MINUTES

The University of North Carolina at Greensboro
Board of Trustees
Business Affairs Committee
December 1, 2011

MEMBERS PRESENT: Susan Safran, chair, Nathan Duggins, Randall Kaplan, Lee McAllister, Harriett Smalls, David Sprinkle and Martin Weissburg.

OTHER BOARD MEMBERS/GUESTS: Rebecca Adams, Kate Barrett, Charles Blackmon, Alan Boyette, Linda Brady, Bonita Brown, Mike Byers, Cherry Callahan, Sarah Carrigan, James Clotfelter, Jonnelle Davis, Howard Doyle, Carolyn Ferree, Helen Hebert, Donna Honeycutt, Steve Honeycutt, Kelley Mills, Richard Moore, William Parrish, Fred Patrick, Dave Perrin, Jorge Quintal, Cindy Reed, Steve Rhew, Terry Riocci, Steve Serck, Jim Settle, Terri Shelton, Don Skeen, Patricia Stewart, Mike Tarrant, Reade Taylor

PROCEEDINGS: Ms. Safran called the meeting to order at 1:47 p.m. in conjunction with the Academic/Student Affairs committee. The minutes from the September 14, 2011 were approved as distributed.

ACTION ITEM

Proposed Tuition and Fees, 2012-13 (ASAC-5)

Chancellor Brady spoke of the challenges UNCG faces and the process of reviewing tuition and fees. This is not taken lightly and extensive conversations have been held on campus with students and administration to arrive at the recommendations. The Board of Governors approved the ability to impose campus instituted tuition increases in 1998 and revised it in 2003. We have refined our process since that time.

Affordability and a quality education are the goals for UNCG. The students were a major part of the discussions regarding the increase we are requesting. They were clear that maintaining the value of their degrees is paramount. With the heavy cuts we have already taken, steps need to be taken to ensure that students can get their degrees in a timely manner. Half (50%) of the funds generated will go toward reinstituting core sections that students need for graduation.

General Administration has proffered an option to increase tuition to invest in quality enhancement, or "catch-up" funds extended over several years. However, this is not a long term solution for funding. Tuition is not the primary source of funds for state education. Higher education is for the public good and the state's appropriations for this service are still essential.

Vice Provost Boyette advised that SGA President Isaac Miller had to leave the meeting to attend class and that he would be in attendance at the full board meeting tomorrow.

Dr. Boyette described the process where the administration and students co-chaired the committees on tuition and on fees. A 48-slide PowerPoint presentation is attached to these minutes in the file. State appropriations account for 40% of our funding and nearly 19% comes from tuition (slide 5).
Mr. Weissburg asked if UNCG would be double-hit during cuts compared to UNC-CH since we have 40% appropriations and they have closer to 20%. Chancellor Brady replied that President Ross has taken that into consideration when allocating cuts.

Dr. Boyette advised that there are three guiding principles for the committees –

- UNCG must remain affordable for its neediest students.
- UNCG must not significantly increase its rank among the constituent UNC institutions in terms of cost, and
- Recommended actions are believed to provide positive contributions toward the quality of the students’ educational/learning experience.

He further advised that two additional guidance points were provided this year by the UNC System President and Governing Board –

- The traditional tuition increase cap is 6.5%; campuses with significant unfunded needs may submit a proposal for increasing tuition above 6.5%.
- Additionally, a campus whose tuition or fee rates differ significantly from those charged by similar UNC institutions or their public peer institutions may consider one-time adjustments to tuition or fees beyond the cap to "catch up."

These are in addition to the guidance points that have been in place since CITI (Campus Instituted Tuition Increases) has been approved for campuses.

- Combined tuition and fee rates shall continue to remain in the bottom quarter of an institution's public peers (when compared to resident undergraduate rates).
- At least 25% of the proposed new tuition revenues must be set aside for need-based financial aid; the remaining 75% shall be used to increase compensation and to enhance the quality of the student's academic experience.
- The need for the tuition increase and proposed allocations of tuition revenue must be documented and presented to the Board of Governors for approval.

