

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

The Board of Trustees met in regular session on Wednesday, January 24, 2007 at The Carolina Inn, Chancellor Ballroom West, at 5:05 p.m. Chair Schwab presided.

**ROLL CALL**

Assistant Secretary Brenda Kirby called the roll and the following members were present:

Nelson Schwab III, Chair	Barbara R. Hyde
Jean Almand Kitchin, Vice Chair	Karol V. Mason
Russell M. Carter, Secretary	Roger L. Perry, Sr.
James S. Allred	A. Donald Stallings
Timothy B. Burnett	Richard T. Williams
John G. B. Ellison, Jr.	Robert W. Winston

Paul Fulton, Jr. was absent.

Chair Schwab 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.”

**REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE**

Mr. Perry, Committee Chair, moved ratification by the Board of the following Level 1 items, which were previously approved by the committee. The motion was duly seconded and it carried.

- Designer Selection for the School of Law Addition and Renovation to include a comprehensive renovation to Van Hecke-Wettach Building and a 50,000 GSF addition. The planning budget is \$500 K with funding from the University. The interview committee recommended the selection of the three firms in the following priority order:

- SmithGroup                      Research Triangle Park, NC
- PBC+L                              Raleigh, NC
- Perkins and Will                Charlotte, NC

The firm in the number one position, SmithGroup, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT A)

- Designer Selection for the First School. This project is a partnership between the Frank Porter Graham Child Development Center and the Chapel Hill – Carrboro City School system to develop an innovative facility of approximately 97,000 SF for the early years of education, ages three through eight. The planning budget is \$1.6 M with funding from the University. The interview committee recommended the selection of the three firms in the following priority order:

- Perkins Eastman Architects                      Charlotte, NC
- DTW Architects & Planners                      Durham, NC
- Corley Redfoot Zack                              Chapel Hill, NC

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The firm in the number one position, Perkins Eastman Architects, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT B)

• Designer Selection for MacNider Hall fourth floor renovation to provide a comprehensive renovation to 8,500 SF to provide laboratory, support, and office space for pediatric endocrinology research. The project budget is \$3.5 M with funding from the University. The interview committee recommended the selection of the three firms in the following priority order:

- Lord Aeck Sargent                      Chapel Hill, NC
- Clark Patterson                      Raleigh, NC
- BBH Design                              Morrisville, NC

The firm in the number one position, Lord Aeck Sargent, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT C)

• Designer Selection for Hill Hall Auditorium Upgrades to provide new auditorium seating, floor and wall finishes. The project budget is \$950 K with funding from 2006 Renovation and Repair Appropriations. The interview committee recommended the selection of the three firms in the following priority order:

- Schenkel Shultz                      Raleigh, NC
- DTW Architects & Planners              Durham, NC
- 2H Design Services                      Charlotte, NC

The firm in the number one position, Schenkel Shultz, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT D)

• Designer Selection for Beard Hall to replace the existing windows. The planning budget is \$90 K with funding from 2006 Renovation and Repair Appropriations. The interview committee recommended the selection of the three firms in the following priority order:

- Rotman Architecture                      Raleigh, NC
- John Hawkins Architect                      Chapel Hill, NC
- Anderson Architecture                      Southern Pines, NC

The firm in the number one position, Rotman Architecture, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT E)

• Designer Selection for Student Recreation Center and Fetzer Gym Roof Replacement to provide advance planning for roof replacement. The planning budget is \$185 K with funding from 2006 Renovation and Repair Appropriations. The interview committee recommended the selection of the three firms in the following priority order:

- Atlas Engineering, Inc.                      Raleigh, NC
- Roof Engineering                      Raleigh, NC
- Rooftop Systems Engineering,              Raleigh, NC

The firm in the number one position, Atlas Engineering, Inc., was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT F)

• . Designer Selection for Knapp-Sanders Hall HVAC replacement to provide advance planning to replace the existing HVAC system on the second and third floor of the

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administrative wing. The planning budget is \$50 K with funding from 2006 Renovation and Repair Appropriations. The interview committee recommended the selection of the three firms in the following priority order:

- Dewberry & Davis, Inc. Raleigh, NC
- Polytech Engineers, Inc. Durham, NC
- Edmondson Engineers, PA Durham, NC

The firm in the number one position, Dewberry & Davis, Inc., was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT G)

• Disposition by Severance of the Finley Golf Course Road Fraternities to remove by demolition the vacant fraternity houses located at 200, 204 and 216 Finley Golf Course Road in Chapel Hill, North Carolina. Demolition is recommended in order to mitigate potential nuisance issues. Additionally, it has been determined that the cost to renovate and upfit existing structures to ADA and regulatory codes would exceed the value of buildings in their current conditions and that a greater value and higher use can be realized by the demolition.

