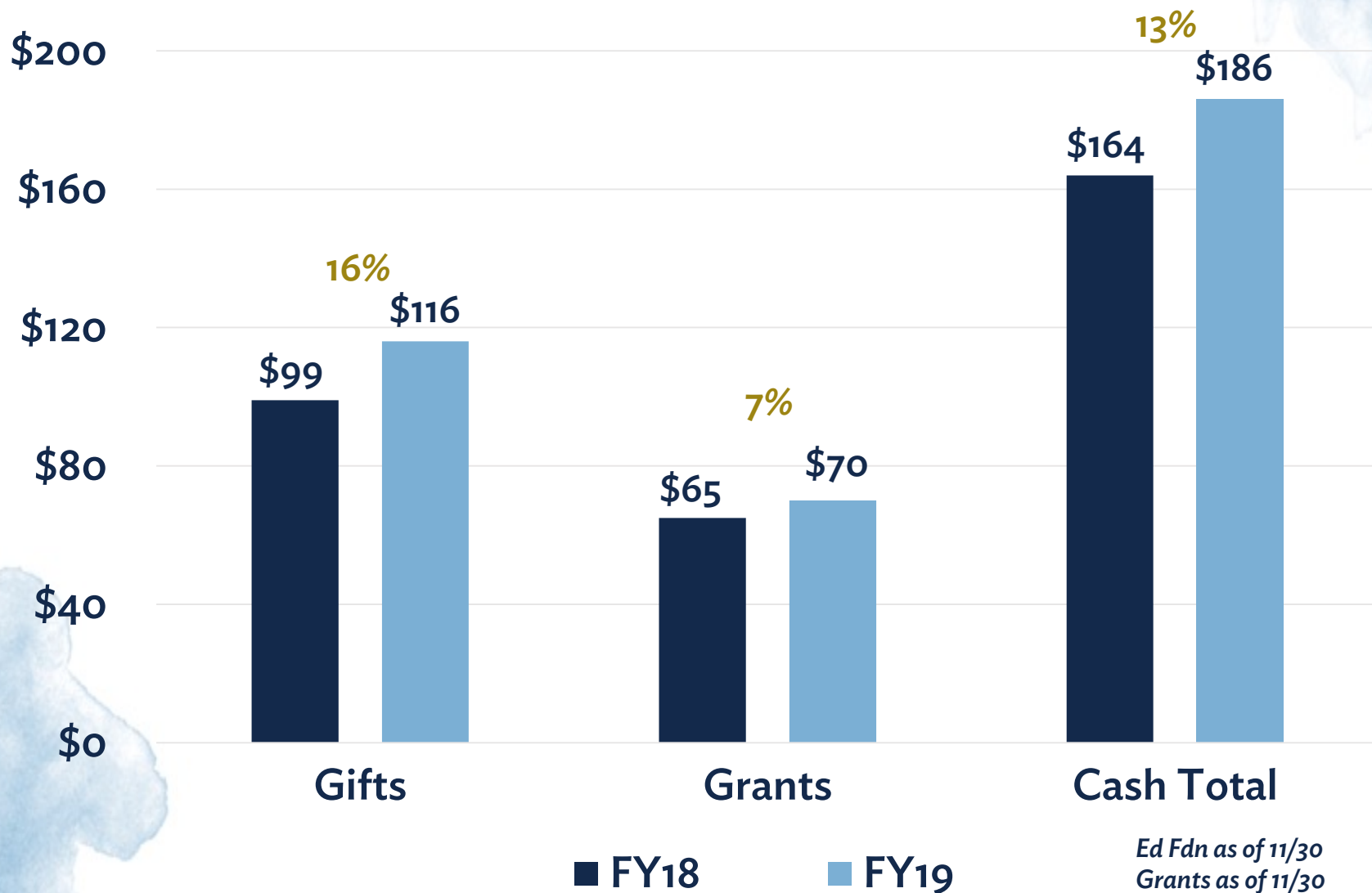
Ed Fdn through 11/30
Grants through 11/30
Amounts in millions

New Cash & Commitments Totals *FYTD 1/7/19*



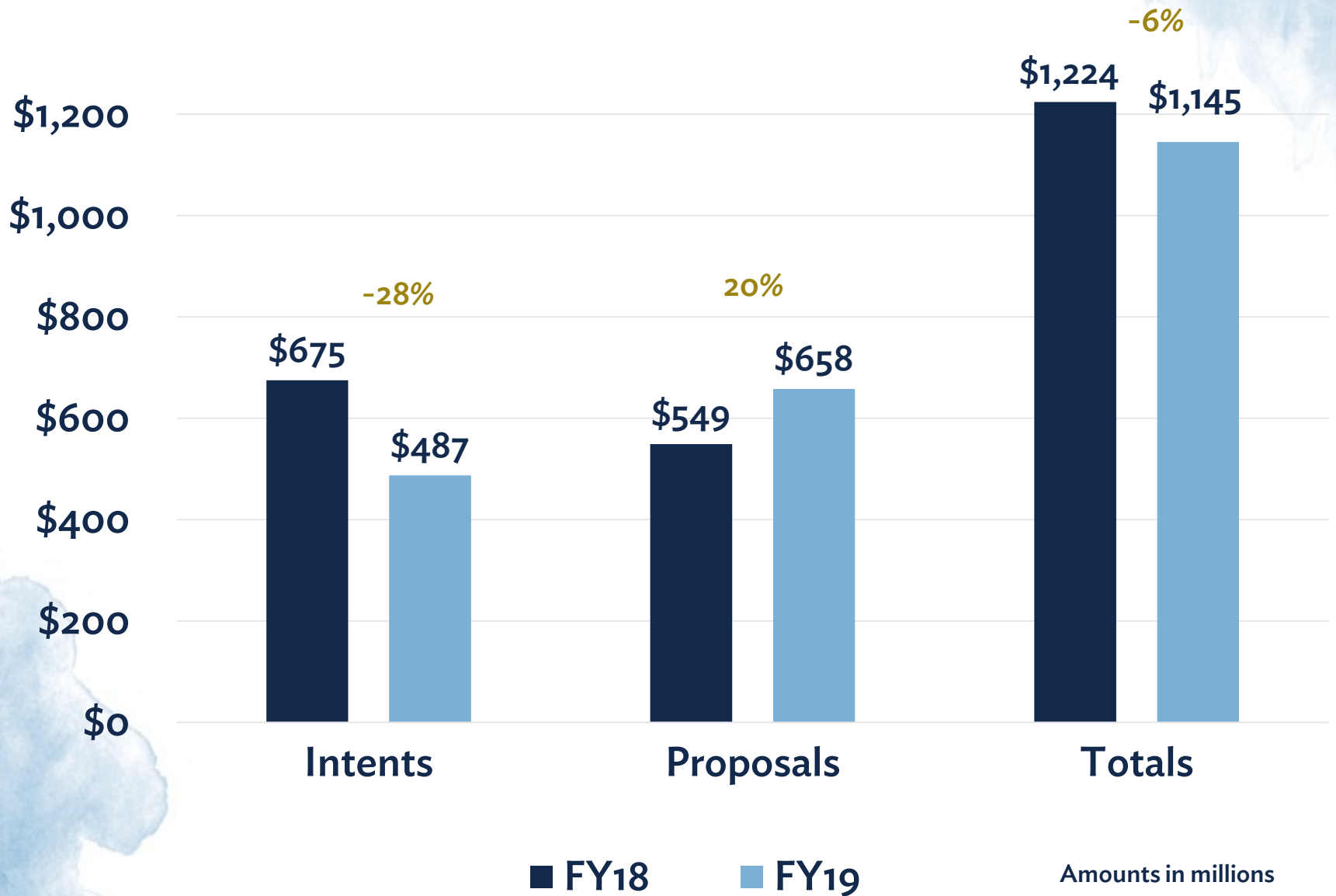
Ed Fdn through 11/30
Grants through 11/30
Amounts in millions

