

BOARD OF TRUSTEES MEETING
The University of North Carolina at Chapel Hill

The Board of Trustees met in regular session on Thursday, September 26, 2013, at The Carolina Inn, Chancellor Ballroom, at 8:00 a.m. Chair Caudill presided.

ROLL CALL

Assistant Secretary, Erin Schuettpelz, called the roll and the following members were present:

W. Lowry Caudill, Chair	Charles G. Duckett
J. Alston Gardner, Vice Chair	Peter T. Grauer
Sallie Shuping-Russell, Secretary	Kelly Matthews Hopkins
Jefferson W. Brown	Steven J. Lerner
Phillip L. Clay	Dwight D. Stone
Haywood D. Cochrane, Jr	Christy Lambden
Donald Williams Curtis	

Chair Caudill opened the meeting by reading the following statement regarding the State Government Ethics Act:

“As Chair of the Board of Trustees, it is my responsibility to remind all members of the Board of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this Board of Trustees’ meeting. If any Board member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the Board of Trustees at this meeting, the conflict or appearance of conflict should be identified at this time.”

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Lambden, and duly seconded, the minutes of the regular meeting of July 25, 2013, were approved as distributed.

Ratification of Mail Ballots

On motion of Mr. Lambden, and duly seconded the following mail ballots dated August 8, August 21 and August 31, were approved as distributed:

- Personnel actions and actions conferring tenure, compensation actions, and items for information.
- Election of Members to the Board of Trustees of the Endowment Fund and the Board of Directors of the University of North Carolina at Chapel Hill Foundation, Inc.

(ATTACHMENT A)

CHAIR'S REMARKS

Chair Caudill began his remarks by discussing the Board’s four goals for the year; 1. Ensuring a smooth and effective transition for Chancellor Folt; 2. Building stronger relationships with key external constituencies; 3. Creating a sustainable approach to Enterprise Risk Management; 4. Mature and consolidate the university’s work on innovation and entrepreneurship.

Dr. Caudill noted that both of the Board of Trustees task forces have held preliminary organizational meetings. Vice Chair Gardner leads the External Relations Task Force and Board Secretary Shuping-Russell chairs the Enterprise Risk Management Task Force.

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He expressed gratitude for Trustee Garner and the administration's work on the comprehensive orientation program for new trustees. The new Trustees have gotten off to a great start as new board members.

Chair Caudill made note of the recent national recognition of Carolina as the 5th best public universities in the US for the 13th consecutive year. Other highlights from the rankings: Carolina was 1st among national public universities for the 9th consecutive year and 17th overall in "Great Schools, Great Prices," based on academic quality and net cost of attendance. He noted that the criteria for these kinds of rankings are often debated, but prospective students, parents and our own alumni do pay attention to these rankings. Congratulations to all at Carolina. This is clearly a team effort.

He announced the upcoming installation events on University Day, October 12. He encouraged all the trustees to join in the festivities and to appeal to the entire Carolina family to show strong support for Chancellor Folt. The installation is just one part of four days of compelling events including faculty led panels on innovation, the future of the public research university and the campus theme of "Water in our World;" a free concert on Friday evening at Memorial Hall and the ceremony on Polk Place on Saturday. Events will end on Sunday with "Folt Fest" a student's-only celebration.

Chair Caudill concluded his remarks by mentioning that he and Chancellor Folt will be available after the break at 10 am to take questions from the media.

[Copies of Chair Caudill's remarks are located in the Office of the Assistant Secretary.]

STUDENT BODY PRESIDENT'S REMARKS

Mr. Lambden commented that the last two months has seen the return of the student population and the start of the class of 2017. Much of the focus from Student Government has been engaging students and trying to promote involvement in student issues. There are over 400 students involved in Student government.

He noted again the three priority areas for the year: Affordability, Academics and Safety. There is great concern amongst students about legislatively mandated 12.3% out-of-state tuition increases for next academic year and its effect on financial aid. He encouraged the Board and the administration to find a way to match the gap created in financial aid from this tuition increase so that we can maintain our existing policy of meeting full financial need and being need-blind in the admissions process.

