



OPEN SESSION

FOR ACTION

1. **Spending Authority**
Nathan Knuffman, Vice Chancellor for Finance and Operations
 - a) Glaxo Building Mass Spectrometer Relocation
2. **Advance Planning Spending Authority**
Nathan Knuffman, Vice Chancellor for Finance and Operations
 - a) Dental Complex Fire Alarm Replacement
 - b) Fordham Hall Chilled Water Process Loop and Refrigeration Equipment Replacement
3. **Designer Selection**
Nathan Knuffman, Vice Chancellor for Finance and Operations
 - a) Brinkhous-Bullitt Electrical Upgrades
 - b) Genetic Medicine Building First Floor Lab Renovation
4. **Demolition Approval**
Nathan Knuffman, Vice Chancellor for Finance and Operations
 - a) Frances Owens Blood Research Lab (FOBRL) Barn

FOR INFORMATION ONLY

(No formal action is requested at this time)

1. **Review of Annual Comprehensive Financial Report**
Nathan Knuffman, Vice Chancellor for Finance and Operations
2. **Finance Update**
Nathan Knuffman, Vice Chancellor for Finance and Operations

COMMITTEE MEMBERS

John Preyer, Chair

Marty Kotis, Vice Chair

Dave Boliek, ex-officio

Perrin Jones

Teresa Artis Neal

Malcolm Turner

Ralph Meekins

Vinay Patel

Ramsey White

AGENDA ITEM*Action Item 1a Spending Authority - Glaxo Building Mass Spectrometer Relocation*

Situation: The Committee has for its consideration spending authority for the Glaxo Building Mass Spectrometer Relocation capital project.

Background: Program Improvement - Research

The Glaxo Research Building (1988) houses research labs and cores for the School of Medicine. The UNC Michael Hooker Proteomics Center will add new and relocate existing mass spectrometers from Genetic Medicine and Lineberger Cancer Research Center bringing a total of six to the research core facility. The expansion at Glaxo will not only improve efficiencies by consolidating instruments and analysts at a single location but will also allow for an approximate 50% expansion in analysis capacity.

The core provides services to investigators from a variety of departments and centers in the Schools of Medicine, Pharmacy and Public Health, the College of Arts and Sciences, and researchers outside UNC. Since 2019, this core has grown almost three-fold and in FY22, performed services for 163 projects, representing 82 distinct grants and bringing in almost \$500,000 in revenue for the core. The mass spectrometer is the main instrument supporting proteomics analysis.

Project costs include the upgrading of existing mechanical and electrical systems. The project currently has spending authority of \$475,000, but due to bids received in fall 2022, this increase in spending authority is required to execute the project.

The project budget is \$650,000 and will be funded by University trust funds.

Assessment: It is recommended that the Committee approve spending authority for this project in the amount indicated.

Action: This item requires a vote by the Committee and a vote by the full Board of Trustees to approve \$650,000 of spending authority for this project.

AGENDA ITEM***Action Item 2a Advance Planning Spending Authority - Dental Complex Fire Alarm Replacement***

Situation: The Committee has for its consideration advance planning spending authority for the Dental Complex Fire Alarm Replacement capital project.

Background: Repair and Renovation

Brauer Hall (renov. 2007), Tarrson Hall (1998), Koury Oral Health Sciences Building (2011), and Old Dental Building (renov. 2004) are four buildings in the dental complex that house academic, research, and clinical programs for the Adams School of Dentistry.

The 2021-23 Budget Bill provided funding for the replacement of the fire alarm system in Brauer. The fire alarm systems for Brauer, Tarrson, Koury, and Old Dental are integrated through network programming and must be addressed together. The fire alarm systems are past their useful life, no longer supported by the manufacturer. A detailed phasing plan will be developed in the design phase to limit disruptions to the Dental School program and operations. The overall project budget is anticipated to be \$2.4M with \$566K for Brauer Hall from future R&R appropriations.

The project budget for advance planning is up to \$270,000 and will be funded by University trust funds.

Assessment: It is recommended that the Committee approve spending authority for this project in the amount indicated.

Action: This item requires a vote by the Committee and a vote by the full Board of Trustees to approve \$270,000 of spending authority for this project.

AGENDA ITEM**Action Item 2b** *Advance Planning Spending Authority - Fordham Hall Chilled Water Process Loop and Refrigeration Equipment Replacement*

Situation: The Committee has for its consideration advance planning spending authority for the Fordham Hall Chilled Water Process Loop and Refrigeration Equipment Replacement capital project.

Background: Repair and Renovation

Fordham Hall (1991) is a research building housing units from the Department of Biology (College of Arts and Sciences) and Interdisciplinary Program for Biological and Genome Sciences (School of Medicine). The Department of Biology administers approximately \$23M in annual research expenditures. The iBGS program at Chapel Hill bridges the research interface between School of Medicine and College of Arts and Sciences to better understand basic biological processes in support of translational discovery. iBGS administers approximately \$4 million in average annual research expenditures. Its mission is the support of research into the mechanisms by which molecules and cells coordinate organism development. Cold rooms are essential for this research, providing constant low temperature environments for temperature sensitive experiments including protein biochemistry, cell and tissue processing and microbiology applications.