Cash Totals *FYTD 1/7/19*



*Ed Fdn as of 11/30
Grants as of 11/30
Amounts in millions*

Pipeline *FYTD 1/1/19*



• the CAMPAIGN for CAROLINA •
Campaign Dashboard

DATA AS OF Jan. 14, 2019

\$2,468,599,118

TOTAL CAMPAIGN ACTIVITY

PERCENT TO
GOAL

58%

TIME
ELAPSED

50%

TOTAL
DONORS

157,896

ALUMNI
PARTICIPATION

25%

Campaign Pillars



\$863M

THE NEW
GRADUATE

\$347M

THE 21ST C.
PROFESSORiate

\$1.25B

A CULTURE
OF INNOVATION

\$748M

SIGNATURE
INITIATIVES

Unit Progress

		Goal
ACK	31%	\$250M
ATHL	50%	\$500M
CAS	53%	\$750M
CCPS	83%	\$6M
CPA	72%	\$25M
DENT	51%	\$50M
EDU	33%	\$35M
GOV	31%	\$50M
GRAD	73%	\$10M
IE	41%	\$12M
KFBS	42%	\$400M
LAW	49%	\$75M
LIB	64%	\$50M
MCF	59%	\$75M
MED	63%	\$1B
MJ	54%	\$75M
MPSC	63%	\$20M
NCBG	60%	\$30M
NRI	78%	\$3M
NURS	89%	\$22M
OSSA	31%	\$400M
PHARM	85%	\$175M
SAFF	43%	\$15M
SILS	71%	\$20M
SPH	71%	\$200M
SSW	34%	\$23M



• *the* CAMPAIGN *for* CAROLINA •

David S. Routh

Vice Chancellor for Development

REPORT TO THE FINANCE,
INFRASTRUCTURE, AND
AUDIT COMMITTEE
OF THE
BOARD OF TRUSTEES

Internal Audit Department

University of North Carolina
at Chapel Hill

January 30, 2019

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

Project Name project type	Not Started	Planning	Process Review	Test Work	Draft Report	Complete	Deferred	Comments
Scheduled Audits and Annual Projects								
Prior Audit Findings 2017 <i>Follow-up</i>						✓		See Follow-up Projects Completed table.
Electrical Distribution Services Equipment <i>Operational efficiency</i>						✓		<p>Review of processes used to identify the need for and justify the acquisition of equipment, for monitoring use of existing equipment, and for monitoring mileage of rolling stock.</p> <p>We found that management of equipment was conducted in a traditional and informal manner. Attention was given to keeping machinery inspected, compliant with regulations from DOT and OSHA, and well-maintained.</p> <p>However, usage records were not consolidated and reviewed regularly to assure that equipment was utilized efficiently and effectively. Usage statistics such as these can provide input to assist management in purchase versus rent decisions.</p> <p>Also, fuel consumption by equipment was not being tracked over time and analyzed for inefficiencies or waste and fuel loaded into the on-site diesel tank to the fuel pumped into EDS service trucks.</p> <p>Management agreed with the findings and plans to have resolutions in place by fiscal year 2019/20.</p>
Chemistry Department <i>Financial/compliance/operational</i>				✓				Departmental audit that focuses on processes and controls related to research service centers, management of sponsored projects, payments to employees, use of purchasing cards, management of the instructional budget, and hiring practices.

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

Project Name project type	Not Started	Planning	Process Review	Test Work	Draft Report	Complete	Deferred	Comments
Trustee Orientation <i>Strategic/governance</i>		✓						<p>Assessment of information and training provided to Board of Trustee members. The Board of Trustees is one of the cornerstones of the University's governance structure.</p> <p>The auditor who was in charge of the project left the University before it was completed. It has been assigned to another staff member to complete.</p>
System Outage Response <i>IT/operational</i>		✓						Assessment of plans and processes used to identify, respond to, triage, and resolve outages of IT systems.
Athletic Ticket Office <i>Financial/compliance/IT general controls</i>		✓						Requested by management. A financial and compliance review of operations of the Athletic Ticket Office. Will include an IT general control review of the Paciolan ticket system.
Intellectual Property Management <i>Strategic/operational</i>	✓							<p>Assessment of processes for:</p> <ul style="list-style-type: none"> • Making campus aware of the services that the Office of Innovation, Entrepreneurship, and Economic Development provides & measuring awareness. • Matching royalties received to the related invention and allocating royalty funds. • Managing cash flow related to IPOs and other stocks sales.
Sponsored Awards – Cost Management <i>Financial/compliance/operational</i>							✓	<p><u>Project deferred at the request of the Office of Sponsored Research (OSR) and senior management after receiving notice that the NSF will conduct a routine, regulatory review of OSR in FY 2018/19. This review will require significant time and effort by OSR staff.</u></p> <p>Review and assessment of processes used to manage costs charged to sponsored awards.</p>

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

Project Name <i>project type</i>	Not Started	Planning	Process Review	Test Work	Draft Report	Complete	Deferred	Comments
								<p>Project will focus on controls designed to assess the allowability and allocability of costs, particularly the use of CaseWare software for data mining and analysis of PCard transactions charged to sponsored funds.</p> <p>One objective is to assess the feasibility of expanding use of CaseWare to other types of transactions and, university-wide, for other types of funds.</p>
UNC Business Compliance Program 2019 <i>Compliance</i>	✓							Work with team from the UNC System Office as they assess controls and processes in areas related to activities monitored with Key Performance Indicators.
Internal Quality Assessment Review <i>Other</i>	✓							Required annual review to assess the internal audit unit's level of conformance with <i>The International Standards for the Professional Practice of Internal Auditing</i> .
2019/20 Risk Assessment & Audit Plan <i>Other</i>	✓							Process used to select units and activities for inclusion in the 2019/20 audit schedule.
2018 State Audit <i>Coordination of effort</i>				✓				Interaction with the team from the Office of the State Auditor as they perform the FY 2018 financial and federal compliance audits.
Unscheduled Projects								
Pest Control Contract <i>Investigative/compliance</i>							✓	Initiated based on anonymous allegations of improper procurement of pest control services and conflicts of interest arising from the hire of an UNC-CH employee from an external service provider. The allegations were found to be without merit.

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

Project Name project type	Not Started	Planning	Process Review	Test Work	Draft Report	Complete	Deferred	Comments
Sexuality Studies <i>Investigative/financial</i>							✓	Initiated based on allegations of improper use of a designated gift. Our review and analysis of transactions and processes related to managing and allocating gifts showed the allegations to be without merit.
Historically Under-utilized Businesses August 2018 <i>Compliance/operational</i>							✓	Review of processes used to promote and encourage full and open competition, promote equal access to participate in the University's construction projects and ensure compliance with policy reporting requirements related to this program. We anticipated that this project would be completed by July 2018. However, the auditor who was in charge of the project left the University before it was completed. The project has been out-sourced to an audit/consulting firm.
#512 – UNC Core September 2018 <i>Follow-up</i>							✓	See Follow-up Projects Completed table.
#463 – Auxiliary Services October 2018 <i>Follow-up</i>							✓	See Follow-up Projects Completed table.
2017 State IT Audit October 2018 <i>Follow-up</i>			✓					Continuing work to monitor progress toward correcting findings from the 2017 IT General Controls review done by the Office of the State Auditor.
#452 – Recharge Center Function October 2018 <i>Follow-up</i>		✓						One finding due for correction.
#481 – Management of Sponsored Awards October 2018 <i>Follow-up</i>		✓						One finding due for correction.
#490 – Auxiliaries & Facilities October 2018		✓						One finding due for correction.

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

Project Name project type	Not Started	Planning	Process Review	Test Work	Draft Report	Complete	Deferred	Comments
<i>Follow-up</i>								
#499a – EPAP & Faculty Leave of Absence October 2018 <i>Follow-up</i>				✓				Three findings due for correction.
#502 – Law – Faculty Course Load October 2018 <i>Follow-up</i>		✓						One finding due for correction.
#503 – National Joint Powers Alliance October 2018 <i>Follow-up</i>		✓						One finding due for correction.
#504 – Orthodontics October 2018 <i>Follow-up</i>		✓						One finding due for correction.
#515 – Lineberger Cameras October 2018 <i>Follow-up</i>		✓						One finding due for correction.