The proposal for UNCG CITI for 2012-13 is a 6.5% increase in tuition with a 3.5% increase for quality enhancement for a total of 10%. This percentage equates to a $345 increase for in-state undergraduate students, $397 for in-state graduate students, $1,598 for out-of-state undergraduate students and $1,620 for out-of-state graduate students.

The justification for this increase is –

- To retain faculty, in part by bringing UNCG faculty salaries closer to the 80\textsuperscript{th} percentile of peers (goal of the UNC Board of Governors)
- To restore as many course sections as possible lost as a result of successive budget reductions (loss of 157 faculty positions and approximately 975 course sections and 40,000 class seats in 2011-12)

Ms. Small asked if we had to have the permission of the legislators. Chancellor Brady reported the President Ross presents the information for all of the campuses to the Board of Governors in February each year. However, even if the Board of Governors approves, the General Assembly can still deny any increase. There is also a restriction on the amount of salary increases we are permitted to give an employee. The General Assembly can restrict how we use or cut our appropriations.
Dr. Boyette pointed out that since 2008 we have had permanent cuts in funding of $40,931,806 and temporary reductions in funding of $42,999,539 for a total of $83,931,345. This increase will restore $7 million. Ms. Safran asked what would happen if we were assessed another 15% cut.

Mr. Weissburg asked why we are required to be in the bottom quartile to our national peers. This is a Board of Governors rule, not UNCG. Only in-state students are guaranteed an education "as close to free as practicable," as per the North Carolina constitution.

Dr. Callahan presented the fee section of the proposal. The fee committee is comprised of sixteen members, eight of whom are students and the remaining eight have no vote (only students vote). The fees recommended for increase were:

- Athletics – increase of $48 to $589
- Activities – increase of $11 to $384
- Health – increase of $8 to $265
- Education and Technology – increase of $31 to $361
- Facilities – increase of $217 to $707

The consensus of the committee was to request a 6.5% increase or $315 for 2011-12.

Dr. Ferree mentioned that we never talk about loans for our students and asked how we compare in student debt upon graduation. Dr. Boyette admitted that it is growing, and now between $20-24,000 on average which is far below the national average. However, we have a needier population than UNC-CH typically. Mr. Kaplan advised that figure is the average for students who have loans, not all students. We have 70% of students with some form of student aid.

Mr. Weissburg asked how this increase would affect our enrollment. Would $660 keep a student from attending? Chancellor Brady advised that we try to be conservative because of the potential impact on enrollment and we are becoming more competitive within the UNC system.

Mr. McAllister pointed out that we have a lower starting point for costs to the students which is to our advantage. Mr. Moore reminded the Board that we need to help our legislators understand this. We could become more vulnerable due to students being unable to complete their education in four years or even remain in school.

Mr. Blackmon asked what the student feedback was. Dr. Boyette replied that the students on the committee were nearly unanimous on the increase from the first vote (one against) but as the information was discussed and they understood the process and impact, the vote became unanimous. Quality is an issue for the students as well as increasing core classes to ensure they can graduate on time.

Mr. Kaplan asked if the students compared the percentage of this increase to the whole cost of a year at school or just tuition? Dr. Boyette and Dr. Callahan replied that due to the wide variety of choices for the students they do not address the additional factors in the committee. We offer a range of housing and meal options which are personal choices which affect the students' bottom line.

Dr. Boyette then pointed out that in addition we are requesting approval from the board for additional potential increases for quality enhancement for 2013-14, 2014-15 and 2015-16 of 3.5% each year. This is a one-time opportunity granted by General Administration to give the campuses permission to request enhancement funds for future years. This is not a guaranteed increase, only permission to request that may not be available in future years.
The Quality Enhancement Tuition Proposal as outlined by General Administration allows -

- Pursue annual tuition increases over the next three years (2013-14, 2014-15, 2015-16) in keeping with prevailing guidelines from the BOG, and as recommended by the UNCG Tuition Committee appointed each year.
- Plan for an additional “quality enhancement” tuition increase of up to 3.5% in each of these three years, contingent upon an annual reassessment of then current financial conditions and needs, as documented by the Tuition Committee appointed for each of those years and discussed with the Chancellor.