Student government has continued to evaluate the effects of General Administration's policy to standardize the Drop/Add period for all system campuses effective in the fall of 2014. Initial research indicates that the new Drop/Add period will be shorter than many of our peers. Student government is working with the Provost's office on what the effects of a W on a transcript may be for graduate school admissions.

Finally, since returning to campus Mr. Lambden has focus on trying to engage students around the issue of sexual assault. He hosted a forum earlier in the week and sent a campus-wide email to students relaying the changes that the University has implemented over the last eight months.

[Copies of Mr. Lambden's remarks are located in the Office of the Assistant Secretary.]

CHANCELLOR'S REMARKS

Chancellor Folt began her remarks by thanking the Board for their support. She noted that she is in her 88th day. She also noted Leroy Lail in the audience who will be serving as the official liaison from the Board of Governors. She stated that innovation and creativity are alive at Carolina. The culture that makes this place open to change is thriving as well. She discussed her pride and belief in the origins of purpose of our first state university. What she has focused on in her first few months here is on gaining awareness, building connections and relationships.

The leadership team recently wrapped up a retreat and there were five imperatives to come out of that work: 1) One UNC – cross entity collaboration on campus and across the system; 2) Strategy process development; 3) Commitment to Public Service; 4) Sustainability – keeping the institution strong despite budget cuts; 5) Communication strategies and spreading our knowledge.

She listed the numerous outreach visits she has taken to areas like Charlotte, Asheville, Atlanta, Washington DC with trips planned to Wilmington and Greensboro. She has hosted GAA events, lead a discussion of incoming freshman for the reading program, visited 10 schools along with Provost Dean and various other activities. She has focused on important issues like campus safety and working on getting leadership positions named like the Vice Chancellor for Development later today, moving forward the Vice Chancellor for Communications search and beginning the search for the Vice Chancellor for Finance & Administration.

She is looking forward to an engaging and energizing installation weekend to celebrate the 220th birthday of The University of North Carolina at Chapel Hill.

GILLINGS SCHOOL OF PUBLIC HEALTH

Dean Barbara Rimer presented to the Board about the scholarship and services being performed at the Gillings School of Public Health. The school is 2nd ranked only to Johns Hopkins and the second largest school on campus. It has dual degree programs, 425 graduates per year and an 85% success rate in the job market. She outlined the 2020 strategic plan initiative and the impact of the Gillings gift. The board asked about her biggest concern as Dean and she discussed competition from other prominent universities, retention challenges and resources.

LINEBERGER COMPREHENSIVE CANCER CENTER

Shelley Earp, Director of the Lineberger Comprehensive Cancer Center spoke about impact that the Cancer center has provided to the University and the state of North Carolina. The research being performed at the Center is transforming the way we think and learn about cancer as well as positively affecting the treatment of patients with the disease. One of the benefits of having such a center at a research university is that not only medical and graduates student but undergraduate students can work and learn in the labs. There are 335 faculty and \$224 million in research being performed at Lineberger. The imaging Research Building, University Cancer Research Fund and the NC Cancer Hospital have combined to double the number of cancer patients served. The multidisciplinary approach is unique. The three primary goals are to impact NC cancer outcomes, research cancer genetic genomes and develop new drugs and treatments. He noted the recent cut in appropriation of the UCRF is concerning. The state gets a 4:1 dollar realization from that investment, creating over 5,000 jobs.

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Dr. Earp will be retiring as Center director but will remain here at Carolina doing his research. Ned Sharpless and Lisa Carey will be taking the helm at LCCC soon. The Board thanked Dr. Earp for his service and commitment to Carolina.

SCIENTISTS WITH STORIES

Dr. Steve Matson, Dean of the Graduate School introduced Clare Fiesler, PhD student who presented her research "Scientists with Stories." Dr. Matson noted that she is getting national attention for enhancing how science students work and get their message out. Ms. Fiesler recently met with Chancellor Folt who was so impressed with her research that she wanted the Board to be informed. Ms. Fiesler described difficulties that some scientists have in communicating their research. Her program seeks to remove that gap by training graduate students how to share their work through storytelling. She is currently working with the National Science Foundation to scale up her project to other prominent institutions. She talked about the level of support she receives from the Carolina community – the "Carolina Embrace."

