

**ANNUAL REPORT
OF THE COMMITTEE ON BUDGET AND FINANCE TO THE
BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA
July 1, 2013 through June 30, 2014**

EXECUTIVE SUMMARY

The Committee on Budget and Finance met eight times between July 1, 2013 and June 30, 2014. The Committee was composed of the following Board members: Mr. Roger Aiken, Mr. W. Louis Bissette, Jr., Dr. Fred N. Eshelman, Mrs. Hannah D. Gage, Mr. W. Marty Kotis III, Mr. Scott Lampe, Mrs. Joan G. MacNeill, and Mr. Harry L. Smith, Jr. Mr. Bissette served as Chair; Mrs. MacNeill served as Vice-Chair; and Mr. Smith served as Secretary. Chancellor Philip L. Dubois (UNCC), Chancellor Gary L. Miller (UNCW), and Chancellor David O. Belcher (WCU) also served on the Committee.

BUDGETS AND ALLOCATIONS, TUITION AND FEES

The Committee recommended:

- Allocation of funds for current operations – 2013-14
- Nonresident Enrollment Pilot for NCA&TSU
- Statement to accompany each resident student's tuition bill
- Authorization of tuition and fees for 2014-15
- 2014-15 Short Session Budget Priorities

CAPITAL IMPROVEMENTS

The Committee recommended:

- Allocation of funds for capital improvements – 2013-14
- Authorization of non-appropriated capital improvements projects – 2014
- Guaranteed energy saving projects for FSU, NCA&TSU, and UNC-CH
- Agreed with emergency procedures to address matters of health and safety at ECSU and UNC-CH

INSTITUTIONAL BORROWING

The Committee recommended:

- Special obligation bonds for NCSU and UNC-CH for participation in the Commercial Paper Program for certain projects approved by the 2013 Session of the General Assembly
- Sale of Special Obligation Bonds for ASU, ECU, FSU, UNCC, and UNCG

PROPERTY

As requested by Board of Trustees, the Committee recommended:

- Acquisition of property for ECU (two transactions), UNCA (two transactions) and UNCC (three properties)
- Acquisition of space by lease for NCA&TSU and UNCG as part of a public-private partnership to house expansion of the nursing programs
- Student housing arrangements for ECU to address expected demand for housing
- Under delegated authority, transactions were reported for the following: ASU, ECU, NCA&TSU, NCCU, NCSU (four transactions), UNCC, UNCP, UNCW (two transactions), UNCSA, WCU (two transactions), UNCGA (two transactions), and UNC-TV (two transactions)

OTHER ACTIONS

The Committee recommended:

- Establishment of Associated Entities for UNC-CH (one Entity) and UNCW (one Entity)
- Changes to the following UNC Policies:
 - Policy 600.1.3.1[R], Regulations for Acquisition and Disposition of Real Property by Lease, amended 1/7/14
 - Policy 700.1.3, Out-of-State Undergraduate Enrollment, amended 2/21/14
 - Policy 1300.6, Policy on Efficiency and Effectiveness, adopted 8/1/14 (approved by the Committee in June 2014)
- 10 Efficiency and Effectiveness Operating Metrics

DISCUSSION TOPICS

- 2013-14 Budget Recommendations
- Four-Year Plan for Tuition and Fees
- Operational Efficiencies
- Five-Year Review of Campus Revenues, Expenditures, and Performance
- Leasing Authority
- FY 2013-14 Budget Reduction Summary Report
- Tuition and Fees
- 2013-14 Repairs and Renovations
- Disposition of Real Property by Lease – WCU's Millennial Campus
- Athletics Financial Transparency
- FY 2013-14 Budget Management – Guidelines for remainder of fiscal year
- 2014-15 Budget Update

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The Committee on Budget and Finance met eight times between July 1, 2013 and June 30, 2014. The Committee was composed of the following Board members: Mr. Roger Aiken, Mr. W. Louis Bissette, Jr., Dr. Fred N. Eshelman, Mrs. Hannah D. Gage, Mr. W. Marty Kotis III, Mr. Scott Lampe, Mrs. Joan G. MacNeill, and Mr. Harry L. Smith, Jr. Mr. Bissette served as Chair; Mrs. MacNeill served as Vice-Chair; and Mr. Smith served as Secretary. Chancellor Philip L. Dubois (UNCC), Chancellor Gary L. Miller (UNCW), and Chancellor David O. Belcher (WCU) also served on the Committee.