There was some discussion on whether or not to request percentage increases vs. dollar amounts and what the other UNC campuses were using. Mr. Sprinkle suggested that we use the language supplied by General Administration – to remain in the bottom quarter of an institution’s public peer and use neither percentages nor dollars.

There has been little guidance from General Administration on how to propose this additional tuition.

Mr. Weissburg then asked for clarification on why we are using two of the criteria for asking for increases but not the third – normal increase, increase for unfunded needs, but not "catch-up" or enhancement funds. Chancellor Brady advised that the "catch-up" ability was not presented to us until after the process and initial meetings for increases in tuition and fees had been held. She stressed that the one-time opportunity to request initial increases for enhancement is due on December 9.

Mr. Moore expressed dissatisfaction with the request itself and asked that a written proposal be prepared for the full board meeting so as not to propose by PowerPoint.

Mr. Kaplan moved that the board accept the request on fees as proposed. Mr. Sprinkle seconded. The vote was unanimous. The request on tuition will wait until a formal proposal has been written. Mr. Kaplan reminded the board that Mr. Ed McMahan, our representative to the Board of Governors will be in attendance at the full board on December 2 and he requested that the full presentation be given again at that time.

The Academic/Student Affairs Committee adjourned at that point and the Business Affairs Committee continued.

Designer Selection for Anne and Benjamin Cone Building (Weatherspoon Art Museum) Roof (BAC-1)

This project will replace the existing single-ply roofing membrane, as well as the flashings, insulation, and sealants for the Cone Art Building. The project budget for advance planning only is $60,000.

Twelve (12) letters of interest were received, of which three (3) were from Guilford County. The list was narrowed to a short list of four (4) firms for review and presentation of qualifications.

The firm of Sutton-Kennerly & Associates, Inc. of Greensboro was recommended for this work due to

- the design team's proposed integrated evaluation and design process to mitigate construction risks while obtaining a long life cycle, low maintenance roofing solution;
- the size of the design team and ability to provide in-house, multi-disciplinary expertise, such as structural and mechanical engineering, will provide additional resources as needed to resolve known and unknown issues that may arise during the course of the project; and
• the firm has an internal peer review process for quality control during the production of the construction documents.

Ms. Small moved for approval. Mr. McAllister seconded. This will be placed on the consent agenda.

Designer Selection for Health & Human Performance Building Room 101 Renovation (BAC-2)

This project will renovate and modernize Room 101 in the Health & Human Performance Building by converting the former wrestling practice room to office space. The project will also construct an infill second floor in the existing two story space. This new floor level will be finished and ready for interior up-fit. The existing electrical, data, lighting, HVAC and Fire Sprinkler will be re-worked to accommodate both the first and new second floor areas. The project budget is $760,000.

Nineteen (19) letters of interest were received, of which three (3) were from Guilford County. The list was narrowed to a short list of three (3) firms for review and presentation of qualifications.

The interview committee recommends David Kane Architects P.A. of Raleigh due to their

• demonstrated significant experience in analyzing and successfully resolving code issues in existing buildings;
• experience with similar renovation projects where a second floor was constructed within an existing two story space and up-fitted for office use and
• their track record of successfully completing difficult projects with short design and construction schedules.

Mr. McAllister moved for approval. Ms. Small seconded. This will be placed on the consent agenda.

Acceptance of the School of Education Building, Jefferson Suites Residence Hall, Baseball Training and Practice Facility, HHP Locker Rooms, Jackson Library Phase I Renovations, and Ragsdale-Mendenhall Residence Halls Renovations (BAC-3)

One of the four responsibilities the Board of Governors sets out for the Board of Trustees in the final acceptance of all completed buildings and projects.

Mr. Kaplan asked what "accept" means in this context. Mr. Quintal advised that meant that the buildings had been inspected by the city, county and state and passed inspection. This is the final step in accepting the buildings into our inventory.

Ms. Small moved for approval. Mr. McAllister seconded. This will be placed on the consent agenda.