(ATTACHMENT H)

• Acquisition by Easement for retaining wall and tree buffer between Gimghoul neighborhood and University parking lot on Highway 54. The acquisition of property located along the northeast side of the Highway 54 Parking Lot is necessary for the maintenance and upkeep of the retaining wall and tree line installed by the University in December 2006. The 26.4 SF of property is owned by Robert and Virginia Buysse of 720 Gimghoul Road, Chapel Hill, North Carolina. The Buyssees signed a right of entry letter on November 8, 2006 allowing the University to construct the above-mentioned retaining wall and plant a visual buffer line of trees with the understanding that the University would seek a permanent easement for the property.

(ATTACHMENT I)

• Property Disposition by Ground Lease to amend the existing ground lease with the Kenan Flagler Business School Foundation, Inc. (the "Foundation") to add the renovation of approximately 40,000 SF of space in the McColl Building and to extend the term of the lease 5 months to December 31, 2007. In November of 2005, the Trustees approved a ground lease to the Kenan Flagler Business School Foundation, Inc. for the renovation of approximately 10,000 SF of space located on the 5<sup>th</sup> Floor of the McColl Building. That work will be completed by July 31, 2007.

Once the 5<sup>th</sup> Floor renovations are completed, functions will be relocated within the building resulting in the need for minor renovations. The majority of renovation work (approximately 25,000 SF) will take place on the first floor for improvements to and expansion of the existing student center. The remainder of the work (approximately 10,000-15,000 SF) will take place on the second, third and fourth floors with the majority of it occurring on the fourth floor. Upon completion of all of the renovations in accordance with the approved plans and specifications, the lease will terminate and all improvements will become the property of the University.

(ATTACHMENT J)

• Property Disposition by Ground Lease- Municipal Yard. The lease with the Town of Chapel Hill for the area known as the Municipal Yard expired December 31, 2006. Currently the 24.21 acres is being used by the Town with subleases of 1.44 acres to

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Orange County for the animal shelter, solid waste modular office unit and a recycling area. The Town of Chapel Hill has requested to remain at the current location (22.77 acres) for six months while it moves to its new location and restores the site. The lease term would be for a six-month period beginning January 1, 2007 and ending June 30, 2007 for \$1.00 for the approximately 22.77 acres.

Mr. Perry added to the motion that this lease will be subject to mutual agreement between the University and the Town on the mitigation and remediation issues.

(ATTACHMENT K)

- Acquisition by Lease of office space for Carolina Center for Public Service for approximately 1,994 SF of office space at location to be determined. The lease term is five-year period commencing May 1, 2007, or as soon thereafter as possible with a three to five year renewal option at an initial annual rent not to exceed \$38,883 or \$19.50 per SF not including utilities or janitorial services. Rental increases should not exceed 2.5% per annum.

(ATTACHMENT L)

- Acquisition by Lease of office space for Biostatistics, Collaborative Studies Coordinating Center (CSCC) for approximately 16,444 SF of office space at location to be determined. The lease term is three-year period commencing July 1, 2007, or as soon thereafter as possible at an initial annual rent not to exceed \$320,658 or \$19.50 per SF not including utilities or janitorial services. Two one-year renewal options are desired. Rental increases should not exceed 2.5% per annum.

(ATTACHMENT M)

- Acquisition by Lease of office space for Center for Developmental Science for approximately 10,912 SF of office space at location to be determined. The lease term is for a five-year period commencing June 1, 2007, or as soon thereafter as possible with three to five year renewal option desired at an initial annual rent not to exceed \$212,784 or \$19.50 per SF not including utilities or janitorial services. Rent increases should not exceed 2.5% per annum.

(ATTACHMENT N)

Dwayne Pinkney, Assistant Vice Chancellor for Finance and Administration, presented the following item for information, but Mr. Perry asked that it come before the Full Board as an action item. Mr. Perry moved ratification by the Board of the following item (site plan only), which was previously approved by the committee. The motion was duly seconded and it carried.

