MINUTES
BUSINESS AFFAIRS COMMITTEE MEETING
THURSDAY, APRIL 3, 2014
FISHER STUDENT CENTER
MAISONBRO ISLAND ROOM 2011
1 P.M.

Members Present: Mr. Carlton Fisher
Ms. Wendy Murphy
Ms. Wilma Daniels
Mr. Hal Kitchin
Mr. Ronald McNeill
Mr. Michael Drummond
Mr. Zach Steffey

Representing the University: Mr. Charles A. Maimone, Vice Chancellor for
Business Affairs

Guests: Dr. Rick Whitfield, Ms. Sharon Boyd, Mr. David
Donaldson, Mr. Bob Fraser, Ms. JoAnn McDowell,
Dr. Gary Miller, Ms. Stefanie Powell, Ms. JoAnn
Ferguson, Ms. Dana Harris, Ms. Ann Glossl, Dr.
Brian Victor, Ms. Ann Freeman, Ms. Dana Harris,
Mr. Rob Hoon, Ms. Roberta LaSure, Ms. Sonda
Jenson, Ms. Andrea Weaver, Ms. Lori Preiss, Mr.
Zack Mitcham, Mr. Steve Pickard, Dr. Terry
Curran, Ms. Pam Elliott, Ms. Diane Reed, Mr. Stan
Harts, Ms. Pressley Baird (Star News) Ms. Janet
Alexander, and Ms. Lynn Aycock

The Business Affairs Committee of the Board of Trustees met on Thursday, April 3, 2014, in
Fisher Student Center, Masonboro Island Room 2011 at 1 p.m. Committee members present
were: Mr. Carlton Fisher, Mr. Ronald McNeill, Mr. Hal Kitchin, Mr. Zach Steffey, Ms. Wilma
Daniels, Mr. Michael Drummond and Ms. Wendy Murphy.

Mr. Carlton Fisher, Chair, called the meeting to order and read the required ethics statement from
the State Ethics Act. No conflicts or potential conflicts were identified.
The Sustainability Annual Report was given by Mr. Stan Harts and Ms. Diane Reed, Co-Chairs of the UNCW Sustainability Committee

April 1-6 is Sustainability Week at UNCW. A variety of events throughout the week are being conducted to engage students in this institutional commitment. These events, range from art events to locally inspired lunches and educational sessions. UNCW is actively involved with as stewardship to our unique coastal environment.

Stan Harts and Diane Reed, Co-chairs of the UNCW Sustainability Committee, presented the annual accomplishments and goals of the UNCW Sustainability Committee. This presentation centered on the major accomplishments in the areas of energy and water conservation, academic initiatives, community collaborations, as well as efforts in campus transportation and dining. This year has developed a synergy among the many efforts to amplify the sustainability initiatives and it is incorporated into much of our operations.

Mr. Carlton Fisher asked Zach Steffey, SGA President, if students are happy with the green/fund sustainability fee and the sustainability efforts happening on campus. Mr. Steffey answered yes this is a student initiative project and is student driven. Mr. Ronnie McDowell asked if students understand the economics behind these efforts. Mr. Harts answered yes, most students do. Mr. Fisher thanked Mr. Harts and Ms. Reed for a good report.

This concludes the Sustainability report.

The following Construction Update was given by Bob Fraser, Associate Vice Chancellor-Facilities

Performance Contract

Phase 2: 

Background:
- Performance Contract Phase I was approved by UNCW BOT in fall 2012.

Project Intent:
- To assist the university in meeting and exceeding the energy saving performance goal set out by the Board of Governors.
• To enable the university to renew energy related capital assets like boilers, chillers, air handling units and controls while saving annual costs.
• To enable the university to use projected annual energy cost savings to pay for ongoing capital improvements.

Current Status
• A plan for project scope at a 60% completion phase has been proposed by Ameresco, the performance contractor and is being assessed by the university.
• This 60% scope forms a portion of an investment grade audit plan that includes scope, projected cost, annual savings projections, projected escalation in energy costs, projected return on investment and performance calculations.
• The university is seeking permission to utilize Qualified Energy Conservation Bond Funding (QECB) administered through NC Department of Commerce. QECB funding originates from the Federal Government and reduces the financing costs of the program.