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

FOLLOW-UP PROJECTS COMPLETED

Original Report # & Project Name	# of Findings	Corrected/ Resolved	Satisfactory Progress	Unsatisfactory Progress	Risk Accepted
#465 - Sponsored Research Billing and Receivables	4	3	1	-	-
#477 - Environmental Sciences and Engineering	10	10	-	-	-
#478 - Special Review – Neurology	7	4	3	-	-
#479 - School of Dentistry	8	6	2	-	-
#484 - Special Review - Electrical Distribution Services	5	4	1	-	-
#487 - Environmental Sciences and Engineering 2015	8	8	-	-	-
#497b - Special Review – Radiology	1	1	-	-	-
#463 - Auxiliary Services	1	1	-	-	-
#512 – UNC Core	1	1	-	-	-

UNC-Chapel Hill Internal Audit

Summary of Audit Activities

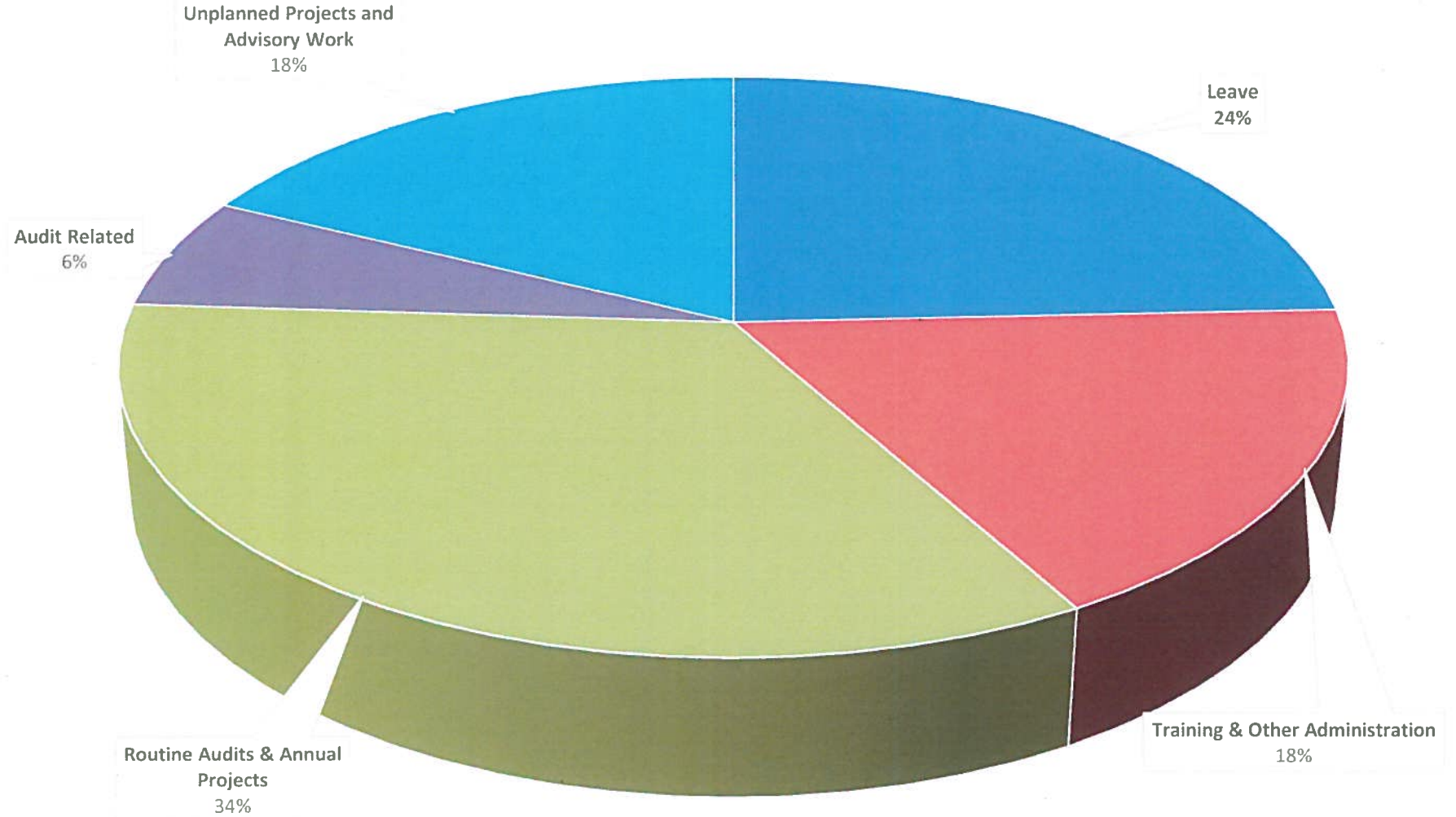
FY 2019 – August 20 through November 30, 2018 (excludes projects completed before 08/20/18)

ADVISORY PROJECTS

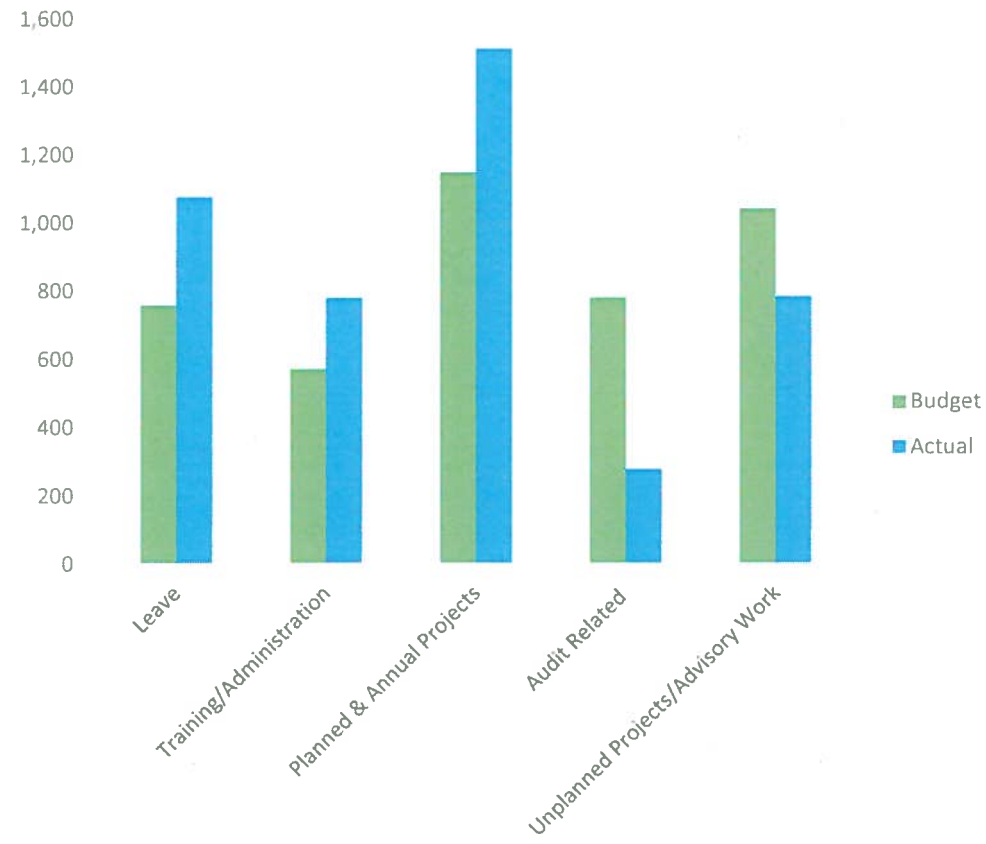
Activity	Description
Carolina Ethics Line Stakeholders	Team of individuals who are primarily contacts for issues reported to the Carolina Ethics Line, UNC-CH's anonymous reporting service managed by NAVAX/EthicsPoint. Discusses nature of incidents reported, tips for managing report, etc.
CERTIFI	Monitors regulatory statutes and contractual obligations specific to the Payment Card Industry Security Standards Council, NACHA and electronic commerce (eCommerce), as well as requirements set forth by the North Carolina Office of the State Controller and North Carolina State legislature. It recommends actions, develops policies, and informs University leadership of University business practices in need of change to ensure regulatory compliance.
Enterprise Data Coordinating Committee	Advises regarding data stewardship and management.
Information Security Liaisons	Representatives from each campus department who act as intermediaries with the Information Security Office. Assist business units in implementing information security policies and information security initiatives and in responding to data breach incidents, all in close coordination with the Information Security Office.
Integrity Advisors	Team of individuals from across campus who are involved in promoting ethics and integrity. Discusses ways to promote ethical behavior. Working to develop a statement of shared values.
Policy Liaisons	Reviews and advises on proposed new policy, procedures, and standards and revisions to existing ones. Most reviews and comments are done/made on-line between meetings.
PRIMA - Enterprise Risk Management	Initiative led by UNC System Office to establish ERM programs on each UNC campus.
Privacy Liaisons	Assesses overall privacy and security issues, input and update Business Associate Agreements into UNC Repository; discusses HIPAA breach investigations and OIG actions that have taken place.
Search Committee – AVC for Finance and Budget	Screened applications, assisted with candidate interviews, help make recommendations for candidates to be brought to campus.
Search Committee – Chief Audit Officer	Assisted with interviews of candidates. Prepared notes and advisories for new Chief Audit Officer.
University Committee on the Protection of Personal Data	Provides processes and structures to balance the business needs of the University with the legal, regulatory, and policy requirements for protecting personal data entrusted to the University.