- Preliminary Design Review- Carolina Commons. This project proposes to develop the 62-acre Horace Williams Satellite Tract for faculty and staff housing. The concept plan for the site includes a mix of approximately 150 single family, town home, and condominium units. The mix of housing included in the site plan addresses a range of incomes among faculty and staff and the number of units reflects the constraints of the site.

Questions were raised about the housing program that would be implemented once construction begins. There was discussion about the need for such a project and the positive impact it would have on retention and benefits for employees. Chair Schwab

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suggested that a survey or research be done to see what the demand is and to look at family sizes and price points.

(ATTACHMENT O)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

Ms. Wu presented information concerning the following items. Mr. Perry moved ratification by the Board of the items, which were previously approved by the committee. The motion carried.

- Site Approval for School of Information and Library Science, which currently occupies 48,000 SF in Manning Hall. The school's enrollment is expected to double over the next ten years and increased and updated space is required for its expanding program. The proposed site for the new building is on Blythe Drive, west of the Business School Parking Deck on a site designated on the Campus Master Plan.

(ATTACHMENT P)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

- Preliminary Design Review- Dental Sciences Building. The project provides a 216,000 SF addition to the School of Dentistry to include academic, research, clinical, and administrative functions; as well as new public space, lecture rooms, vivarium, and all related site work. The project also provides a new pedestrian bridge crossing Manning Drive connecting the Dental Sciences Building with the plaza east of Thurston Bowles. The demolition of the Dental Research and Dental Office Buildings, and renovations to portions of the Old Dental, Tarrson, and Brauer Halls are also part of the project's scope.

The budget for advance planning is \$5.5 M with funding from State Appropriation and University. The total project budget is \$125 M. The design has been reviewed by the Design Review Committee.

(ATTACHMENT Q)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

Mr. Perry moved ratification by the Board of the Site Approval, which was previously approved by the committee and the motion carried.

- Site Approval for the Sports Medicine Facility to provide a renovation of the Women's Gym and a 5,000 SF addition for the Sports Medicine program. The Department of Exercise and Sport Science, Sports Medicine and Athletics are collaborating on this project to accommodate the needs of the student population and University athletic teams. The project also includes site improvements to the open space connecting South Road with Stadium Drive. The site plan has been reviewed by the Design Review Group.

(ATTACHMENT R)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

The Preliminary Design Review was presented for information only.

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- Preliminary Design Review- Sports Medicine Facility. This project provides a renovation of Women's Gym and a 5,000 SF addition for the Sports Medicine program. The Department of Exercise and Sport Science, Sports Medicine and Athletics are collaborating on this project to accommodate the needs of the student population and University athletic teams. The project also includes site improvements to the open space connecting South Road with Stadium Drive.

The project budget is \$5 M with funding from the student fees, Athletics and external gifts. The design has been reviewed by the Design Review Committee.

(ATTACHMENT S)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

Mr. Perry moved ratification by the Board of the Site Approval, which was previously approved by the committee and the motion carried.

- Site Approval for Carmichael Auditorium to provide renovation of Carmichael Auditorium and a 15,000 SF addition for the UNC Women's Basketball program. The renovation provides a new HVAC system, addresses life safety issues, replaces existing seating and provides acoustical treatments. The addition provides offices, museum, reception area, media room, and support spaces. The project also includes site improvements to the open space between Carmichael Auditorium and Hooker Fields. The site plan has been reviewed by the Design Review Group.

(ATTACHMENT T)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

The Preliminary Design Review was presented for information only.

- Preliminary Design Review- Carmichael Auditorium Addition. This project provides a renovation of Carmichael Auditorium and a 15,000 SF addition for the UNC Women's Basketball program. The renovation provides a new HVAC system, addresses life safety issues, replaces existing seating and provides acoustical treatments. The addition provides offices, museum, reception area, media room, and support spaces. The project also includes site improvements to the open space between Carmichael Auditorium and Hooker Fields.

The project budget is \$15 M with funding from the student fees and Athletics. The design has been reviewed by the Design Review Committee.

(ATTACHMENT U)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

The following items were presented for information only (no formal action was requested at this time).

- Bruce Runberg presented a report on the status of our Capital Improvement Projects.