The Committee advises and consults with the Board of Governors' Chair and the President concerning budget policy and preparation; considers the budget proposed by the President, recommends modifications if needed, and approves the budget for consideration by the Board; makes recommendations to the Board for allocations of funds appropriated by the General Assembly; works with the Committee on Educational Planning, Policies, and Programs to ensure the proper funding of long-range objectives; and submits recommendations to the Board with respect to capital improvements projects, institutional borrowings, and property transactions, as well as other budgetary and financial matters within the jurisdiction of the Board of Governors.

BUDGETS AND ALLOCATIONS, TUITION AND FEES

During the year, the Committee made specific recommendations for consideration by the Board related to budget requests, allocations of funds, and the establishment of tuition and fee rates.

Allocation of Funds for Current Operations – 2013-14: The proposed 2013-14 Allocations for Current Operations were recommended for Board approval.

Nonresident Enrollment Pilot – NCA&TSU: At least 82% of entering first-time freshmen undergraduates at each UNC constituent institution must be North Carolina residents. (UNC Policy 700.1.3) In January, it was recommended that the Board study nonresident enrollment through a pilot program at NCA&TSU beginning with the Fall 2014 term. North Carolina A&T State University had exceeded the cap in Fall 2012 due to a large pool of qualified nonresident applicants; North Carolina A&T State University had experienced declines in enrollment of first-time North Carolina resident students. The limit on the proportion of nonresident students in the entering freshman class could be increased from 18 percent to not more than 25 percent so long as there was no negative impact on the admission of resident North Carolinians.

Tuition Bill Transparency: The Board had requested development of a statement to accompany each resident student's tuition bill. The Committee approved a template for inclusion in the 2014-15 billing cycle.

Authorization of Tuition for 2014-15: The 2013 General Assembly included nonresident undergraduate tuition increases in their budget for 2014-15. The rate increases were 12.3% for four campuses and 6% for 10 campuses with two campuses excluded. The General Assembly also appropriated a reduction of \$27.2 million, which was equal to the revenue estimated to be generated by the tuition increases.

- In February 2014, the Committee recommended alternative nonresident undergraduate rates to replace the General Assembly's rates if the original legislation was repealed during the 2014 Session.
- In June, the Committee recommended tuition amounts to replace the General Assembly's rates if flexibility was granted in setting the rates.

The 2014 General Assembly did not repeal the original legislation. Through a special provision, the University was given flexibility to set nonresident undergraduate tuition rates for 2014-15 at any level deemed appropriate by the Board. However, the system-wide total in new tuition receipts must be at least \$27,243,157.

The tuition approved by the Board for the 2014-15 academic year reflected the increases recommended by the President after his review of campus tuition proposals. The President had recommended no increases for resident undergraduate students.

The University of North Carolina at Chapel Hill had requested authority to establish a new Master of Professional Science in Toxicology degree program with a school-based tuition rate of \$8,000 to support the program. This tuition was in addition to the tuition rates approved for resident graduate students (\$8,693) and nonresident graduate students (\$25,904).

Authorization of Fees for 2014-15: General Fees (*Athletics, Health Services, Student Activities, Educational and Technology*), Debt Service Fees, Application Fees, and Special Fees were recommended for approval. System-wide general fee increases proposed for 2014-15 averaged 4.2%.

At the February meeting, all fees were approved with the exception of the Student Health Services Fee at UNC-Chapel Hill. After further review, UNC-Chapel Hill requested approval of a Student Health Services Fee of \$416, which was \$20 less than the fee paid by students in 2013-14. The campus would remove some programs that had previously been supported by the fee. UNC-Chapel Hill would also conduct a comprehensive external review of Student Health Services.