This project will replace failing process chilled water loop and refrigeration equipment servicing cold rooms in research labs. The advance planning effort will develop a plan for phased replacement to allow functioning rooms to remain in service as replacement piping and equipment are being installed. The overall project budget is estimated at \$4.0 M.

The project budget for advance planning is up to \$300,000 and will be funded by 1292 Carryforward funds.

Assessment: It is recommended that the Committee approve spending authority for this project in the amount indicated.

Action: This item requires a vote by the Committee and a vote by the full Board of Trustees to approve \$300,000 of spending authority for this project.

AGENDA ITEM***Action Item 3a Designer Selection - Brinkhous-Bullitt Electrical Upgrades***

Situation: The Committee has for its consideration designer selection of the Brinkhous-Bullitt Electrical Upgrades capital project.

Background: Repair and Renovations

Brinkhous-Bullitt Building (1973) is a 12-story, 128,000 GSF that primarily houses the School of Medicine's Department of Pathology (31,000 assignable sf) and its North Carolina Translational and Clinical Sciences Institute (9,000 assignable sf). Together, these two units administer over \$20 million in average annual research expenditures. The Ground Floor also houses a CDS food service venue, 'The Beach', and the UNC Hospitals Morgue on the 11th floor.

This project will replace the electrical service and power distribution systems within the building. Specifically, the project will: identify and segregate alternate power loads into Emergency, Legally Required, and Optional power distribution branches for current building code compliance; combine three UNC-EDS service transformers and service switchboards into a single 480Y/277V service with dry-type step-down transformers to supply 208Y/120V power; assess distribution and branch circuit panelboards and feeder conditions and design the system towards 30 year remaining useful service life; replace any circuits without dedicated equipment grounding conductors; and replace motor control centers. Hazardous materials testing, design, and abatement will also be required. Careful attention to project phasing and implementation will be required to limit disruptions to building occupants.

The project budget is \$4,843,896 and will be funded through Traditional R&R State budget allocations.

The project was advertised on October 10, 2022. Four (4) proposals were received. Three (3) firms were interviewed on November 18, 2022. No members of the Board of Trustees participated in the interviews.

Assessment: It is recommended that the Committee approve selection of the three firms in the following priority order:

1. XXX of XXX, NC
2. XXX of XXX, NC
3. XXX of XXX, NC

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

Action: This item requires a vote by the Committee and a vote by the full Board of Trustees to approve the three firms in the above priority order.

AGENDA ITEM***Action Item 3b Designer Selection - Genetic Medicine Building First Floor Lab Renovation***

Situation: The Committee has for its consideration designer selection of the Genetic Medicine Building First Floor Lab Renovation capital project.

Background: Research - Program Improvements

Genetic Medicine Building (2008) houses research facilities for the School of Medicine and Eshelman School of Pharmacy. This project will renovate space on the first floor of Genetic Medicine to increase capacity in the Structural Genomics Consortium (SGC). Eleven (11) new fume hoods will be added to the lab as part of the project, which will require upgrading infrastructure in duct risers and in the penthouse. The expanded SGC lab will be utilized for research funded by the AVIDD grant recently received by the University.

The project budget for advance planning is up to \$200,000 and will be funded by University trust funds.

The project was advertised on November 14, 2022. Eleven (11) proposals were received. Three (3) firms were interviewed on January 13, 2023. No members of the Board of Trustees participated in the interviews.

Assessment: It is recommended that the Committee approve selection of the three firms in the following priority order:

1. XXX of XXX, NC
2. XXX of XXX, NC
3. XXX of XXX, NC

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

Action: This item requires a vote by the Committee and a vote by the full Board of Trustees to approve the three firms in the above priority order.

AGENDA ITEM***Action Item 4a Demolition Approval - Francis Owens Blood Research Lab (FOBRL) Barn***

Situation: The Committee has for its consideration demolition of the FOBRL (Francis Owens Blood Research Lab) Barn.

Background: Property Disposition

FOBRL (1960) houses research labs managed by Department of Comparative Medicine for the School of Medicine. The facility is located on the University Lake property in Carrboro, North Carolina. The research operations at the site are growing. The existing facilities do not include a veterinary care workstation, meeting space, or breakroom to support efficient communication among the growing staff. Employees work primarily outside and need a conditioned space to support current-day functions on-site.

This request is for approval to demolish an abandoned unconditioned wood and steel barn of approximately 1,500 square feet that had previously been used for storage. Demolition will enable the construction of a replacement building of similar size to provide a space to facilitate staff meetings, employee breaks, and the storage of perishables and sensitive equipment to support veterinary medical care. The estimated total project cost is \$495,000 and will be funded by University trust funds.