(ATTACHMENT V)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

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- Mr. Runberg also presented a Lease Report.  
(ATTACHMENT W)

- Carolina North Update- Trustee Perry updated the Board on the status of Carolina North. The Leadership Advisory Council (LAC) finished up their meetings and their report will be coming in the near future. The University has been holding planning and consulting workshops in order to address the issues of sustainability and to make Carolina North as sustainable as possible. The town of Chapel Hill has begun the process of rewriting the zone ordinance for Carolina North, which is a very positive step. Anna Wu and her team are ready to begin the Master Plan. Mr. Perry commended Jack Evans for his work on this project.

**RECESS**

Chair Schwab moved to recess the Board meeting at 6:00 p.m. The motion was duly seconded and carried.

**RECONVENE**

Chair Schwab reconvened the Board meeting at 8:05 a.m. on Thursday, January 25, 2007 at The Carolina Inn, Chancellor Ballroom East and West.

**ROLL CALL**

Assistant Secretary Brenda Kirby called the roll and all Board members were present.

**CONSENT AGENDA**

**Approval of Minutes**

On motion of Mr. Schwab, seconded by Mr. Carter, the minutes of the regular meeting of November 15-16, 2006 were approved as distributed.

**Ratification of Mail Ballot**

On motion of Mr. Schwab, seconded by Mr. Carter, the following mail ballot dated November 21, 2006 was approved as distributed:

- Contract with Paul H. Davis, Jr.

(ATTACHMENT X)

On motion of Mr. Schwab, seconded by Mr. Carter, the following mail ballot dated December 11, 2006 was approved as distributed:

- Personnel changes for information, personnel changes in Academic Affairs, personnel changes in Health Affairs, and tenured personnel actions.

(ATTACHMENT Y)

**CHAIR'S REMARKS**

Chairman Schwab began his remarks by congratulating the University for being named number one among U.S. public universities based on academic quality, accessibility and affordability, as the best value, for the sixth time in a row, according to *Kiplinger's Personal Finance Magazine*. Kiplinger's analysis also strongly affirms our sharp focus on need-based aid, as well as the importance of improving merit-based aid.

Mr. Schwab continued his remarks by thanking all of the students and families for their input regarding tuition increases. Mr. Schwab thanked Trustees Ellison and Mason for participating on the Tuition and Fee Advisory Task Force, chaired by Provost Gray-Little and

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Student Body President James Allred. He also thanked Chancellor Moeser for keeping everyone on track.

Mr. Schwab concluded his remarks by welcoming Dick Mann, our new Vice Chancellor for Finance and Administration.

**CHANCELLOR'S REMARKS**

Chancellor Moeser recognized the following individuals and their accomplishments:

- Anson Dorrance, Athletics, and Tobin Heath, a freshman starter from the national championship women's soccer team. Last month Anson lead the women's soccer team to a 2-1 victory over undefeated Notre Dame, securing our 18<sup>th</sup> NCAA championship in 25 years.
- Anna Wu, Facilities Planning Director, and 14 other facilities staff members for their recent accredited professional status from the Leadership in Energy and Environmental Design (LEED), Green Building Rating System. Anna was joined by the following staff members: Dianne Bachman, Craig Baker, Angkana Bode, Jill Coleman, Mary Jane Felgenhauer, Diane Gillis, Jerry Guerrier, Paul Kapp, Peter Krawchyk, Masaya Konishi, John Masson, William McCraw, Cindy Shea, and Bill Roach. The certification means that these 15 professionals have demonstrated a thorough understanding of green building practices and principles, as well as familiarity with LEED requirements, resources and processes. Their success is further evidence of the University's commitment to sustainability.
- Laurie Charest, Associate Vice Chancellor for Human Resources, a proud alumna, who is retiring after a successful 16 year career. Laurie was the first and only person to serve in this role and has done so with dedication, devotion and tenacity.

Chancellor Moeser concluded his remarks by announcing the new College of Arts and Sciences policy to support research for newly tenured and promoted faculty. This year, the College will begin using private funds earmarked for faculty retention or other discretionary funds to award a \$6,000 research grant for all newly tenured or promoted faculty in the College of Arts and Sciences. Chancellor Moeser recognized Interim Dean, Madeline Levine and Associate Dean, Bill Andrews for conceiving this program and seeing it through.