UNC-CH Internal Audit

Use of Audit Hours as of November 25, 2018



**UNC-CH Internal Audit
Budget to Actual by Category
At November 25, 2018**



UNC Internal Audit
Report to Finance, Infrastructure, and Audit Committee
UNC-CH Internal Audit
Key Performance Indicators
November 2018

Indicator	Sept. 2018	Nov. 2018
Staff with professional certifications – target 85%	100%	100%
Hours of continuing education received by staff members	109.5	291.5
Participation in key university initiatives or serving on key committees -1-	11	11
Percentage of Internal Audit recommendations accepted by management – target of 95%	100%	100%
Number of engagements completed relative to the annual plan -2-	2 of 17	6 of 17
Number of engagements completed that were not included in the annual audit plan -3-	2 of 4	8 of 17

-1- = Carolina Ethics Line Advisors

Compliant Electronic Receipt Transactions through Innovation and Financial Integrity (CERTIFI)

Enterprise Data Coordinating Committee

Information Security Liaisons

Integrity Advisors

Policy Liaisons

PRIMA - Enterprise Risk Management *

Privacy Liaisons

Search Committee - AVC - Budget and Executive Director for Enterprise Financial Accounting *

Search Committee - Chief Audit Officer *

University Committee for the Protection of Personal Data (UCPPD)

-2- = In addition, we completed follow-up work for seven of 38 previously issued audit reports. The follow-up project is a single item in the audit plan.

-3 = the audit plan has a single unit with a pool of hours for special projects and investigations. Individual projects are identified during the fiscal year.

* = new for 2018/19

Finance, Infrastructure & Audit Committee

Fiscal Year Ending June 30, 2018 Financial Review

Agenda

- Audit Summary and Highlights
- Revenues, Expenses, and Changes in Net Position Highlights
- Summary Statement of Revenues, Expenses, and Changes in Net Position
- Revenue Composition/Peer Comparison
- Assets, Liabilities, and Net Position Highlights
- Impact of new GASB standard - Postemployment Benefits Other Than Pensions
- Summary Statement of Net Position

Audit Summary and Highlights

For the year ended June 30, 2018, the University successfully received an unqualified opinion from the Office of the State Auditor.

Other notable FY2018 year-end audit highlights include:

- No audit findings.
- Continued reduction in audit hours. Hours in FY2015 were 2,544 and in FY2018 were 1,500, demonstrating a significant downward trend.
- Continued focus on process improvement and timely submission of audit requirements.

Revenues, Expenses, and Changes in Net Position Highlights

Operating revenues increased at a higher rate than operating expenses, leading to improved operating results over the prior fiscal year.

Notable results from FY2018 include:

- Operating revenues increased 4.3%. Revenue growth was driven by increases in patient services, grants and contracts, and tuition and fees.
- Operating expenses increased by 1.0%, over prior fiscal year, which reflects a lower rate of increase than the prior fiscal year. Current-year increase driven by salaries and benefits (legislated salary increase, benefits costs, and increase in personnel).
- UNC Investment Fund FY2018 return of 12.0% exceeded fund benchmarks and the fund's primary long-term investment return objective. Performance was in the top quartile (close to top decile) among endowments in excess of \$1 billion.
- Based on improved operating margin, UNC's net position increased by \$226.9 million (versus an increase of \$144.7 million in prior year).
- Operating cash flow margin still below Aaa and Aa1 public peer median levels.

Statement of Revenues, Expenses, and Changes in Net Position

\$ in millions, audited

Revenues	FY 2018	FY 2017	\$ Change	% Change
<i>Operating Revenues:</i>				
Student tuition and fees, net	\$ 438.4	\$ 426.9	\$ 11.5	2.7
Patient services, net	481.9	442.5	39.4	8.9
Federal, state and local, and non-governmental grants and contracts	838.0	811.2	26.8	3.3
Sales and services, net	447.9	427.3	20.6	4.8
Other operating revenues	9.7	16.3	(6.6)	(40.5)
Total operating revenues	\$ 2,215.9	\$ 2,124.2	\$ 91.7	4.3
Expenses				
<i>Operating Expenses:</i>				
Salaries and benefits	1,730.2	1,697.2	33.0	1.9
Supplies, materials, and services	962.4	973.3	(10.9)	(1.1)
Scholarships and fellowships	129.1	123.7	5.4	4.3
Utilities, depreciation, and amortization	222.7	219.2	3.5	1.6
Total operating expenses	\$ 3,044.4	\$ 3,013.4	\$ 31.0	1.0
Operating loss	\$ (828.5)	\$ (889.2)	\$ 60.7	6.8

Statement of Revenues, Expenses, and Changes in Net Position

(continued)