Assessment: It is recommended that the Committee approve the demolition of the building.

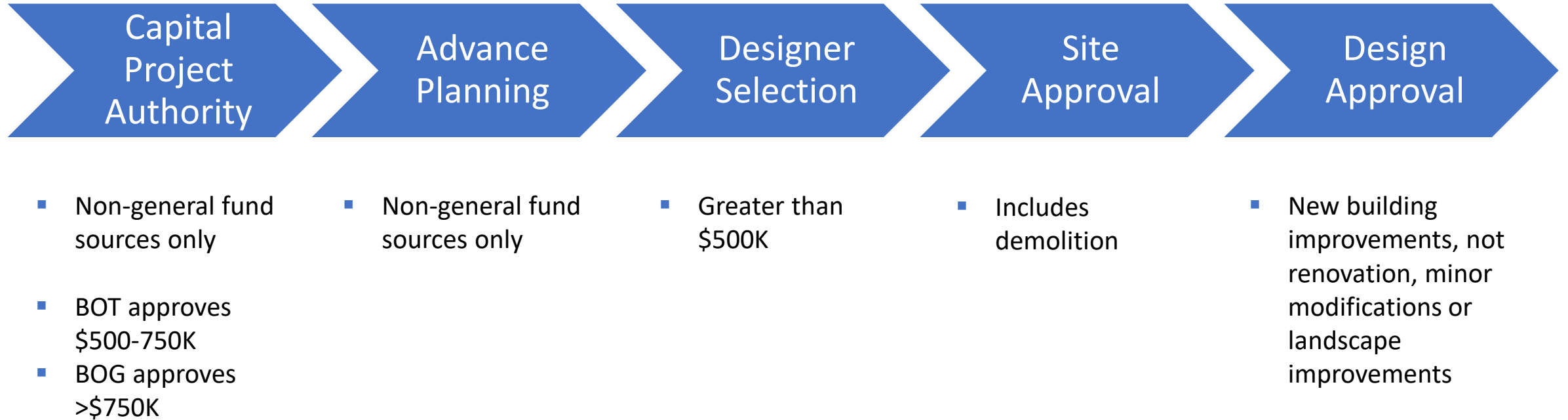
Action: This item requires a vote by the Committee and a vote by the full Board of Trustees to approve the demolition of the building.

Board of Trustees Budget, Finance, and Infrastructure Committee

Capital Improvement Projects
Facilities Services, January 2023



Capital Project BOT Approval



Policy References

UNC Policy Manual 600.1.1: Policy on Design, Construction, and Financing of Capital Improvement Projects

<https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=742>

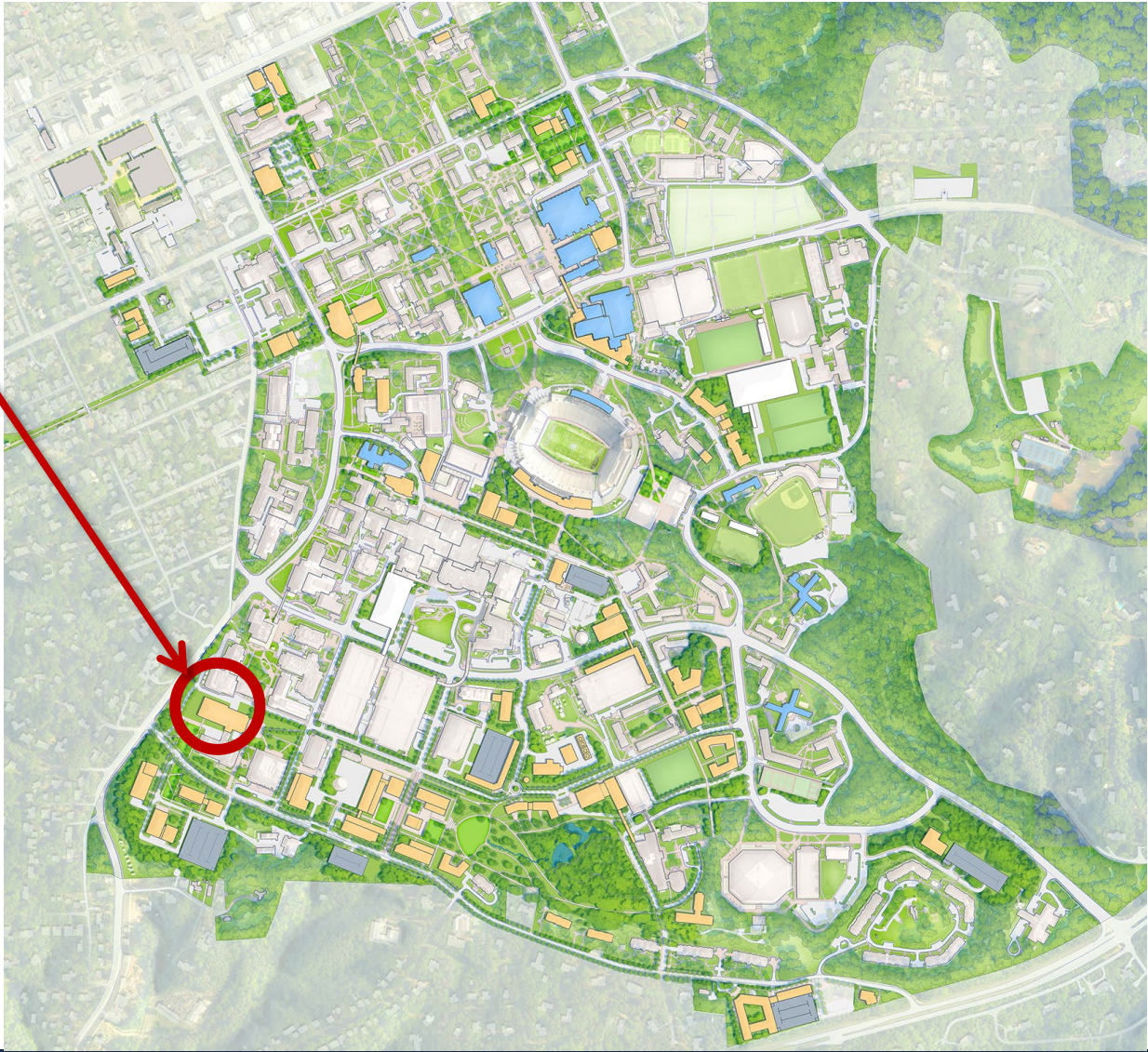
UNC Policy Manual 600.1.3[R]: Regulation on Acquisition and Disposition of Real Property Authority