**STUDENT BODY PRESIDENT'S REMARKS**

Mr. Allred spoke about the tuition increase proposal that is to come before the Board and expressed his disapproval of the proposal.

(A copy of Mr. Allred's remarks is filed in the Office of the Assistant Secretary)

**REPORT OF THE AUDIT AND FINANCE COMMITTEE**

Ms. Mason, Committee Chair, moved for approval by the Board of the following item which was brought forth as a motion formerly approved by the committee. The motion carried.

- Approval of Tuition and Fees Recommendations for the FY 2007-08 that would include the following increases:
  - Resident undergraduate tuition increase of \$250
  - Non-resident undergraduate tuition increase of \$1250
  - Resident graduate tuition increase of \$500
  - Non-resident graduate tuition increase of \$500

General fees would increase by \$50.48 and miscellaneous fees would increase by \$6.  
(ATTACHMENT Z)

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In response to remarks from the Student Body President regarding the recommendations of the Tuition and Fees Task Force, Ms. Mason responded that, similarly, the role of the Board of Trustees is to make a recommendation to the Board of Governors as to proposed tuition and fee increases. The final decision regarding the increases will be made by the Board of Governors.

Ms. Mason shared the priorities for the campus-based tuition increases:

- Student Aid- 35%
- TA Stipends- \$400 increase
- Faculty Salaries- the remainder, approximately 64%

Ms. Mason mentioned that studies show that our faculty are not even in the fiftieth percentile of what our peer set earns, and that as we increase the faculty salaries, we are not making up any ground. Ms. Mason stated that if we can produce more than the \$4 million originally proposed, we can close the gap and move our faculty up to a more competitive salary, which will be to the benefit of us all. Ms. Mason also stated that the Board of Trustees and the administration will continue to closely monitor the impact of tuition increases on our ability to attract out-of-state students. Ms. Mason pointed out that the Arts & Sciences study said that we should not increase tuition at a rate faster than our competitors, and that our rate of increase, at 6.9%, is still well below our peer set's and our competitive set's rate of increase. At the recommendation of Trustee Ellison, the Audit and Finance Committee is going to reexamine the Board's policy on tuition and examine whether or not the seventy-fifth percentile is the appropriate standard of measure for non-resident undergraduate tuition. The Audit and Finance Committee will take into consideration the findings in the Arts and Sciences study and work with the administration to determine what ought to be our policy on raising non-resident undergraduate tuition, to make sure that we don't adversely impact the quality of our non-resident students. In terms of access to education, Ms. Mason remarked that UNC has set the bar among public and private universities with the Carolina Covenant Scholars program. Additionally, there is a commitment from the Office of Scholarships and Student Aid to work with our students to identify resources and ensure that everyone has the ability to return to Carolina, especially when we have tuition increases. Ms. Mason concluded her presentation by stating that the Board is committed to making sure that the students get the quality of education that they came here to get.

Chair Schwab asked Provost Gray-Little, Steve Farmer, and Shirley Ort to set the framework for the discussion to follow. Mr. Schwab opened the floor for students to voice their opinions and concerns. He thanked the students who shared and reiterated how difficult it is to make these decisions. Mr. Schwab stated that the University's goal is to educate its students and to educate them well, and that we value the students' role and participation.

The trustees also voiced their opinions and concerns, mainly regarding predictability and affordability. Trustee Burnett challenged the Board to really look at the issue of predictability for future classes at Carolina. Chair Schwab then emphasized the "need-based" motive for tuition increases. He said that increases should only happen when and where there is a need, not just because we can or because there is a guideline to follow that says we should implement an increase.

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Chair Schwab asked Provost Gray-Little to reexamine the process for tuition increases and come back to the Board with her recommendations, especially targeting issues of predictability and the ability of merit-based scholarships to keep pace with tuition increases.

Ms. Mason finished the tuition portion of her report by reporting that there would be school-based increases for the schools of Pharmacy (\$1,500 for 1<sup>st</sup> and 2<sup>nd</sup> year students with 3<sup>rd</sup> year students held harmless) Public Health (\$500) and Allied Health (\$1,000). Ms. Mason also reported that the School of Government requested that the Board of Trustees eliminate its school-based tuition and return it to the Graduate School rate.