Schedule Update & Next Steps
• Approve the project scope and complete the approval of the 60% document phase of the investment grade audit by the end of the first week in April.
• Ameresco submits the 90% & 100% phases of the plan & the University accepts by mid-June.
• The plan is presented to the UNCW BOT in August.
• If approved, the plan is presented to the UNC Board of Governors in October.
• If approved, the plan construction documents are reviewed by the State Energy Office and the State Construction Office in October.
• If approved by these entities, UNCW has the plan reviewed by Bond Counsel.
• If the plan is found acceptable by Bond Counsel, Ameresco issues requests for proposal to potential financial institutions in October or early November.
• Upon receipt of acceptable financing the documents receive a final review by UNCW counsel & Bond Counsel in October or early November.
• If the documents are found to be acceptable, final reviews and approvals are completed by:
  ➢ OSBM
  ➢ State Treasury
  ➢ Council of State
• If the documents are found to be acceptable, construction contracts are executed and construction begins.
Lease Approval Process:

Background:
- In April of 2013 the UNCW BOT authorized the university to seek delegated disposition authority by lease from the UNC General Administration consistent with GS 116-37.
- In its November 2006 report to the Board of Governors, the President’s Advisory Committee on Efficiency and Effectiveness (PACE) recognized that “the need to lease space is growing, especially as more campuses do greater and more complex research” and that “extending leasing authority as currently granted under GS 116-37 to all campuses should be accomplished”.
- Under existing statute the BOG can delegate leasing authority to campuses.
- UNCW sees the need to further the research mission in conjunction with private and public research partners.
- The university has undertaken the process and will soon submit through UNC GA a request to the BOG for delegation of leasing authority.

Progress Report:
- In November of 2013 UNC GA presented a report of the process to seek delegated leasing authority to the BOG.
- To date this process has been successfully undertaken by NCSU, ECU & UNC-CH.
- UNCW is in the process of assembling the data and setting up the committees and policies to apply for disposition and acquisition lease delegation.

Outline of the Process Being Undertaken:
The leasing and approval list involves many parties:

Parties to the Approval Process:
- UNCW Chancellor
- UNCW Board of Trustees
- UNC General Administration
- UNC Board of Governors
- NC Department of Administration
  - State Property Office
- Council of State

Currently the entities that must approve a lease differ depending on the campus, the annual rent of the lease, and the term of the lease.
In order to receive delegation from the BOG the university is completing the following actions and will submit the completed action content to the BOG through UNC GA for approval:

Outline of the Process Being Undertaken:
In order to receive delegation from the BOG the university is completing these actions and will submit the completed action content to the BOG through UNC GA for approval:

1. UNCW is undertaking written, comprehensive self-assessment that demonstrates it has the administrative, technical, and support resources necessary to properly carry out the delegated authority.
2. The Chancellor will certify that UNCW has the administrative, technical, and support resources necessary to properly carry out the delegated authority.
3. UNCW will form a University Property Review Committee.
4. UNCW will name an individual on staff with substantial experience in managing commercial real estate transactions and the Chancellor has designated that individual as the University Property Officer.
5. UNCW will name appropriate technical staff with demonstrated capability in the development, evaluation and execution of commercial leasing transactions.
6. UNCW will name a staff attorney with commercial real estate experience.
7. The University will affirm that the UNCW Board of Trustees of the constituent institution has adopted the Board of Governors delegation policy and requested authority be delegated.
8. UNCW will host an assessment team, assembled and led by UNC General Administration, and assist the team in reviewing UNCW’s self-assessment, and on-site capabilities appraisal.
9. If the UNC GA team is satisfied they will recommend the delegation to the President.

If UNCW is found, by the team to be capable, UNCW will be designated as a constituent institution delegated for the disposition and acquisition of real property by lease consistent with G.S. 116-31.12.

Mr. Ronnie McDowell asked if this delegated authority would make the process easier and less time consuming. Mr. Bob Fraser answered yes. Chancellor Gary Miller said that the BOT has already approved that the university proceed with the process but the Board has not seen the proposal. Mr. Michael Drummond said that this material should be sent to BOT members way in advance of the trustee meetings for their review. Mr. Charlie Maimone said that this is why we are presenting this to you now. We want to let you know what to expect in the future. Mr. Fraser said that at the next BOT meeting the committee members will be presented as well as what meetings have taken place since this meeting today.