<https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=748>

GLAXO BUILDING MASS SPECTROMETER RELOCATION

PROJECT
LOCATION

2019
CAMPUS
MASTER
PLAN



DENTAL COMPLEX FIRE ALARM REPLACEMENT

PROJECT
LOCATION

2019
CAMPUS
MASTER
PLAN



FORDHAM HALL CHILLED WATER PROCESS LOOP AND REFRIGERATION EQUIPMENT REPLACEMENT

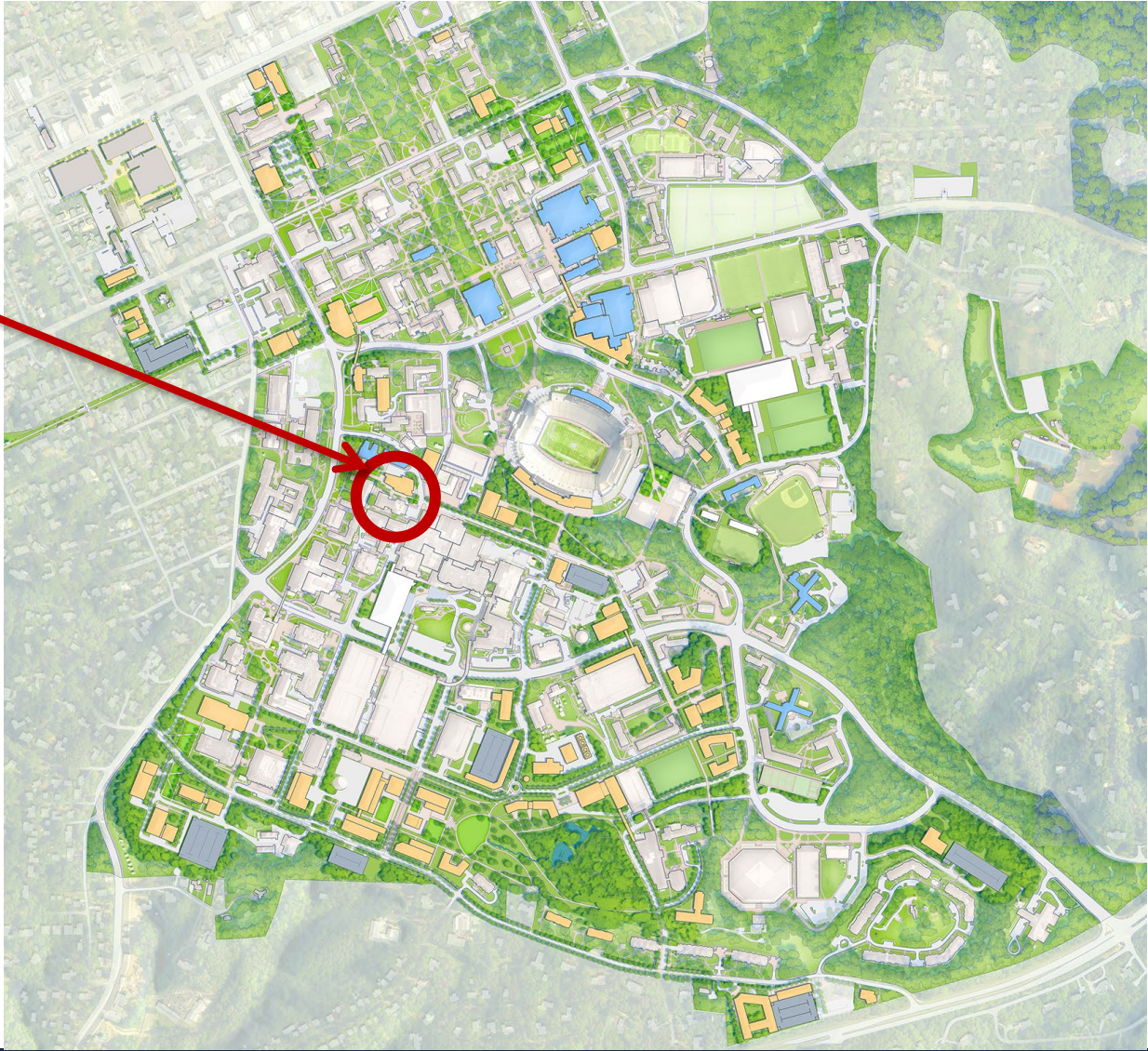
PROJECT
LOCATION



BRINKHOUS-BULLITT ELECTRICAL UPGRADES