A copy of the PowerPoint presentations for the three speakers are located at: <http://www.unc.edu/depts/trustees/>
A copy of the presentations are also filed in the Office of the Assistant Secretary.

2012-2013 ACC GOVERNING BOARD CERTIFICATION FORM

The 2012-2013 Atlantic Coast Conference Governing Board Certification Form, which is required to be completed annually by the Chair of the Governing Board in order for a member institution to enter a team or individual competitors in an ACC Championship as indicated in Article XIII-2 of the ACC Bylaws.

Ms. Shuping-Russell moved approval of the ACC Form. The motion was duly seconded and it carried. In signing the form, Chair Caudill attested the following:

- 1) Responsibility for the administration of the athletics program has been delegated to the Chief Executive Officer of the Institution.
- 2) The Chief Executive Officer has the mandate and support of the Board to operate a program of integrity in full compliance with NCAA, ACC and all other relevant rules and regulations.
- 3) The Chief Executive Officer, in consultation with the Faculty Representative and the Director of Athletics, determines how the institutional vote shall be cast on issues of athletic policy presented to the NCAA and the ACC.

(ATTACHMENT B)

REPORT OF THE FINANCE & INFRASTRUCTURE COMMITTEE

Dr. Lerner, committee chair, presented the report. He first thanked Vice Chancellor for Finance and Administration Karol Gray for her service to the University and called on Secretary Shuping-Russell to read the following resolution:

**RESOLUTION OF APPRECIATION FOR
VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION
KAROL KAIN GRAY**

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WHEREAS, Karol Kain Gray has served as vice chancellor for finance and administration, the University's principal finance and business officer, since December 2011;

WHEREAS, Vice Chancellor Gray led the division of Finance and Administration through a reorganization that significantly improved collaboration and operational efficiency; delineated new financial resources; and strengthened the campus information technology area by integrating systems across campus, all during a period of reduced staff and capacity;

WHEREAS, Vice Chancellor Gray, through her service on the UNC Health Care Board, helped link the Health Care System's financial issues to the wider context of the University, bringing an understanding of the financial structure and the research and education needs of the Health Care System into her role at the University;

WHEREAS, Vice Chancellor Gray engaged everyone in her division, from the groundskeepers to the associate vice chancellors, to be part of her team and was a consummate collaborator, ready to tackle difficult issues honestly and openly, always looking for solutions that reflect the best about Carolina;

WHEREAS, Vice Chancellor Gray was a talented and consummate professional, bringing vision, financial acumen, and shrewd strategic management skills to her assistance to the Board of Trustees through a time of new leadership and transition;

NOW THEREFORE BE IT RESOLVED that members of the Board of Trustees of the University of North Carolina at Chapel Hill express their appreciation for Vice Chancellor Gray's outstanding service and wish her the very best in her future endeavors.

Upon motion from Dr. Lerner and a second from Mr. Grauer, the Board unanimously approved the resolution.

Lerner thanked the Sierra Student Coalition for their presentation to the committee. He commended UNC's audit work and said that UNC for the 18th consecutive year has received the highest recognition for excellence in financial reporting. Lerner talked about cuts in the 2013-14 budget and said total cuts are 32.7% of where the University was seven years ago. The University faces \$717 million in deferred maintenance.

Dr. Lerner moved ratification by the Board of the following seven items, which were brought forth as a motion formerly approved by the committee. The motion was seconded and each item carried.

- Self-Liquidation Debt Discussion and Resolution (ATTACHMENT C)
- 2013-2014 Risk Assessment & Audit Plan for Approval (ATTACHMENT D)
- Quasi-Endowment Withdrawal (ATTACHMENT E)

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- Designer Selection, 208 West Franklin Street Renovation (ATTACHMENT F)
- Site Selections, UNC Hospitals Perioperative Tower (ATTACHMENT G)
- Power Generation and Chiller Plan Additions (ATTACHMENT H)
- Property Dispositions, Easement to the Town of Chapel Hill (ATTACHMENT I)

UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, committee chair, provided the following summary of the committee meeting that were shared for information only.