2014-15 Short Session Budget Priorities: The Committee recommended the Priorities which included investments in the 2013-18 Strategic Plan, funding to retain the system's talented workforce, eliminating the additional management flexibility reduction and the nonresident undergraduate tuition increase budgeted for 2014-15, and other critical campus and system needs.

CAPITAL IMPROVEMENTS

Allocation of Funds for Capital Improvements – 2013-14: The proposed 2013-14 Allocations for Capital Improvements were recommended for Board approval.

Authorization of Non-Appropriated Capital Improvements Projects – 2014: On an annual basis, the Board considers campus proposals for projects funded from non-appropriated sources requiring the issuance of long-term debt. The Committee recommended 12 capital improvements projects at six institutions totaling \$403,129,000 requiring aggregate debt issuance of \$364,179,000. The projects, with the exception of a project for WSSU, were forwarded to the General Assembly for authorization during the 2014 legislative session. For each authorized project, a detailed financial plan would be reviewed in consultation with financial advisors and bond counsel before bonds were issued and construction contracts were awarded.

Guaranteed Energy Saving Projects: G.S. 143-64.12 required that all state buildings reduce energy use per gross square foot 30% by 2015. G.S. 143-64.17F authorized state agencies to utilize guaranteed energy savings contracts. To finance each project, the university would solicit competitive proposals from qualified lenders and the savings generated by the guaranteed energy savings contract would pay for the debt. After the debt was paid, the savings produced by the improvements would continue to accrue to each university and the State.

The following projects were recommended and forwarded to the Department of Administration, the Office of State Budget and Management, the State Treasurer, and the Council of State for final approval.

- FSU: Energy conservation measures for approximately 900,000 square feet of space that included air-flow reduction, building automation system upgrades, building commissioning, automatic occupancy sensors, chilled water and hot water system improvements, building and system insulation, water conservation devices, technology upgrades, process equipment scheduling, high-efficiency mechanical drives, and high-efficiency ice machines in 26 campus buildings
- NCA&TSU: Energy conservation measures for approximately 1,100,000 square feet of space that included upgrading the lighting control system and installing high efficiency lights, steam system improvements, HVAC control upgrades, building envelope improvements, weatherization efforts, water meter resizing, and development of a preventative maintenance and staff training program
- UNC-Chapel Hill: Energy conservation measures for approximately 1.15 million square feet of space that included air-flow reduction, building automation system upgrades, building commissioning, automatic occupancy sensors, steam system improvements, building and system insulation, water conservation devices, process equipment scheduling, high efficiency mechanical drives, and high efficiency ice machines in seven campus buildings

Design Engineer Selection – HVAC System Improvements – Meredith Riggs Spangler Building: The Meredith Riggs Spangler Building, constructed in 1980, had had little HVAC renovation work performed (other than routine maintenance). It was recommended that Sigma Engineered Solutions be selected to design the HVAC system improvements in that building. All policies and procedures set forth by the State Building Commission were followed in making this recommendation.

Emergency Procedures: Chancellors inform the President of the need to invoke emergency procedures as allowed by G.S. 143-129 to provide for new capital improvements projects. In accordance with emergency procedures, the State Building Commission is also notified.

- At UNC-CH, on November 5, 2013, a fire at Cobb Residence Hall damaged portions of the attic and fourth floor. The project, estimated to cost \$900,000, would be funded from N.C. Department of Insurance funds and housing receipts.
- At UNC-CH, extreme cold weather caused freezing that irreparably damaged heat exchange coils at McGavran-Greenburg and Lineberger Cancer Research Buildings. It was essential to replace the coils immediately in both buildings to avoid ruining years of invaluable research. The project, estimated to cost \$450,000, would be funded from non-recurring funds.
- At ECSU, tornados in northeastern North Carolina caused damage to several facilities on the campus. The Chancellor declared an emergency to repair roofs, structures, and equipment, as well as remove fallen and damaged trees. The project, estimated to cost \$297,164, would be funded from a combination of Office of State Budget and Management Repairs and Renovations Emergency Contingency Funds, as well as 2012 Repairs and Renovations funds redirected from other projects.