PROJECT
LOCATION

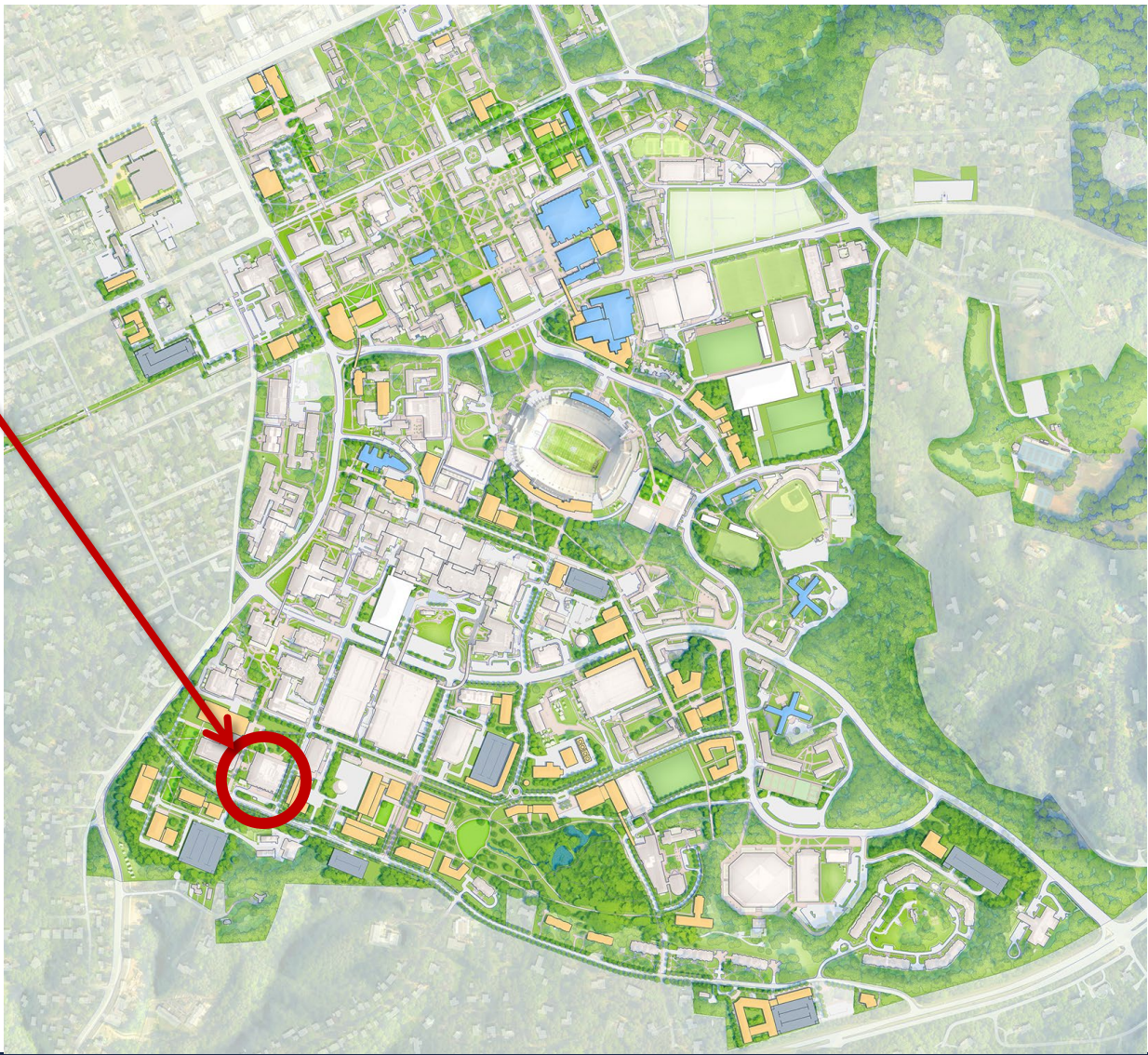
2019
CAMPUS
MASTER
PLAN



GENETIC MEDICINE BUILDING FIRST FLOOR LAB RENOVATION

PROJECT
LOCATION

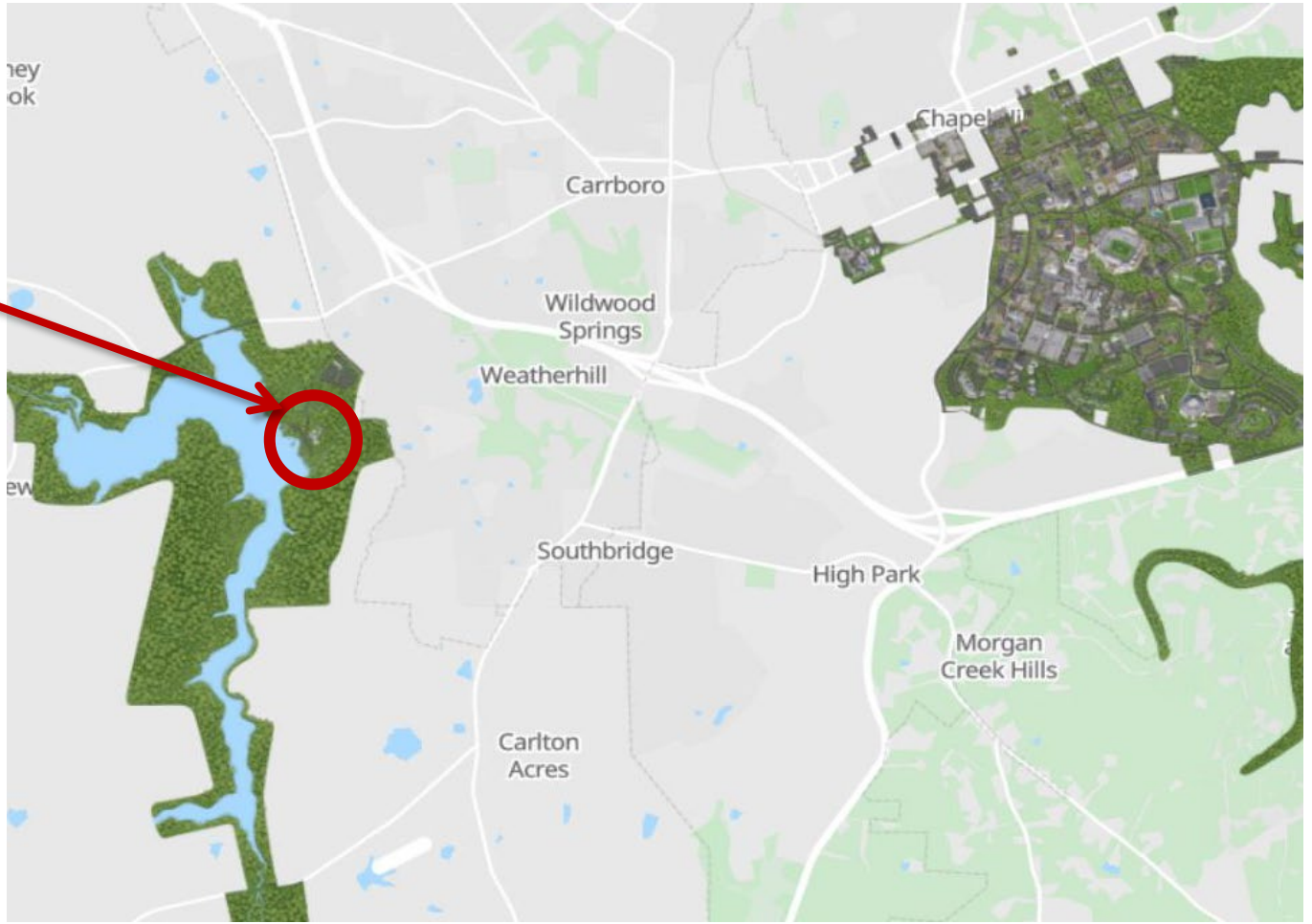
2019
CAMPUS
MASTER
PLAN



FRANCIS OWENS BLOOD RESEARCH LAB BARN (FOBRL)

PROJECT
LOCATION

2019
CAMPUS
MASTER
PLAN



Review of Annual Comprehensive Financial Report Budget, Finance, and Infrastructure Committee Board of Trustees The University of North Carolina at Chapel Hill

Nathan Knuffman

Vice Chancellor for Finance and Operations

Agenda & Overview

- Audit Summary
- Net Position & Notable Financial Highlights
- Monitoring Fiscal Health in Two Ways

Audit Summary

For the fiscal year ended June 30, 2022 (FY2022), the University successfully received a **clean and unqualified opinion** from the North Carolina Office of the State Auditor.

