MEMBERS PRESENT:  David Sprinkle, Charles Blackmon, Brad Hayes, Mona Edwards, Randall Kaplan, Ward Russell

MEMBERS NOT PRESENT:  N/A

Charles Maimone, Vice Chancellor for Business Affairs, Liaison

OTHERS PRESENT:  Chancellor Franklin D. Gilliam, Jr.; Jerry Blakemore, General Counsel; Waiyi Tse, Chief of Staff; Julia Jackson-Newsom, Associate Vice Chancellor for Strategy and Policy; Jorge Quintal, Associate Vice Chancellor for Facilities; Macea Whisette, Executive Assistant to the Vice Chancellor for Business Affairs; Shannon Bennett, Assistant Secretary to the Board of Trustees; and other members of the administration, faculty, staff and general public

PROCEEDINGS:

Sprinkle called the meeting to order at 8 a.m. A quorum was confirmed.

Sprinkle read the Conflict of Interest Statement from the State Government Ethics Act and the board’s duty to avoid COI and appearances of COI, if any should be identified. None were identified.

Hayes moved and Edwards seconded that the Business Affairs Committee Minutes of December 6, 2016 be approved. The Business Affairs Committee unanimously approved the minutes with no additions or corrections.

Chair Sprinkle turned the meeting over to Charles Maimone.

1. Discussion Items
   - Human Resources Introduction and Overview (BAC-1)
     - Deferred until spring, due to time constraints.
   - Review of Financial Statement 2015-16 (BAC-2)
     - Maimone reviewed the university’s 2015-16 Financial Statement. Several members of the finance departments were also present: Steve Rhew, Randle Bennett, Marquita Loflin and Jill Hillyer.
     - The university’s financial statement includes financial information about the Excellence Foundation, Human Environmental Sciences Foundation, Capital Facilities Foundation and Weatherspoon Arts Foundation which are blended with the university for financial reporting.
     - Maimone reviewed the major drivers of financial activity in the financial statements, which are construction spending, debt related to construction spending and investment growth or decline.
     - The university’s financial condition is favorable:
Endowment gifts totaled $6 million for 2016.
- Completion of the Kaplan Center made a significant difference in the university’s total assets.
- The university’s net position increased by $18 million.
- Debt decreased by $7 million.
- Bond refinancing rates reduced the debt service payment.
- Operating Income and Operating Expenses increased by $10 million.
- State Appropriations increased by $5 million.

- **Debt Capacity Study Results (BAC-3)**
  - Maimone introduced Michael Juby, Jr., who serves as the director of First Tryon Advisors, a financial advisory group.
  - The UNC system hired First Tryon Advisors to report on the debt affordability of each of its constituent institutions.
  - Juby provided an overview of the FY16 UNC Debt Capacity Study:
    - SL 2015-241 (H97) requires the Board to advise stakeholders “on the estimated debt capacity of The University of North Carolina for the upcoming five fiscal years.”
    - The System report focuses on the following elements:
      - Educating stakeholders on the System’s current approach to evaluating debt and the complexity of the credit rating process
      - Assessing each campus’s estimated debt capacity over a five year period
      - Making recommendations for the use of the Study and suggestions for future improvement
  - Juby summarized UNCG’s Campus Report:
    - The report contains the following components:
      - Overview of recent enrollment trends and other general performance metrics
      - Explanation of factors considered in setting growth factors
      - Summary of projected results for the financial model’s four financial ratios
      - Current debt and credit profiles, including details on financed projects, sources of repayment and recommendations for maintaining or improving the campus’s credit rating
      - Copy of any existing debt management policy
    - UNCG’s financial model assumes a conservative, default growth rate of 1.6% (tied to the Consumer Price Index) for available funds, expendable financial resources and operating expenses.

2. **Action Items**
   - **Acceptance of Completed Projects (BAC-4)**
     - Final acceptance of projects in accordance with Appendix 1, section VI, of the Code of the Board of Trustees of The University of North Carolina at Greensboro sets the responsibilities of the Board in regard to property and buildings, including “the final acceptance of all completed buildings and projects.”
     - Maimone reported that UNCG met its obligations and responsibilities for the following capital improvement projects completed in FY16:
Kaplan Wellness Center – Project Cost: $91,000,000
Steam Distribution System Replacement Phase II – Project Cost: $1,310,000
Steam Distribution System Replacement Phase III – Project Cost: $1,853,000
Jackson Library Digital Media Center Commons Renovation – Project Cost: $458,000
Tower Village Fire Alarm Replacement – Project Cost: $1,035,000

In addition, 20 projects under $300,000 were completed.

Blackmon moved to approve and Russell seconded. The Business Affairs Committee (BAC) unanimously voted to recommend approval of action item BAC-4 by the full board.

3. Information Items

- BAC – 5 Quarterly Facilities, Design and Construction Update
- BAC – 6 Report on Architects and Engineers Appointed by Chancellor (Gove Elevator Modernization)
- BAC – 7 Report on Architects and Engineers Appointed by Chancellor (2017-18 Open End Agreement Contracts)
  - BAC-7.1 Memorandum
- BAC – 8 Quarterly University Investment Fund Update
- BAC – 9 Quarterly Enrollment and Tuition Update
- BAC – 10 2017-18 Budget Comparisons as of January 27, 2017

Hayes made the motion to adjourn; and Russell seconded. Motion passed.

The meeting was adjourned at 9:12 a.m.

Respectfully submitted,

Shannon Bennett
Assistant Secretary to the Board of Trustees