Capital Improvements Projects Not Requiring Action by the General Assembly

During the year, the Committee recommended approval of the following capital improvements projects to be funded principally from nonappropriated funds.

ASU

Gardner Residence Hall Re-Flooring	\$ 400,000
Steam Distribution System Replacement and Repair	4,500,000
Replacement of Steam System Condensate Line	499,000
State Farm Recreational Field Improvements	1,225,000
Steam Plant Roof Replacement	1,030,000

ECU

North Recreational Complex Phase 3	5,000,000
Minges Coliseum Scoreboard Replacement	3,400,000
Jenkins Cancer Center CT Simulator Replacement	374,000
Minges Natatorium Lighting and Acoustical Improvements	490,000
Advance Planning - Student Services Building	2,838,258

NCSU

Centennial Campus Central Utility Plant Capacity Expansion	3,491,824
Centennial Campus Gateway at Trailwood Improvements	929,370
College of Veterinary Medicine Building 3rd Floor Lab Module C Renovation	2,750,000
Watauga Residence Hall Chiller Replacement and HVAC Improvements	1,800,000
Sullivan Residence Hall Stair Enclosure	450,000
Centennial Campus Reuse Water	1,083,000
3501 Avent Ferry Renovation	1,300,400
Morrill Entrance Safety Improvements	394,000

Farmers Market Park and Ride Lot	\$ 998,359
Advance Planning - Greek Village Phase 2 Infrastructure	200,000
Advance Planning - College of Veterinary Medicine Anatomy Lab Renovation	175,000

UNC-CH

208 West Franklin Street Renovation	2,000,000
Aycock Family Medicine Renovation	3,400,000
Residence Hall Energy Savings Projects	5,800,000
HVAC Controls Upgrades for Energy Efficiency	463,000
Burnett Womack First Floor Renovations	2,000,000
Bynum Hall Third Floor Renovation	500,000
Manning Steam Plant Upgrade	33,000,000
Manning Steam Plant Re-Roofing	496,000
Hill Hall Renovations	15,000,000
Howell Hall Renovation	5,297,400
Medical Biomolecular Research Building Energy Conservation	1,500,000
Genetic Medicine Building - Vivarium Equipment	3,200,000
Davis Library Life/Safety Improvements	7,000,000
North Branch - Replacement of 1928 Storm Water Trunk Line	4,260,000
Kenan Laboratories Energy Conservation	1,000,000
Craige Residence Hall Elevator Modernization	683,000
Craige Residence Hall Roof Replacement	581,000

UNCC

Football Exterior Lighting	2,500,000
Music Annex Building	3,000,000
Campus-wide Emergency Generator Upgrades	1,200,000
Campus Infrastructure Renewal	2,150,000
South Entrance Roadway Improvements	3,500,000
Advance Planning - Hawthorn Hall Renovation	975,000
Advance Planning - Moore Hall Renovation	2,068,755

UNCG

North Practice Field Renovations	950,400
North and South Spencer Residence Hall Roof Replacement	1,055,000
Tower Village Fire Alarm Replacement	1,400,000
Soccer Stadium and Field Repairs	1,910,000
Advance Planning - Renovations to 1510 Walker Avenue	500,000

UNCGA

Chiller Replacements	751,000
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UNC-Chapel Hill requested authority to increase the scope of the following previously approved capital improvements projects:

Taylor Hall Vivarium Equipment Replacement – increase of \$3,500,000
Mary Ellen Jones Building Renovations, Phase I Vivarium Renovation – increase of \$18,681,005
Howell Hall Renovation – increase of \$4,284,274
Lighting Upgrades in Campus Parking Facilities – increase of \$1,500,000

Increases in Previously Authorized Projects: Capital improvements actions initiated throughout the year by the President pursuant to Board delegation are reported below. The following increases in previously authorized projects were approved.