There was a question about the Law School not having a school-based increase for the last four years. Concerns were voiced about this and it was recommended that the Chancellor discuss this issue with the new Dean of the Law School.

**INNOVATION AND TECHNOLOGY TRANSFER**

Tony Waldrop, Vice Chancellor for Research and Economic Development, and Mark Crowell, Associate Vice Chancellor for Economic Development and Technology Transfer, presented this report to the Board.

By 2015, UNC's goal is \$1 billion of external funding for research. We are currently at \$593 million. We rank 20<sup>th</sup> nationally in federal support for science and engineering (NSF); first among public universities in the south in NIH funding (15<sup>th</sup> overall); among the top four public universities in the nation; and 10<sup>th</sup> nationally in patent strength.

We have spun thirty-one companies out of Carolina since 2000. Mr. Crowell gave a brief description and update on each of the new products and new markets of these companies. On the front end of technology transfer, we have outstanding research, faculty and staff. Each year we have approximately 120 invention reports and file at least that many patents. We have a \$2.5+ million patent budget.

A copy of the PowerPoint presentation is located at: <http://www.unc.edu/depts/trustees/>

A copy of the presentation is also filed in the Office of the Assistant Secretary.

A copy of the report is also filed in the Office of the Assistant Secretary.

**LEGISLATIVE UPDATE**

Chancellor Moeser presented the University's proposed strategic budget priorities for the 2007 General Assembly Session:

- Increase faculty compensation and benefits— Merit-based increases, academic salary increases, and distinguished professorships will ensure ongoing competitiveness.
- Increase research funding to transform the State's economy— Competitiveness fund, graduate student recruitment and retention, RENCI- Renaissance Computing Institute, and North Carolina Research Campus (Kannapolis) will also ensure ongoing competitiveness.
- Engagement with the State— Support initiatives in education, health care and economic transformation.
- Facilities— Fund repair and renovation; meet anticipated capital needs (Genomic Sciences Building, Oral Sciences Building, Carolina North Development, Phase I Planning, and UNC Inpatient Bed Tower and Operating Room Facility Planning).

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- Selected Policy Recommendations— President's Advisory Committee on Efficiency and Effectiveness (PACE), medical campuses tobacco-free, and UNC campus facilities tobacco-free.

These priorities will be submitted to President Bowles.

**REPORT OF THE AUDIT AND FINANCE COMMITTEE**

Ms. Mason presented the committee's report on the following items, which were presented previously to the committee for information only (no formal action was requested at that time).

- Resolution of Appreciation for David Perry, Interim Vice Chancellor for Finance and Administration.
- Recognition of Laurie Charest for her service as Associate Vice Chancellor for Human Resources.
- Review of First Half FY 06-07 Budget Status. Dick Mann, Vice Chancellor for Finance and Administration, reported on the status of the budget at the end of the first half of the current fiscal year. The report indicates that actual revenues and expenditures are within the expected range of budgeted revenues and expenditures. We are doing well as compared to the same criteria for the last two years.
- Comprehensive Annual Financial Report for FY 2005-06 and Report on Metrics of Financial Performance. University Controller, Dennis Press, presented an overview of the Comprehensive Annual Financial Report for FY 2005-06. With respect to the financial ratios we use to measure how we are doing from year to year, and with the substantial increase of our debt, we continue to perform very well.

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

- Internal Audit Report. Phyllis Petree, Director of Internal Audit, presented information on the use of audit resources through the first half of the 2006-07 fiscal year.  
(ATTACHMENT AA)

- Update on Capital Improvement Plan. Dwayne Pinkney, Assistant Vice Chancellor for Finance and Administration reported that the University's \$1.8 billion capital improvement program is progressing well.

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

- The committee heard a report on the Employee Forum from Chair Ernie Patterson. He reported that our senior staff is involved in discussions with the facilities staff to address building issues prior to the start of new construction. Dave Perry is involving the staff in discussions regarding the PACE program.

- Carolina First Campaign Update by Paul Fulton. Mr. Fulton reported that \$1,977,905,027 has been raised to date. We are only \$24 million away from reaching our \$2 billion goal. There has been a \$26.2 million monthly average in new

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commitments during the campaign. [A copy of the report is filed in the Office of the Assistant Secretary.]

Mr. Fulton announced that there is a plan to launch a \$100 million campaign to support faculty salaries between now and December 2007.

**REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Mr. Carter, Committee Chair, presented the committee's report on the following items, which were presented previously to the committee for information only (no formal action was requested at that time).

- Committee Chair Remarks by Rusty Carter
- Faculty Chair Remarks by Joe Templeton. Mr. Templeton reported on concerns of the faculty- tuition, textbooks, testing, background checks, and the difference between Liberal education and Professional education
- Carolina Postdoctoral Program for Faculty Diversity presented by Tony Waldrop, Vice Chancellor for Research and Economic Development. The program began in 1983 with a state-funded grant. Since that time, one hundred twenty-two minority scholars have participated and it is one of the leading programs in the country. Thirty-six of the one hundred twenty-two post docs have held positions as professors at Carolina.

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A copy of the presentation is also filed in the Office of the Assistant Secretary.

- Greek Affairs Update. Winston Crisp, Assistant Vice Chancellor for Student Affairs, reported that sixteen percent of undergraduates are involved in Greek life. We expect a report by the end of this semester. In addition, we are working hard at policies governing conduct and strengthening educational programs, as well as, promoting, recognizing and rewarding community service.

Mr. Carter noted significant growth in maturity and self-governance, and stressed the importance of continuing that trend.

- External Review of Advising and Report on ESL Instructors. Interim Dean, Madeline Levine, reported that they are undertaking a thorough review of advising and evaluating for best practices. The committee has already engaged an outside consulting firm, the National Association of Professional Academic Advisers (NACADA), to help with the review. We will also bring in two other outside people, one from UVA and one from Penn State. Several representatives from our campus, including students and departmental advisors will participate in this comprehensive study. We expect a report by May 2007.

Mr. Carter reported that Dean Levine informed the committee that they have been looking at the wrong group of instructors with language barriers. It is not the graduate students. There is a formalized program to ensure that English-language-deficient graduate students take tests and participate in internal study programs to improve their language skills. Rather it is the faculty wherein the emphasis needs to be placed in determining situations where professors may have weakness in accent or English skills.

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Dean Levine announced to the Board that we have a highly experienced Clinical Assistant Professor in Medical Affairs, in the school of Allied Health, who works with communication issues. She has been running very effective workshops that take 4-6 weeks. She provides individualized training that will allow a person to work on pronunciation and rhythms of speech to effectively speak English with less of an accent. The University will pay for this voluntary program for the faculty. The program is expected to begin by this summer.

- Update on Faculty Pre-Appointment Conviction Checks. Steve Allred, Executive Associate Provost, reported that we are developing a new, more comprehensive policy for criminal background checks.

(ATTACHMENT BB)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

**MOTION TO CONVENE IN CLOSED SESSION**

On motion of Secretary Carter, and seconded by Mr. Ellison, 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 AUDIT & FINANCE COMMITTEE**

**Report of the Naming Committee**

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

Ms. Mason moved ratification by the Board of the naming recommendations. The motion carried.

**Report of the Committee on Honorary Degrees & Special Awards**

Ms. Mason, Committee Chair, presented the names to the Board. Mr. Schwab moved approval for ratification by the Board of the nominee for an Honorary Degree to be conferred at the 2008 May Commencement. The motion carried.

**REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Mr. Carter, Committee Chair, presented the personnel and salary approvals dated January 16, 2007 for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS CC-DD-EE-FF)

**LEGAL ADVICE**

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

**EXECUTIVE CLOSED SESSION**

Chair Schwab convened the Board in Deep Executive Closed Session to discuss a personnel matter.

**RECONVENE MEETING IN OPEN SESSION**

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Chair Schwab reconvened the meeting in open session.

**OPEN SESSION**

**REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Mr. Carter, Committee Chair, moved approval by the Board of the following personnel actions dated January 16, 2007, which were discussed earlier in closed session. Ms. Mason seconded the motion and it carried.

- The personnel changes for information did not require action by the Board.  
(ATTACHMENT CC)
- Personnel changes in Academic Affairs.  
(ATTACHMENT DD)
- Personnel changes in Health Affairs.  
(ATTACHMENT EE)
- Tenured Personnel Actions.  
(ATTACHMENT FF)

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

**ADJOURNMENT**

There being no further business to come before the Board, Chair Schwab adjourned the meeting at 1:44 p.m.

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Assistant Secretary