**INFORMATION ITEMS**

Capital Projects Update (BAC-4)

Mr. Quintal presented the update which included projects recently completed:

• School of Education
• Jefferson Suites
• Baseball Training Facility
• HHP Locker Rooms
• Jackson Library Renovation, Phase I
- Ragsdale/Mendenhall Residence Hall Renovations

Projects in construction:
- Dining Hall Renovations
- The Quad Renovations
- Joint School of Nanosciences and Nanoengineering
- Curry Building Renovations

Projects in planning:
- Pedestrian Underpass
- UNCG Mixed Use Village Phase I
- Campus Police Building
- Student Recreation Center

Report on Architects/Designers Appointed by Chancellor (BAC-5)

This designer selection appointed by the Chancellor is to provide commissioning services for the new Campus Police Building which will be built in UNCG’s Mixed Use Village along Lee Street. These services will include commissioning of HVAC, Plumbing, and Electrical building systems to assure compliance with specified performance levels and the LEED Certification requirements for “Enhanced Commissioning.” The budget is $90,000.

Twenty-three (23) letters of interest were received for the above referenced project, of which four (4) were from Guilford County.

The firm of Affiliated Engineers, Inc. of Chapel Hill was approved by the Chancellor for this appointment for the following reasons:
- Collaboration on numerous UNC system projects providing commissioning services that are required to comply with the State Construction Office process, both North Carolina Senate Bills 668 and 1946, and the USGBC LEED Rating System.
- Presented a strategy to involve UNCG’s Facilities Operations staff during the commissioning process, (including design, construction, measurement and verification), to ensure an energy efficient successful project.
- Provides both engineering design and commissioning services which offers UNCG additional oversight during the design for selection of the sustainable building systems.

Report on Architects/Designers Appointed by Capital Facilities Foundation, Inc. (BAC-6)

The Capital Facilities Foundation is developing student housing located in the UNCG Mixed-Use Village south of Lee Street. The project includes construction of four new, suite-style residence halls containing approximately 800 beds and associated site work. The project budget is $130,000.

The Commissioning Agent will work closely with the selected architect, Lord Aeck Sargent, Architecture and the selected Construction Manager at Risk, Samet/Barton Malow/SRS, to commission HVAC, Plumbing, and Electrical building systems to assure compliance with specified performance levels and the LEED certification requirements.

Twenty-three (23) letters of interest were received, of which five (5) were from Guilford County.
The firm of Commissioning WorCx, Jamestown, NC was appointed by the Capital Facilities Foundation as the Commissioning Agent for this project due to:

- Experience providing services in similar projects.
- Experience working with the design and construction teams.
- Experience working with the State Construction Office.

Historically Underutilized Businesses (HUB) Presentation (BAC-7)

Mr. Quintal gave a presentation on UNCG’s efforts to comply with the General Assembly requirement 143-128.2 to achieve a 10% verifiable goal for HUB participation of the total value of work for each construction project. This is not a set-aside program and the low bid requirement is enforced.

Anthony Phillips, an engineer and construction manager has administered HUB for UNCG since 2009. He maintains our plan and outreach for HUB. Our HUB participation has increased to 31.31% for 2010-11.

We have hosted seminars to the vendors, giving classes in how to determine if the company is qualified to bid, relevant experience, ability to fund and bond each project. We are seeing an increase in joint partnerships or joint ventures presenting to our design meetings.

UNCG Investment Fund Update (BAC-8)

Vice Chancellor Taylor updated the Board on the performance of the UNCG Investment Fund as of September 30, 2011. The charts distributed to the board show that the fund did not surpass the general stock and bond index, nor the custom benchmark for our 1-year return. Our market value as of June 30, 2011 was $204.6 million. For the quarter ended September 30, 2011, we had new gifts of $.9 million and a net return of ($21.8 million). Distribution to participants was ($6.9 million). The market value as of September 30, 2011 was $176.8 million.

Mr. Weissburg asked about the difference between the two charts, one from the UIF presentation and one from the tuition and fee presentation. Mr. Taylor responded that the chart showing sources of revenues in the tuition and fee presentation included approximately $32 million in investment income earned on cash balances primarily on deposit with the State Treasurer (note: the sources of revenue chart also includes all investment income including unrealized gains and losses). The Investment Fund recap shows $6.9 million in cash distributions to participants, not income.

There being no further business, Ms. Safran adjourned the meeting at 4:04 p.m.

Respectfully submitted

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Donna Honeycutt