ASU

East Residence Hall Sprinkler Installation	\$ 535,617
Plemmons Student Union Fire Alarm Replacement	103,000
Plemmons Student Union HVAC Controls Upgrade	284,527

ECU

New Student Union and Health Sciences Student Service Building	5,000,000
White Residence Hall Renovations	3,000,000
School of Dental Medicine 4 th Floor Fit-Up, Phase I	2,600,000
Tennis Court Repairs	50,000

UNCA

Mountain Area Health Education Center (MAHEC) Facility Acquisition	52,000
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UNC-CH

Emergency Declaration – Chiller at Institute of Marine Sciences (IMS)	35,000
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UNCC

Cone Plaza Repairs	654,800
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UNCP

Student Health Services Comprehensive Renovation and Addition	571,676
Chavis Dining Hall Renovation	950,000

UNC GA

UNC President's House – Renovation and Expansion	500,000
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Delegated Authority: In 2006, the Board of Governors delegated to the President the authority to approve capital improvements projects estimated to cost less than \$500,000. Items were to be sent to Committee members one week prior to approval by the President's Office so that members would have an opportunity to consider the projects, ask questions, and determine if the projects warranted further discussion at the next Committee meeting. There were three projects submitted in the 2012-13 fiscal year:

ECU - Family Medicine Center – Sports Medicine Module (\$499,960)
 NCSU - Research III – IES Office Relocation (\$452,520)
 UNC-CH - Renovate Room 335 – Phillips Hall (\$552,030)

INSTITUTIONAL BORROWING

Commercial Paper Program: In 2001, the General Assembly and the Board authorized NCSU and UNC-Chapel Hill to implement a commercial paper program allowing the periodic issuance of tax-exempt commercial paper bonds. The Committee recommended approval and authorized the Vice President for Finance to use commercial paper bonds for the following projects approved by the 2013 Session of the General Assembly.

North Carolina State University

Carmichael Locker Room Renovation (\$7,600,000)

The University of North Carolina at Chapel Hill

Rizzo Center Phase III Acquisition (\$36,000,000)

Odum Village Replacement (\$4,000,000)

Craige Parking Deck - Supplement (\$4,000,000)

Special Obligation Bonds: The Board of Governors is authorized to issue special obligation bonds for capital improvements projects approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves. The Committee recommended that the President of the University, or his designee, be authorized to sell the following special obligation bonds.

ASU: Appalachian State University had requested that the Board issue special obligation bonds for the purpose of (1) renovations to Anne Belk Hall, (2) renovations to Belk Residence Hall, (3) renovations and upgrades to the field hockey field, (4) refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of Appalachian State University that resulted in sufficient savings, and (5) paying the costs incurred in connection with the issuance of the 2014 Bonds. *Note: The bonds sold for \$35,505,000 and closed on May 6, 2014.*

ECU: East Carolina University requested that the Board issue special obligation bonds for the purpose of (1) financing the demolition and reconstruction of Belk Residence Hall, approved by the Board of Governors and authorized by the 2013 General Assembly, (2) refinancing of ECU indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of ECU that resulted in sufficient savings, and (3) paying the costs incurred in connection with the issuance of the 2013 Bonds. *Note: The bonds sold for \$53,685,000 and closed on February 13, 2014.*

FSU requested that the Board issue special obligation bonds for the purpose of (1) financing the Rudolph Jones Student Center Expansion and Renovation capital project, approved by the Board of Governors on February 11, 2011 and authorized by the 2011 General Assembly in Session Law 2011-145, (2) refinancing of FSU indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of FSU that resulted in sufficient savings, and (3) paying the costs incurred in connection with the issuance of the 2013 Bonds. *Note: The bonds sold for \$23,410,000 and closed on September 12, 2013.*

UNCC: The University of North Carolina at Charlotte requested that the Board issue special obligation bonds for the purpose of (1) the construction of a new residence hall, Residence Hall XIII, approved by the Board of Governors and authorized by the 2013 General Assembly, (2) renovations and improvements to two existing residence halls, Oak Hall and Holshouser Hall, and (3) paying the costs

incurred in connection with the issuance of the 2014 Bonds. Mr. Aiken recused from this item. *Note: The bonds sold for \$58,745,000 and closed on April 1, 2014.*