- No audit findings, management comments or material misstatements were recorded
- No accounting adjustments suggested by auditors
- Audit testing and analysis was conducted timely, within budget and entirely remotely for UNC-CH Financial Reporting and Office of State Auditor teams without issues
- Team received the GFOA “Certificate of Achievement for Excellence in Financial Reporting” for the Annual Report presentation

Net Position & Notable Financial Highlights

UNC's overall financial results for the fiscal year ended June 30, 2022 increased \$307.1 million in net position from the previous year.

- **Operating revenues increased by \$254.2 million**, or 11 percent, to \$2.6 billion. The revenue increase was primarily driven by recoveries of Sales & Services by \$110.8 million, increase of \$60.7 million in Contracts & Grants, Student and fees tuition increase of \$52.0 million and \$26.2 million increase in patient services.
- **Operating expenses increased by \$180.4 million**, or 5.8 percent, driven by increases of \$144.0 million in supplies and services, \$27.0 million in depreciation and amortization, \$11.0 million in scholarship and fellowships, \$3.7 million in utilities and \$65.1 million in salaries offset by a \$70.7M decrease in pension benefits expense.
- **Investment Income decrease of \$63.6 million** in FY2022 arrives as a result of UNC Investment Fund's less favorable FY2022 return of 4.4%, versus the large FY2021 return of 42.3%, combined with subsequent fair value adjustments.
- **State appropriation increased \$50.2 million**, or 9.3 percent driven by an increase in Collaboratory funds of \$22.0 million, salary and benefits increases \$16.1 million, AHEC funding \$4.8 million and enrollment growth \$3.8 million.
- Net Position **grew to \$3.9 billion**, with an increase of \$307.1M or 8.4% growth from previous year.

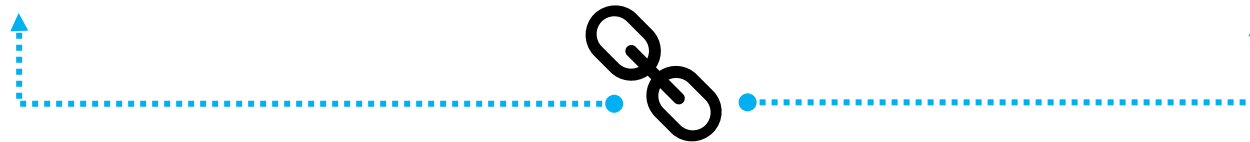
Monitoring Fiscal Health in Two Ways

Annual Operating Budget

- The Annual Operating Budget is generally a **cash-based** description of activities of the proposed income sources and expenditures for the **upcoming year**, following both State and internal financial policies
- Selected operating funds only (state, central receipts, F&A)
- No adjustments for accrued liabilities, deferred revenue etc.
- Intercompany billings are included between units to reflect full transactional activity
- Run-rate based; usage of current financial activities as a predictor of future performance
- MCU recovery targets set and monitored at this level

Annual Comprehensive Financial Report (ACFR)

- The ACFR (or Annual Report) is a comprehensive review of financial activity in the **previous year** and includes several additional items such as agency funds, associated entities and long-term future liabilities. The report follows generally accepted accounting principles set by Governmental Accounting Standards Board (GASB) used by all state and local governments
- All fund types, including capital activities and donated funds
- Full accrual accounting (includes depreciation expense, estimated post employment and other long-term liabilities, etc.)
- Asset, liabilities, revenue, expenses, and net position focused
- Used to benchmark with peers



Understanding both views provides a full picture of UNC Chapel Hill's finances

Finance Update, January 2023
Budget, Finance, and Infrastructure Committee
Board of Trustees
The University of North Carolina at Chapel Hill

Nathan Knuffman

Vice Chancellor for Finance and Operations

FY24 Budget Development Schedule

October 4, 2022	Instructions for Developing FY23-24 Budget Submission sent to Campus Units
December 16, 2022	Final Major Campus Unit (MCU) FY23-24 Budget Submission Delivered
December 16, 2022	Compilation of MCU Budget Requests Completed
December 2022 - January 2023	MCU Discussions w Chancellor (33 in Total); Last meeting Feb. 1
February 2023	Final Budget Decisions
February 24, 2023	Final Budget Documents Completed
March 22, 2023	BOT Reviews Budget (BOT Meeting)
May 25, 2023	BOG Reviews Budget (BOG Meeting)

Current State of Budget Planning for FY24

- Limited funding availability for strategic reinvestment
- Units have requested \$108 M in new spending
 - Salary/retention/new hires comprise over half of requests
 - Requests are heavily concentrated – 5 units account for more than 50% of requests
- Budget priorities:
 - Fiscal Responsibility
 - Enable Career Development
 - Discover
 - Promote Democracy
 - Serve to Benefit Society