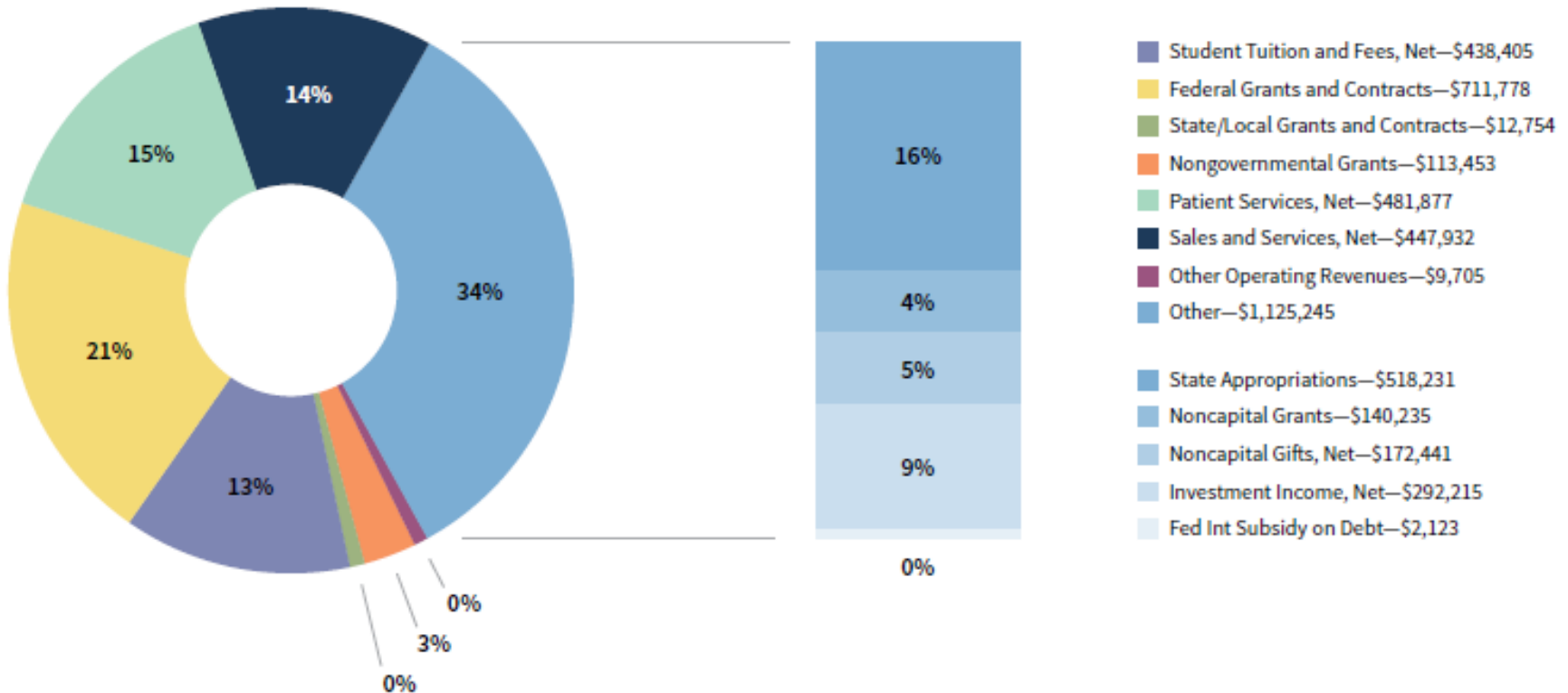
\$ in millions, audited

Nonoperating Revenues (Expenses)	FY 2018	FY 2017	\$ Change	% Change
State appropriations	\$ 518.2	\$ 500.2	\$ 18.0	3.6
Non-capital grants	140.2	134.7	5.5	4.1
Non-capital gifts, net	172.4	179.0	(6.6)	(3.7)
Investment income	292.2	267.1	25.1	9.4
Interest and fees on debt	(53.5)	(57.0)	3.5	6.1
Other nonoperating revenues (expenses)	(62.4)	(40.8)	(21.6)	52.9
Net nonoperating revenues (expenses)	\$ 1,007.1	\$ 983.2	\$ 23.9	2.4
Income (loss) before other revenues, expenses, gains, or losses	\$ 178.6	\$ 94.0	\$ 84.6	(90.0)
Capital appropriations	9.0	12.9	(3.9)	(30.2)
Capital gifts and grants	17.2	20.8	(3.6)	(17.3)
Additions to endowments	22.1	17.0	5.1	30.0
Total other revenues, expenses, gains, or losses	\$ 48.3	\$ 50.7	\$ (2.4)	(4.7)
Increase in Net Position	\$ 226.9	\$ 144.7	\$ 82.2	(56.8)
Net Position - July 1	1,611.1	4,579.5	(2,968.4)	(64.8)
Restatements		(3,113.1)		
Net Position - June 30	\$ 1,838.0	\$1,611.1	\$226.9	(14.1)

Revenues by Source

2018 REVENUES BY SOURCE: \$3,341,149

Dollars in thousands



Revenue Composition – Peer Comparison

Revenue Type	FY17 Comprehensive Public University Medians*	UNC FY18
Tuition & Auxiliaries	38.2%	42.8%
Government Appropriations	20.1%	16.2%
Grants & Contracts	15.4%	26.2%
Gifts	2.7%	5.4%
Investment Income	2.8%	9.1%
Other	4.1%	0.3%

*Moody's classified Comprehensive Public Universities as universities with over 25,000 FTE or greater than 20% revenue reliance on patient care plus grants and contracts revenue and over \$100M in revenue from these sources. Moody's classified 84 universities as such for its medians report.

Notes:

Since values represent the median university for each contribution ratio, each individual university's ratios will sum to 100%, but the median values may not total 100%.

Patient care (included in tuition & auxiliaries) is a significant revenue stream for UNC (15.1% of total revenue).

Assets, Liabilities, and Net Position Highlights

The University is in a solid financial position at June 30, 2018.

Notable items include:

- University's current ratio increased to 3.6 from 3.1 driven by small increases in cash and short-term investments and a refinance of \$50 million in outstanding CP (short-term debt) with long-term debt.
- University liquidity levels are below the median for Aaa publics.
- Long-term investments increased \$889.0 million primarily due to an investment return of 12.0 percent.
- The University issued a minimal amount of "new money" debt for capital projects (\$5 million).
- The University issued \$100 million in refunding bonds to refinance \$50 million in CP and to advance refund \$50 million in existing long-term bonds (for \$3.4 million in savings on a net present value basis).
- Inclusion of OPEB liability of \$2.1 billion, now reported as part of long-term liabilities.

Impact of new GASB standard

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB):

- Effective FY2018, UNC is required to record a liability for postemployment benefits other than pensions.
- The majority of OPEB consists of the liability for Retiree Health Benefits.
- At June 30, 2018, the OPEB liability for North Carolina was \$32.8 billion. UNC Chapel Hill's portion of the liability was \$3.1 billion.
- Net position was \$4.7 billion at June 30, 2017. A restatement of \$3.1 billion for OPEB resulted in a net position of \$1.6 billion.
- While we expect that the rating agencies will evaluate the University's OPEB liability, we currently do not expect a change in rating based on GASB 75 in isolation.

Statement of Net Position

\$ in millions, audited

Assets	FY 2018	FY 2017 (as restated)	\$ Change	% Change
<i>Current Assets</i>				
Cash and cash equivalents	\$ 337.0	\$ 259.6	\$ 77.4	29.9
Restricted cash and cash equivalents	318.5	365.5	(47.0)	(12.8)
Short-term investments	325.5	361.0	(35.5)	(9.8)
Restricted short-term investments	181.8	124.8	57.0	45.7
Receivables, net	262.8	283.8	(21.0)	(7.4)
Other current assets	60.1	68.1	(8.0)	(11.7)
Total current assets	\$ 1,485.7	\$ 1,462.8	\$ 22.9	1.6
<i>Noncurrent Assets</i>				
Restricted cash and cash equivalents	92.0	133.8	(41.8)	(31.3)
Restricted investments	3,603.0	2,939.1	663.9	22.6
Endowment and other investments	2,295.6	2,070.5	225.1	10.9
Capital assets, net	3,097.3	3,090.9	6.4	0.2
Other noncurrent assets	103.1	99.7	3.4	3.4
Total noncurrent assets	\$ 9,191.0	\$ 8,334.0	\$ 857.0	10.3
Total assets	\$10,676.7	\$ 9,796.8	\$ 879.9	9.0
<i>Deferred Outflows of Resources</i>				
Deferred loss on refunding	11.2	11.9	(0.7)	(5.6)
Accumulated decrease in fair value of hedging derivatives	82.9	102.9	(20.0)	(19.4)
Deferred outflows related to pensions	135.8	193.7	(57.9)	(29.9)
Deferred outflows related to OPEB	73.0	68.6	4.4	6.4
Total deferred outflows of resources	\$ 302.9	\$ 377.1	\$ (74.2)	(19.7)

Statement of Net Position

(continued)

\$ in millions, audited

	FY 2018	FY 2017 (as restated)	\$ Change	% Change
Liabilities				
<i>Current Liabilities</i>				
Accounts payable and accrued liabilities	\$ 167.8	\$ 156.7	\$ 11.1	7.1
Unearned revenue	97.1	124.4	(27.3)	(21.9)
Short term debt and other current liabilities	49.3	93.6	(44.3)	(47.3)
Long-term liabilities - current portion	104.3	127.6	(23.3)	(18.3)
Total current liabilities	\$ 418.5	\$ 502.3	\$ (83.8)	(16.7)
<i>Noncurrent Liabilities</i>				
U.S. Government grants refundable	26.1	33.2	(7.1)	(21.4)
Funds held in trust	3,688.5	3,020.5	668.0	22.1
Hedging derivative liability	82.9	102.9	(20.0)	(19.4)
Long-term liabilities - noncurrent portion	3,854.3	4,872.2	(1,017.9)	(20.9)
Total noncurrent liabilities	\$ 7,651.8	\$ 8,028.8	\$ (377.0)	(4.7)
Total liabilities	\$ 8,070.3	\$ 8,531.1	\$ (460.8)	(5.4)
Deferred Inflows of Resources				
Deferred inflows related to split interest agreement	18.8	16.1	2.7	16.8
Deferred inflows related to pensions	9.4	15.5	(6.1)	(39.4)
Deferred inflows related to OPEB	1,043.2		1,043.2	
Total deferred inflows of resources	\$ 1,071.4	\$ 31.6	\$ 1,039.8	3,290.5
Net Position				
Total net position	\$ 1,838.0	\$ 1,611.1	\$ 226.9	14.1