UNCG: The University of North Carolina at Greensboro had requested that the Board issue special obligation bonds for the purpose of (1) financing (a) the acquisition of residence halls on the UNC Greensboro campus known as Spartan Village and (b) the construction and equipping of a new student recreation center, and (2) costs incurred in connection with the issuance of the 2014 Bonds. *Note: The bonds sold for \$125,685,000 and closed on June 19, 2014.*

PROPERTY

All property transactions, other than leases, of \$250,000 or more, require approval of the Board and, therefore, action by the Committee on Budget and Finance unless approved under the President's delegation up to \$500,000. Upon the approval of the Board, the committee staff forwards such items to the Council of State for final action.

Lease transactions in excess of \$150,000 for campuses without delegated authority require approval of the Board. Lease costs will be at market rate, subject to approval by the State Property Office, and accomplished within the guidelines, procedures, and policies of the North Carolina Department of Administration.

The following property transactions were recommended for approval:

ECU: The Board of Trustees of East Carolina University had requested approval to acquire by deed property with improvements contiguous to the main campus for future campus expansion (two transactions).

UNCA: The Board of Trustees of the University of North Carolina at Asheville had requested approval to acquire by deed property that would accommodate long-term growth and campus expansion (two transactions).

UNCC: The Board of Trustees of The University of North Carolina at Charlotte had requested approval to purchase three properties from the UNCC Foundation to accommodate rapid growth and secure vacant land for future development next to the current University Advancement Division building.

Acquisition of Space by Lease: NCA&TSU and UNCG had requested approval to acquire space by lease as part of a public-private partnership involving a private developer, Cone Health, Guilford Technical Community College, the City of Greensboro, and other institutions. The space would house expansion of the university nursing programs, community college nursing programs, and training facilities for Cone Health.

Disposition of Real Property by Demolition: The Board of Trustees of ASU had requested authorization to dispose of Winkler Residence Hall by demolition.

Disposition of Real Property by Lease: WCU had requested approval to lease its Millennial Campus to its Endowment Fund for 65 years in order to speed development of the property. The Endowment Fund would have the ability to enter into subleases without further statutory, policy, or regulatory approval.

Disposition of Property by Lease: The Board of Trustees of NCSU had requested the approval of a disposition lease between NCSU and a current tenant partner on Centennial Campus. The disposition would continue the partnership and renew the current lease.

Disposition of Property by Exchange: The Board of Trustees of NCSU had requested the approval of the exchange of acres between the State of North Carolina, on behalf of NCSU, and the Endowment Fund of NCSU. This would facilitate private development of the Centennial Campus consistent with the Master Plan.

Student Housing Arrangements: The Committee recommended leasing arrangements to enable the universities to meet projected housing demands associated with campus growth. The cost per bed would be consistent with comparable residence halls on campus and lease payments would come from student housing receipts. Leases would be accomplished within the guidelines, procedures, and policies of the North Carolina Department of Administration and the Council of State.

- ECU requested approval to lease off-campus apartments to house approximately 200 students for fall 2013 and spring 2014 semesters to address an expected demand for housing.
- ECU requested approval to lease off-campus apartments to house approximately 250 students in the fall semester of 2014 and the spring semester of 2015.

Transactions by Delegated Authority

In 2012, N.C. General Statute 116-31.12 delegated to the Board of Governors of the University of North Carolina the authority to authorize the constituent institutions and the University of North Carolina General Administration to acquire and dispose of real property by lease if the lease was for a term of not more than ten years. The Board delegated that authority to the President, NC State University, UNC-Chapel Hill, and East Carolina University up to \$500,000.

At the October meeting, a question was raised regarding the Board's role in approving leases. Board members were brought up-to-date with background information regarding leasing authority and the volume of leasing since January 2011. At the November meeting, the President had decided to return the thresholds for leasing under delegated authority to the previous levels. Under these thresholds, leases greater than \$500,000 would require Board of Governors' approval.