Blending and Braiding: Aligning with UNC and Statewide Strategic Priorities

Dean Ramona Denby-Brinson

*UNC Board of Trustees presentation
Wednesday, Jan. 25, 2023*

UNC School of Social Work | FY 2024
Strategic Alignment: Guided by Carolina Next

1 2 3 4 5 6 7 8

Build
Our
Community
Together

Strengthen
Student
Success

Enable
Career
Development

Discover

Promote
Democracy

Serve to
Benefit
Society

Globalize

Optimize
Operations



1



UNC

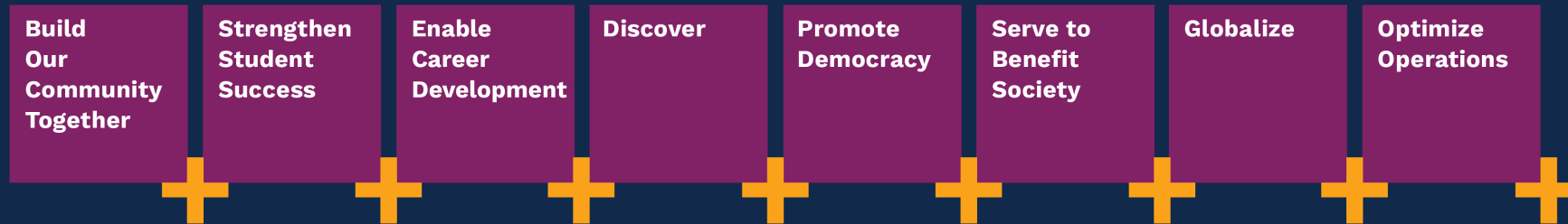
SCHOOL OF
SOCIAL WORK

ADVANCING
Equity
TRANSFORMING
Systems
IMPROVING
Lives

UNC School of Social Work | FY 2024

Strategic Alignment: Budget planning transparency process

“Before you plan: Here’s how we’ve realigned our budget and priorities with Carolina Next, broader University/System goals, and statewide needs.”



“

What is the **magnitude** of the effort?

How **critical** is the effort?

Is there **a need** for it?

Does it align with UNC’s **strategic priorities**?

”

Does it **generate revenue**?

Are there **other funds available** for it?

Has there been **prior investment** in the effort?

Were the outcomes **successful**?

2

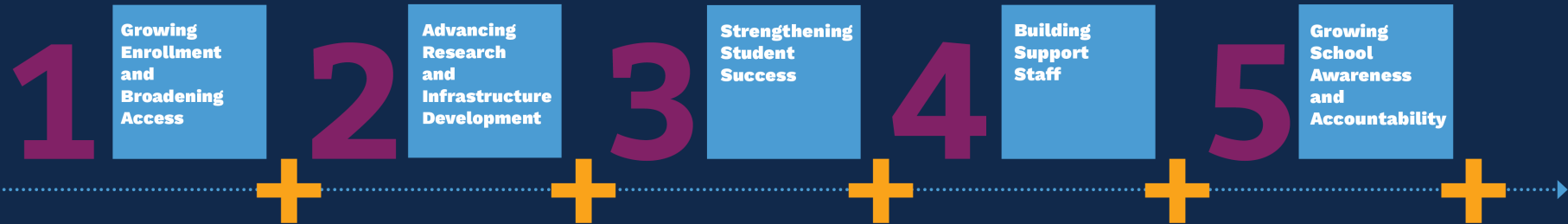


SCHOOL OF
SOCIAL WORK

ADVANCING
Equity
TRANSFORMING
Systems
IMPROVING
Lives

UNC School of Social Work | FY 2024

Aligning the School's five priorities with Carolina Next's strategic initiatives



We are **building our community together** through the implementation of an online program that:

- Increases accessibility to a Carolina education
- Aids the Graduate School in reaching its targeted student enrollment increases

The online degree option **serves North Carolina primarily and benefits society** by:

- Targeting underserved areas of the state, including rural communities

Solving the world's most challenging problems through **discovery, global participation** and community collaboration requires:

- Investment in critical lines—associate dean for research and proposal development personnel

We **strengthen student success** and enable career development through:

- Embedded therapist
- Stipend support
- Expanding DEIA programming
- Leveraging digital technology via our online curriculum

Our budget request **optimizes operations** through multiple strategies:

- Focuses on revenue generating initiatives
- Creates a support infrastructure that values our staff's well-being and enables their **career development**. We have one administrative support person assigned to 77 faculty (unsustainable)
- Cost reductions (e.g., we discontinued a \$100k annual lease with Europa Center)

Our plan **promotes democracy, civility, and respect** by:

- Addressing perceived differences by hosting convenings/discussion of diverse citizens
- Leveraging media
- Problem solving through outreach and engagement

UNC School of Social Work | FY 2024

Our Five Priority Initiatives: Discovering ways to blend and braid resources