UNC Investment Fund, LLC

Fiscal Year 2018 Review & Update

Presentation to The Board of Trustees of The University of North Carolina at Chapel Hill

January 30, 2019



UNCMC

UNC MANAGEMENT COMPANY, INC

FY 2018 Headlines (12 months ended June 30)

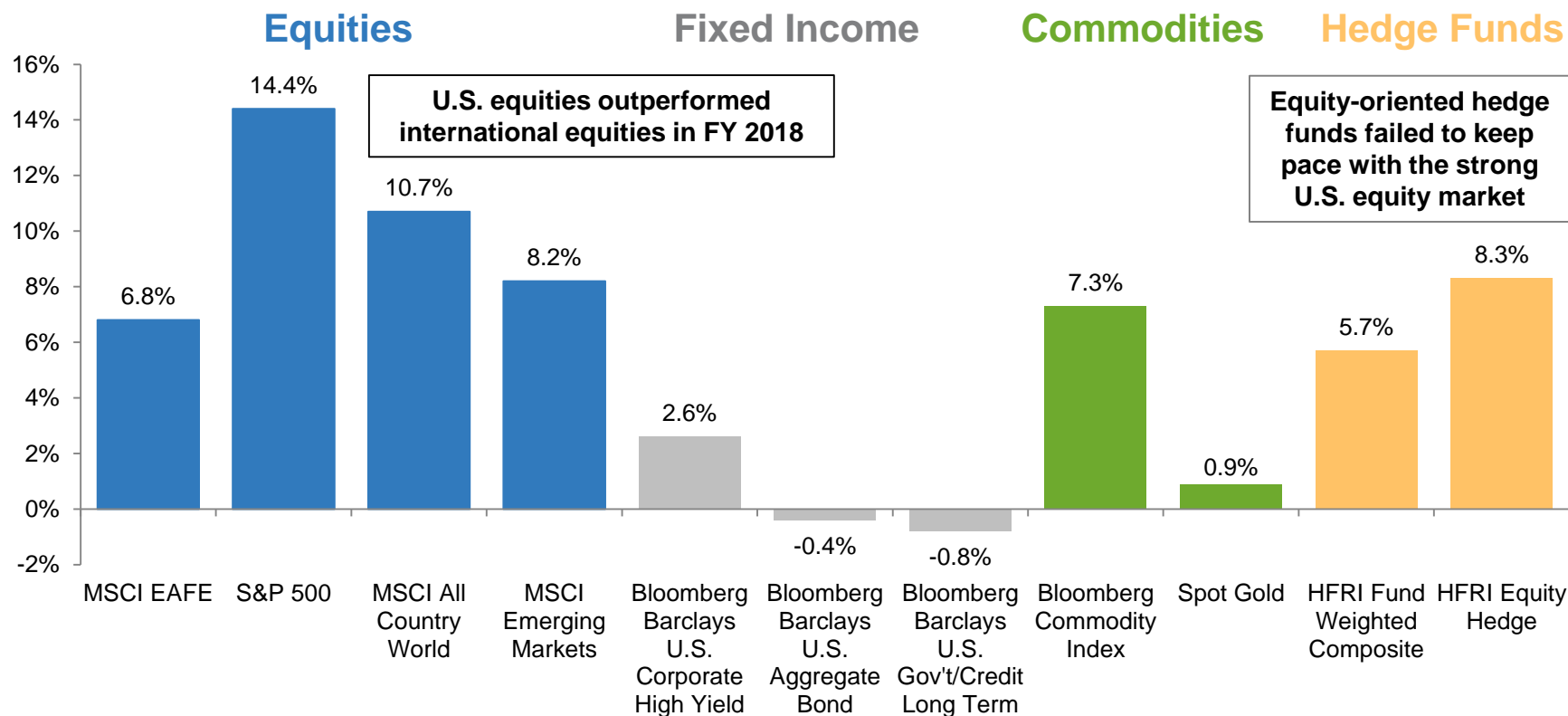
UNCIF's FY 2018 return is strong on an absolute and relative basis

**The UNC Investment Fund (“UNCIF” or “Fund”)
returned +12.0% for FY 2018 (12 months)**

The Fund's FY 2018 return significantly
outperformed SIPP and the Global 70/30 Portfolio⁽²⁾

Financial Markets Summary: FY 2018 (12 months ended June 30)

Risk assets outperformed defensive asset classes



The equity bull market persisted in FY 2018, led by domestic equities

Performance is for the 12-month FY 2018 period: July 1, 2017 to June 30, 2018

Return Summary: FY 2018 (12 months ended June 30)

UNCIF's FY 2018 return is strong on an absolute and relative basis

	FY 2018 Return ⁽¹⁾	UNCIF's Relative Performance
UNC Investment Fund	12.0%	
Primary Benchmark: SIPP	8.8%	3.2%
L-T Return Objective: CPI + 5.5%	8.3%	3.7%
Traditional Portfolio: Global 70/30 ⁽²⁾	7.4%	4.6%
Peer Universe Median ⁽³⁾	9.0%	3.0%
Domestic Equities: S&P 500 Index	14.4%	-2.4%
Global Equities: MSCI ACWI	10.7%	1.3%

UNCIF's +12.0% FY 18 return is solid on an absolute & relative basis exceeding SIPP, its L-T objective, a "traditional" 70/30 index, & its peers

1) July 1, 2017 to June 30, 2018 (12 months)

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

3) Cambridge Associates universe of college & university endowments

Return Summary: FY 2018 (12 months ended June 30)

UNCIF's strong FY 2018 performance was driven by all asset classes

All seven of the Fund's primary asset classes beat their benchmark by > 2%

- **The Private Portfolio's three asset class drove performance**
 - All three private asset classes generated returns in excess of 16% for the fiscal year
- **The Fund continues to perform well in down markets**
 - In Q3⁽¹⁾, the S&P 500 Index and MSCI ACWI Index recorded their first negative quarter in 2½ years
 - UNCIF, however, generated a +2.8% gain during this period with each asset class generating a positive return

UNCIF's +12.0% FY 18 return is solid on an absolute & relative basis with all asset classes performing well

1) Q3 FY 2018: Three month period ending March 31, 2018

Relative Return Summary

UNCIF exceeds a traditional stock/bond portfolio

Periods ended 6/30/18	1 Year	3 Years ⁽¹⁾	5 Years ⁽¹⁾	10 Years ⁽¹⁾
UNC Investment Fund	12.0%	7.1%	9.2%	5.8%
Primary Benchmark: SIPP	8.8%	6.4%	7.4%	6.2%
Traditional Portfolio: Global 70/30 ⁽²⁾	7.4%	6.3%	7.3%	5.5%
Peer Universe Median ⁽³⁾	9.0%	6.3%	7.5%	5.6%
UNCIF Quartile Ranking	Top	Top	Top	Second

UNCIF has consistently outperformed the Global 70/30 Portfolio⁽²⁾ and is strong relative to peers over the medium term

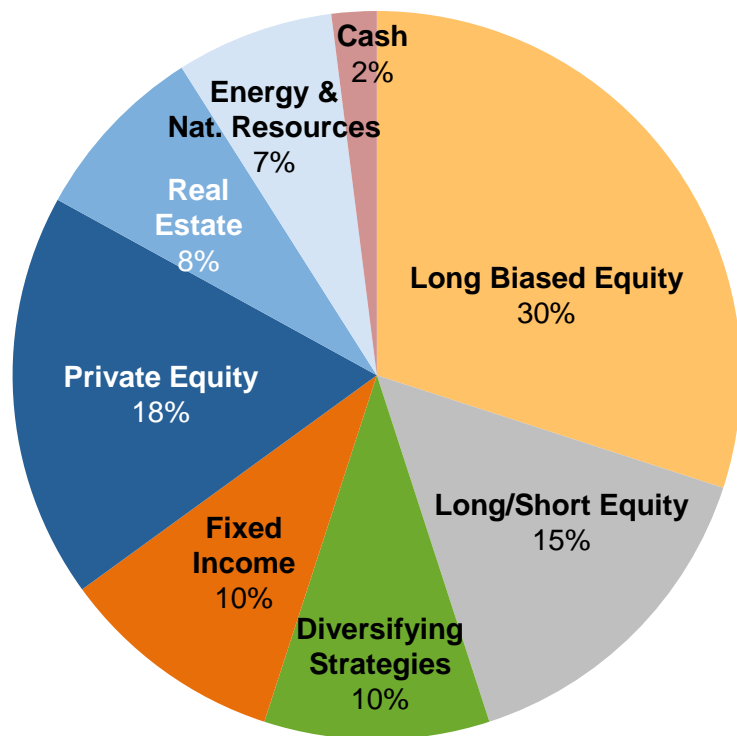
1) Annualized

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

3) Cambridge Associates universe of college & university endowments

Strategic Investment Policy Portfolio (“SIPP”)