The following property transactions were approved under delegated authority.

ASU: disposition of real property by lease to Wake Forest University Baptist Medical Center for the extension of Wake Forest University's Physicians' Assistant Program to northwest North Carolina

ECU: acquisition of real property by deed for campus expansion

NCA&TSU: acquisition of real property by deed for seven residential properties around campus identified in the Master Plan

NCCU: acquisition of real property for replacement warehouse space

NCSU: acquisition of real property by deed for campus expansion to complete the site on which a regional data center would be constructed for NCSU's Office of Information Technology

NCSU: disposition of real property by easement at the intersection of Trailwood Drive and Main Campus Drive

NCSU: land exchange of real property by deed for NC State Mountain Horticultural Crops Research and Extension Center

NCSU: disposition of real property by easement for installation of an underground gas line that would support the adjacent subdivision northwest of the Thistledown Drive and Trailwood Drive intersection and future campus development

UNCC: disposition of real property by lease to Time Warner Cable

UNCP: acquisition of real property by deed for campus expansion in accordance with the Master Plan

UNCW: disposition of real property by lease of office and laboratory space to OCIS Biotechnology

UNCW: disposition of real property by lease for co-location with university and private partners

UNCSA: acquisition of real property by deed for property contiguous to campus and needed for expansion in accordance with the Master Plan

WCU: acquisition of real property by lease to consolidate graduate and undergraduate academic programs currently offered at locations across Buncombe County to a new instructional site in Asheville -- Consolidated programs include WCU's undergraduate accelerated nursing program and approximately 20 graduate programs.

WCU: acquisition of real property by deed for expansion space for residential living facilities or additional parking facilities for students

UNCGA: acquisition of real property by lease to support the activities of the North Carolina State Approving Agency (NCSAA)

UNCGA: acquisition of real property by lease on behalf of the NC Center for International Understanding (NCCIU) and Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP)

UNC-TV: acquisition of real property by lease to provide storage space for studio sets and backgrounds

UNC-TV: acquisition of real property by lease for business operations in Watauga County, North Carolina

OTHER ACTIONS

The Committee on Budget and Finance and the Audit Committee held a joint meeting to review campus financial statements and related financial ratios.

Establishment of an Associated Entity - UNC-CH: It was recommended that the Board of Governors approve the establishment of KFBSF Real Estate Fund III, L.P. as a UNC-Chapel Hill associated entity and an educational program at the Kenan-Flagler School of Business without obtaining nonprofit tax-exempt status.

Establishment of an Associated Entity - UNCW: The University of North Carolina at Wilmington had requested approval to establish a for-profit associated entity to enable its Research Foundation to partner with a private Venture Capital fund. University of North Carolina Regulation 600.2.5.2 Section C.2. required constituent institutions to receive approval from the Board of Governors to establish an associated entity on a for-profit basis.

UNC Policy Manual -- During the year, changes were recommended as follows:

- UNC Policy 600.1.3.1[R], Regulations for Acquisition and Disposition of Real Property by Lease, amended 1/7/14
- UNC Policy 700.1.3, Out-of-State Undergraduate Enrollment, amended 2/21/14
- UNC Policy 1300.6, Policy on Efficiency and Effectiveness, adopted 8/1/14 (recommended for approval in June by the Committee; approved by the Board of Governors at its August meeting)

UNC Efficiency and Effectiveness Metrics: The Policy on Efficiency and Effectiveness 1300.6 required the Board to adopt metrics to track operational performance. The 10 Efficiency and Effectiveness Operating Metrics were recommended for approval.

The Annual Report of the Committee on Budget and Finance to the Board of Governors of the University of North Carolina for July 1, 2012 through June 30, 2013 was recommended for approval.

At most meetings throughout the year, the Committee discussed specific topics. Those topics included:

- 2013-14 Budget Recommendations
- Four-Year Plan for Tuition and Fees
- Operational Efficiencies
- Five-Year Review of Campus Revenues, Expenditures, and Performance
- Leasing Authority
- FY 2013-14 Budget Reduction Summary Report
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