- Vice Chancellor Winston Crisp talked about the sexual assault task force.
- Faculty Chair Jan Boxill talked about Honor System reforms, efforts to retain top faculty and effects on the proposed changes to the drop/add policy. Gardner encourages trustees to raise the issue with General Administration.
- Employee Forum Chair Charles Streeter brought several employees to the committee to be recognized for their efforts in clean-up work after the July floods.
- Karen Gil, dean of the College of Arts and Sciences, and Lynn Williford, assistant provost for Institutional Research and Assessment, gave results of a survey to graduates.
- Members of student congress talked about how they allocate funds to student organizations.

EXTERNAL RELATIONS COMMITTEE

Mr. Curtis, committee chair, provided the following summary of the committee meeting that were shared for information only.

- John Montgomery, Executive Director of Education Foundation and Senior Associate Athletic Director, gave an overview of the Educational Foundation, which raises money for all athletic scholarships. 329 of 850 student-athletes qualified for All-ACC honors.
- Linda Douglas, Director of Community Relations, presented on the Board of Visitors and explained how they would like to be involved at the University.
- Linda Convissor, Director of Local Relations, talked about town/gown relations and our continued efforts to strengthen local relationships.

A copy of the PowerPoint presentations are located at: <http://www.unc.edu/depts/trustees/> and is also filed in the Office of the Assistant Secretary.

INNOVATION & IMPACT COMMITTEE

Dr. Clay, committee chair, presented the following items that were shared for the committee as information only.

Clay shared a few highlights from Joe DeSimone's presentation, including the following:

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- UNC ranks both at the top and bottom of research rankings depending on the indicators
- Growing concentration of research dollars
- Need to find additional sources of revenue
- Research converges on the life sciences, engineering and physical sciences
- UNC and UC-San Francisco are the only two schools in the top 20 research schools without engineering schools
- Urgent need to enhance collaboration among schools with engineering programs
- Need to find a better way to support faculty
- UNC generates fewer patents than our peers
- UNC is developing a concierge service to increase the number of patents
- Need to infuse processes—strategic planning – and understand bottlenecks to our shortcomings.
- There's a survey about research underway with faculty
- Upcoming meetings will look deeper at our research peers
- The committee will present their findings of how UNC is doing relative to others in the spring.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Shuping-Russell, and duly seconded, the Board voted to convene in closed session pursuant to North Carolina General Statutes Section 143-318.11 (a) (1) (to prevent the disclosure of privileged information under Section 126-22 and the following); and also pursuant to Section 143-318.11 (a) (2), (3), (5), and (6).

CLOSED SESSION

REPORT OF THE FINANCE & INFRASTRUCTURE COMMITTEE

Report of the Naming Committee

Dr. Lerner, Committee Chair, presented naming recommendations which were previously presented to the Finance & Infrastructure Committee and approved by the committee. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

Dr. Lerner moved ratification by the Board of the naming recommendations. The motion carried.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated July 15, 2013, for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS J-K-S)

LEGAL ADVICE

General Counsel Leslie Strohm advised the Board on several legal matters.

DEEP CLOSED SESSION

Chair Caudill convened the Board in Executive Closed Session to discuss personnel and legal matters.

RECONVENE MEETING IN OPEN SESSION

Chair Caudill reconvened the meeting in open session.

OPEN SESSION

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, moved approval by the Board of the following personnel actions dated July 15, 2013, which were discussed earlier in closed session. The motion was duly seconded and it carried.

- Personnel Actions and Actions Conferring Tenure.
(ATTACHMENT J)

- Compensation Actions.
(ATTACHMENT K)

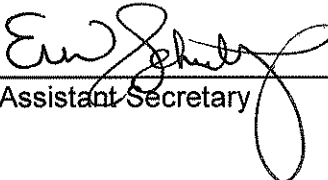
- For Information.
(ATTACHMENT S)

Chair Caudill stated that the personnel and salary actions voted on in open session had been distributed to the press.

Chancellor Folt announced the appointment of Mr. David Routh as Vice Chancellor for Development.

ADJOURNMENT

There being no further business to come before the Board, Chair Caudill adjourned the meeting at 1:06 p.m.



Assistant Secretary