Asset Allocation Framework



Asset Class	Target	Range
Long Biased Equity	30%	24 - 36%
Long / Short Equity	15%	10 - 20%
Diversifying Strategies	10%	6 - 14%
Fixed Income	10%	6 - 14%
Cash	2%	-2 - 8%
Private Equity	18%	14 - 22%
Real Estate	8%	5 - 12%
Energy & Natural Resources	7%	5 - 10%

Public Portfolio

Private Portfolio

UNC Investment Fund

Primary Objective

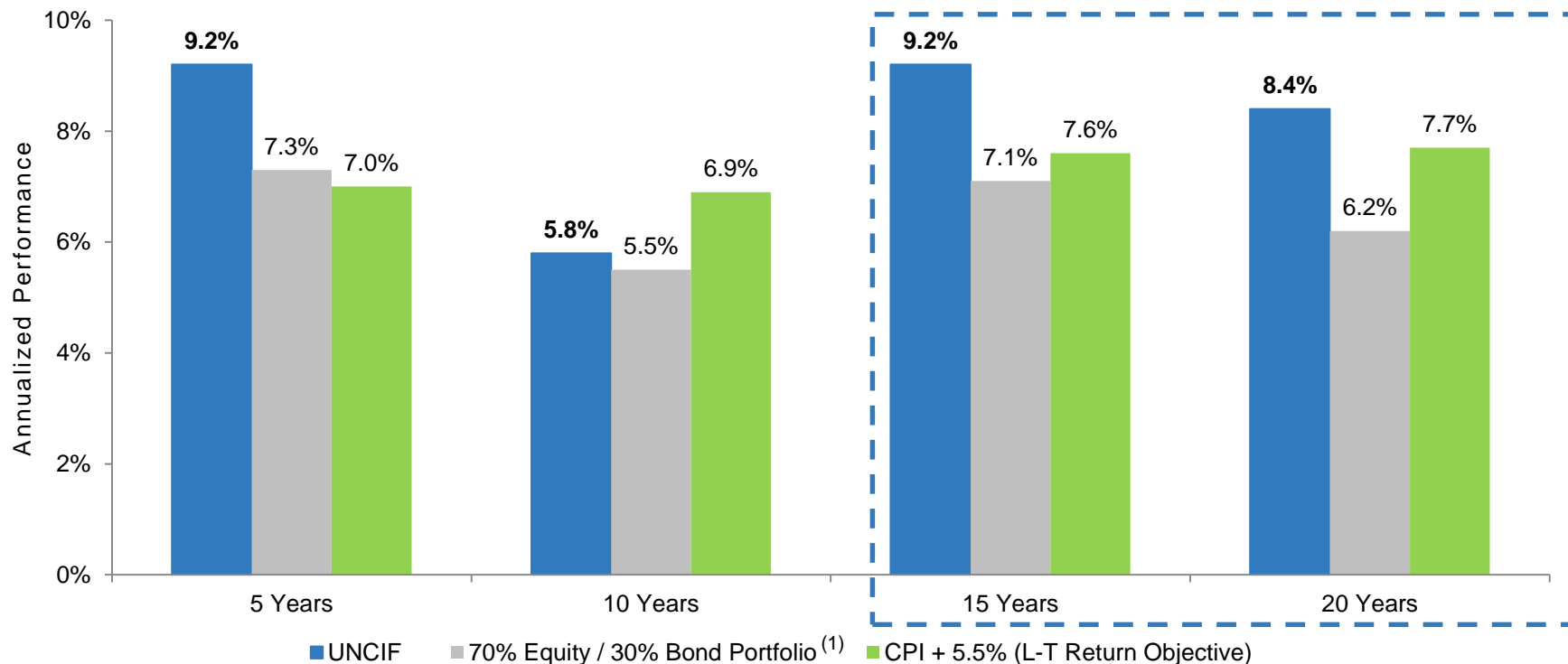
■ Primary Objective

- 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 net return exceeding the spending rate + inflation over rolling 5 – 10 year (and longer) periods
- UNCIF's stated return objective is 5.5% + CPI
- Managing the return volatility of the endowment helps to stabilize the annual spending distribution

$$\begin{array}{|c|} \hline \text{Spending} \\ \hline 5.5\% \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Inflation} \\ \hline 2\% \\ \hline \end{array} : \text{Return Objective} > 7.5\%$$

Relative Long-Term Performance

Over the long term, the Fund has achieved its investment objective



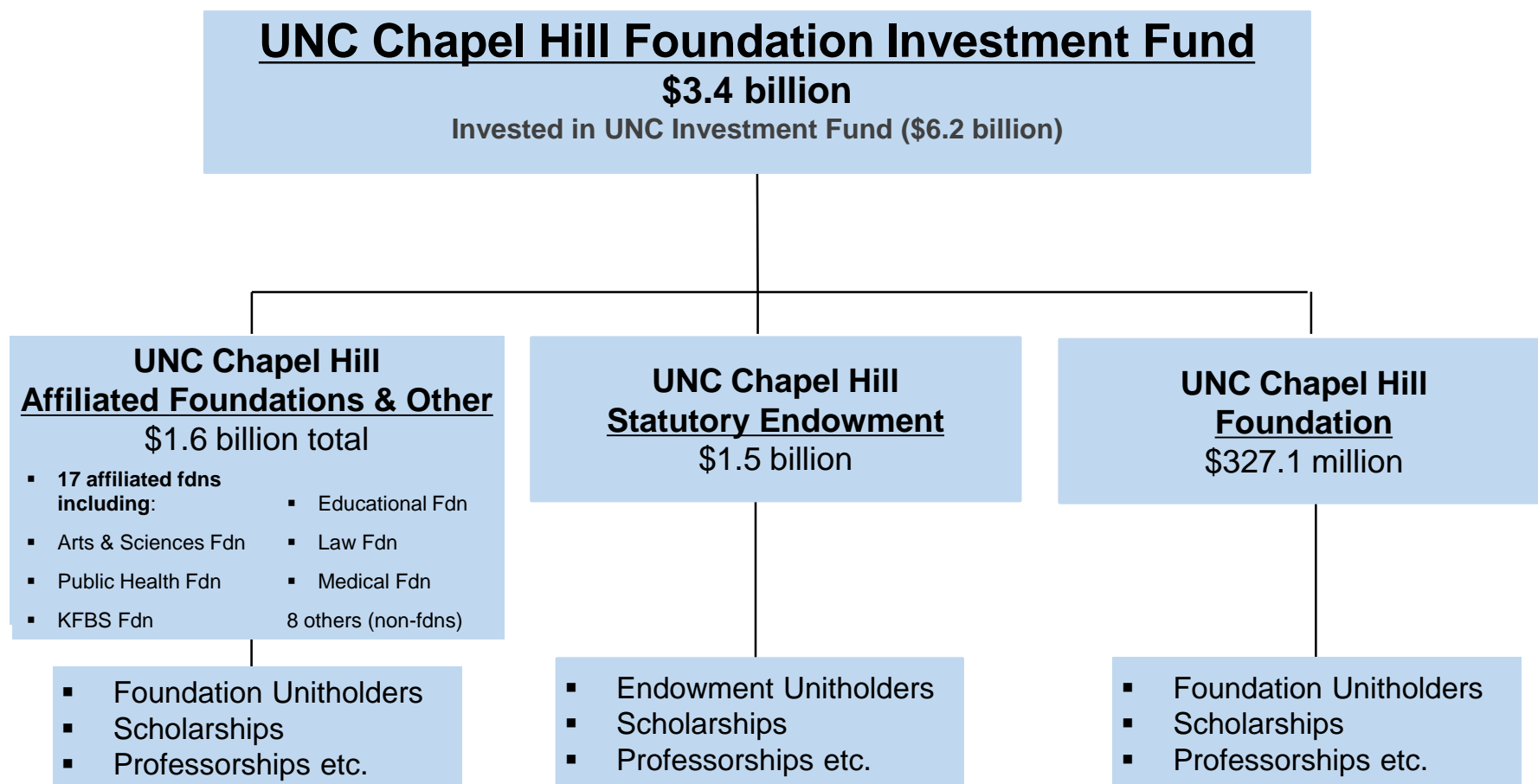
A traditional equity/bond portfolio fails to achieve the Fund's primary objective highlighting the need for diversification & private investments