The following lease structure previously reviewed by the BOT may not be necessary if the delegation effort succeeds.
CMS Marbionc Facility Lease
Procurement Structure:

Self Liquidating Project Approval
By Board of Governors:

At the February Meeting of the Board of Governors the following self-liquidating project list was approved by the BOG and will be progressed by UNCW:

Historically Underutilized Business Program (HUB Program):

- Currently working with METCON on the Outdoor Enhancement Project and Balfour Beatty on the S&BS Renovation Project to develop comprehensive HUB Outreach Plans to maximize exposure to minority contracting community and boost HUB participation on upcoming projects.
- Both firms have impressive histories of working aggressively with HUB throughout the UNC system. METCON is a HUB construction manager.

Mr. Michael Drummond asked if the university has a number or percentage assigned to use of HUB firms. Mr. Fraser answered that we strive for 10% but many times we have done much better.

This concluded the Facilities update.
The following report was given by Ms. JoAnn McDowell, Interim Associate Vice Chancellor-Human Resources

JoAnn McDowell, Interim Associate Vice Chancellor for Human Resources, provided an overview of the 2014 UNCW Equal Employment Opportunity and Affirmative Action Plan. The annual report is prepared in accordance with Federal regulations and reaffirms the University’s commitment to equal education and employment opportunity and documents progress towards achieving parity among women and racial/ethnic minorities.

As of January 1, 2014, UNC Wilmington had 1,839 employees, of whom 54% were women and 17% were racial/ethnic minorities, showing little change in the overall number of employees and representation of women and racial/ethnic minorities since January 2013. However, there is a significant increase in the number of job categories that are below parity in the representation of women and racial/ethnic minorities since the 2013 report. This is mainly due to the increased availability of women and racial/ethnic minorities in the labor market that was identified by the new 2010 US Census data. The increase in labor market availability resulted in underutilization at UNC Wilmington. Mr. Michael Drummond said so we are being required to discriminate in our hiring. Ms. McDowell answered no, we make hiring decisions based on qualifications. Attorney Robert Hoon added that this is a federal policy. He also said that UNCW policies state to hire based on qualifications. Mr. Hal Kitchin added that the federal government must be followed. Mr. Hoon said that Human Resources meets with each search committee and reviews the policies for hiring with committee members. Mr. Maimone said the best thing is to encourage all to apply so there will be a varied applicant pool. Mr. Drummond said that he just wants the best people here at UNCW.

Next, Ms. McDowell reported on the employment of related persons. As required in the UNCW policy on Employment of Related Persons, Human Resources is responsible for reporting to the Board of Trustees all new instances of related employment that required a written management plan. There were ten instances reported and the approved management plans ensuring compliance with the policy are on file in Human Resources. Mr. Hal Kitchin asked if all ten of
these employees were hired in the regular course of university business. Ms. McDowell answered absolutely.

This concluded the Human Resources update.

**The following Budget and Tuition update was given by Vice Chancellor-Business Affairs Charlie Maimone**

Vice Chancellor Maimone reported that the FY13–14 budgeted revenues will meet projections. Student Credit Hour production and corresponding tuition revenues in both regular term instruction and in distance education for the Fall and Spring semesters as well as the new College of Health and Human Services’ RN to BSN online program. Overall headcount and SCHs are above projections for the new program and on target to meet budget this year. Mr. Hal Kitchin asked what the $3,017,358 variance on the “FY 2013-14 Projected Tuition Revenue (Regular Term + Distance Education)” slide is attributed to. Mr. Maimone answered out-of-state yields three times more than in-state tuition. Mr. Ronnie McNeill said if you get more money it will not be in the same year. Mr. Maimone said yes it lags one year behind if you overestimate. We use enrollment project and try to be as precise as possible because there are penalties they can impose if you over project a certain number of times.

Vice Chancellor Maimone reported to the committee that Governor McCrory has directed the OSBM to implement measures to reduce our monthly allotments covering only 95% of the average monthly allotment to cover an increase in funding for Medicaid. The reversion of state appropriations will result in an estimated loss of $XXX for the remained of this fiscal year.

Vice Chancellor Maimone also provided an update on the FY 14 – 15 budget planning. The $855,326 legislative reduction plus instructions by OSBM to plan for an additional 2% reduction to state appropriations equals a planned reduction of $2,877,280, The university is developing a $3M reduction plan in anticipation of these reductions. Mr. Drummond asked what is the next in depth information we can check. Mr. Maimone said that all of these PowerPoint presentations are available on the website and every February this Committee does a budget education/update
presentation for the BAC meeting. This committee discussed the plan and process and reported to the committee to provide clarification.

This concluded the Vice Chancellor's budget and tuition update.

There being no further business, the meeting was adjourned.