Note: Performance to June 30, 2018

(1) 5, 10, 15 Years: Global 70/30 Portfolio - 70% MSCI All Country World Index (ACWI), 30% Bloomberg Barclays U.S. Aggregate Bond Index
20 Years: Domestic 70/30 Portfolio - 70% S&P 500 Index / 30% Bloomberg Barclays U.S. Aggregate Bond Index

Chapel Hill Investment Fund (“CHIF”)

Member Composition



Note: As of June 30, 2018

1 Year (FY 2018) Change in Market Value

Chapel Hill Investment Fund (CHIF)

In FY 2018 CHIF increased in value by \$382.9 million:

Beginning market value: \$3.0 billion

+ \$371.2 million: Net investment gain

+ \$167.5 million: Net contributions

— \$155.8 million: Annual spending distribution

Ending market value: \$3.4 billion

CHIF's market value increased by 12.6% in FY 2018 after distributing 4.5% of market value for spending

5 Year Change in Market Value

Chapel Hill Investment Fund (CHIF)

Over the last 5 years, CHIF's value has increased by \$1.1 bn:

Beginning market value: \$2.3 billion

+ \$1,269.6 million: Net investment gains

+ \$428.7 million: Net contributions

– \$709.1 million: Annual spending distributions

Ending market value: \$3.4 billion

Over the past 5 years, CHIF's market value has increased by 46% after distributing > \$700 million to support campus programs

Note: As of June 30, 2018

Financial Markets Summary: FYTD 2019 (6 months)

Global equity markets were extremely weak

- **FYTD 2019⁽¹⁾: Global equity markets were extremely weak**
 - Domestic Equities: -6.9% (S&P 500 Index)
 - Global Equities: -9.0% (MSCI ACWI)
 - Emerging Markets Equities: -8.5% (MSCI EM Index)
 - Developed Int'l Equities: -11.4% (MSCI EAFE Index)
- **Significant losses for the 6-month period were recorded during Q2 FY 2019⁽²⁾**
 - Domestic Equities: -13.5% (S&P 500 Index)
 - First double digit down quarter in seven years (Sep. 2011)
 - Global Equities: -12.8% (MSCI ACWI)

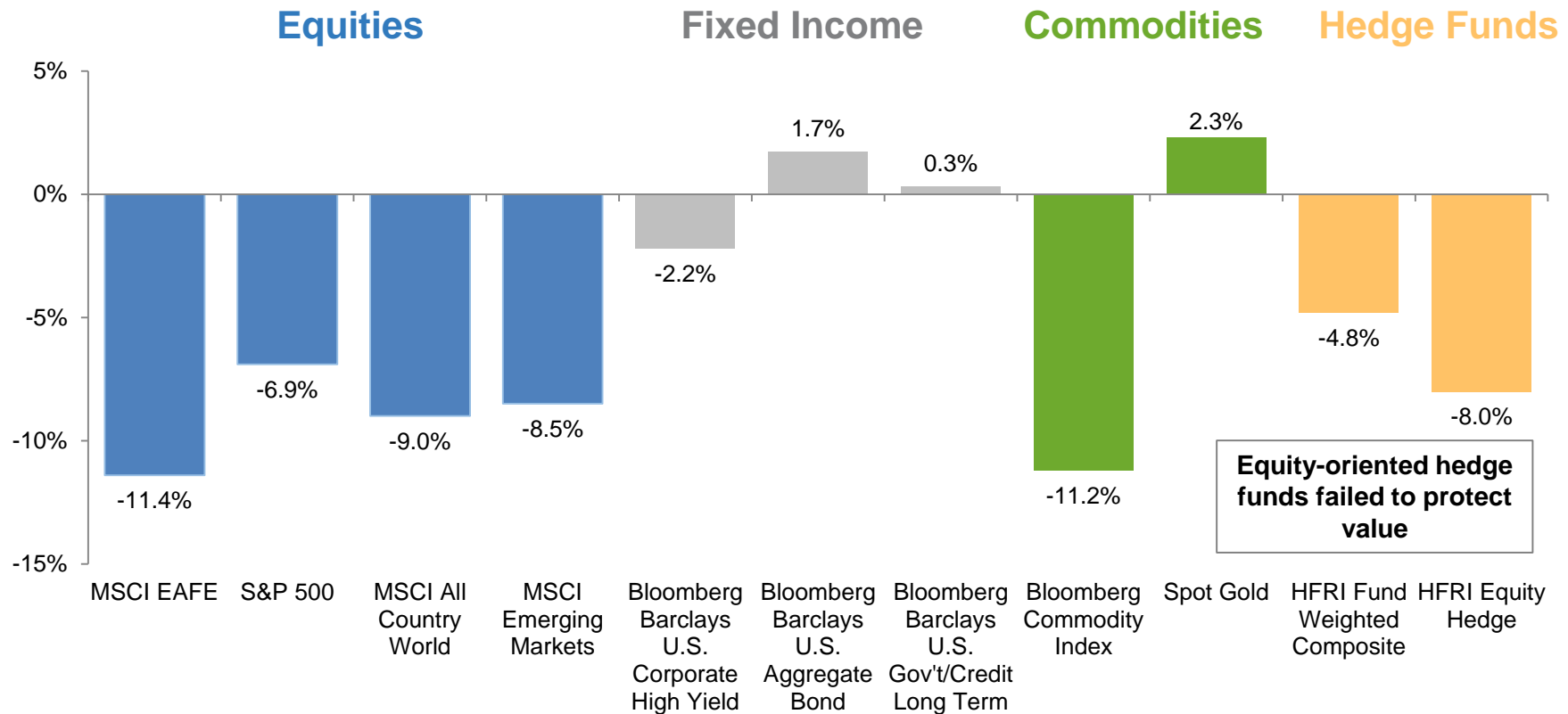
UNCIF providing downside protection
FYTD 2019 return estimated to be ~ -1%

1) FYTD 2019: July 1, 2018 to December 31, 2018 (6 months)

2) Q2 FY 2019: Three month period ending December 31, 2018

Financial Markets Summary: FYTD 2019 (6 months)

Global equity markets were extremely weak



For the first half of FY 2019, equity markets globally were down sharply

Performance is for the 6-month FYTD 2019 period: July 1, 2018 to December 31, 2018

Our Fundamental Beliefs

Over the long term, the Fund has achieved its objectives

Maintaining conviction in our investment approach and philosophy has led to the Fund achieving its long-term objectives

- Maintain a long-term time horizon
- Portfolio diversification is a key component in managing risk
- Focus assets with our 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 remains striking the proper balance between upside participation and downside protection

Wrap-Up

UNCIF's FY 2018 return was strong with challenges ahead for FY 2019

***The Fund returned +12.0% for FY 2018...
...with FY 2019 proving to be challenging***

- All asset classes generated positive performance and exceeded their benchmark for FY 2018
- Over the long term, the Fund has achieved its primary return objective
- Financial markets have been weak in FYTD 2019 with an increasingly uncertain outlook for the remainder of the fiscal year
 - Despite the weak market environment, UNCIF has provided downside protection

**FYTD 2019 has been a challenging period
Longer-term returns are still strong**