

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

The Board of Trustees met in regular session on Wednesday, January 27, 2010, at The Carolina Inn, Chancellor Ballroom West, at 5:02 p.m. Chair Winston presided.

The Buildings and Grounds Committee met as a Committee of the Whole.

ROLL CALL

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

Robert W. Winston, Chair	Wade H. Hargrove
Barbara R. Hyde, Vice Chair	Roger L. Perry, Sr.
Phillip L. Clay, Secretary	Sallie Shuping-Russell
Donald Williams Curtis	Edward C. Smith
John G. B. Ellison, Jr.	Felicia A. Washington
J. Alston Gardner	Jasmin M. Jones

John L. Townsend III was absent.

Chair Winston 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

Committee Chair, Phillip L. Clay called on Anna Wu, Director of Facilities Planning, to present the following action item to the committee:

- **Property Disposition by Ground Lease to the Educational Foundation, Inc.- Kenan Stadium Improvements, Phase II- Carolina Student Athlete Center for Excellence.** Mr. Curtis moved approval to authorize a ground lease to The Educational Foundation, Inc. for the Kenan Stadium Improvements, Phase II- Carolina Student Athlete Center for Excellence for the purpose of constructing a project designed to upgrade and expand the football stadium facility (the "Project") and subsequently to operate part of the improved Project. The Phase II ground lease area will encompass approximately 3.41 acres (148,483 SF) of land around and including the east side of the stadium facility as depicted on the attached map. In this phase the Project will consist of the construction of the Carolina Student Athlete Center for Excellence. This 214,000 SF center will include new and expanded academic support services for all student-athletes, a home for the Carolina Leadership Academy, new and expanded strength and conditioning facilities for all student-athletes, office and operations space for Carolina athletics, and the Blue Zone premium seating areas (approximately 3,270 seats). In addition to the six story building, site improvements include a new concourse level that connects the north and south sides of the stadium and improves pedestrian circulation around the stadium. The anticipated construction start date is May, 2010. The estimated project budget is \$80M and will be funded by the Educational Foundation, Inc. The following steps describe the process of construction:

- The site is leased by the State of North Carolina on behalf of the University to The Educational Foundation, Inc. (the "Foundation") for a term lasting through the construction period but no later than the date the University accepts the completed improvements.
- The Foundation contracts with the developer for the design and construction of the Project according to the plans and specifications approved by the Foundation and the University.
- The Foundation constructs the Project using its own resources.
- Upon completion of the construction of the Project in accordance with the plans and specifications, the University will purchase the improvements from the Foundation.
- The University may lease part of the renovated and improved portion of Kenan Stadium to (or contract with) the Foundation, or any other special purpose entity created for that purpose, for the operation and management of such part of the project.

Mr. Hargrove seconded the motion and it carried.
(ATTACHMENT A)

The following items were presented for information only; no formal action was required by the committee.

- **Semi-Annual Capital Report.** Ms. Wu directed the committee to the attachment and gave a brief update of completed projects.

(ATTACHMENT B)

- **Semi-Annual Lease Report.** Ms. Wu directed the committee to the attachment and asked if there were any questions. No questions were asked.

(ATTACHMENT C)

- **Carolina North Update.** Jack Evans, Executive Director of Carolina North provided an update to the committee. He spoke about the following:

- Innovation Center- outline a term sheet for negotiation
- Work on Army Corp of Engineers permit to submit in April 2010
- We have necessary approvals to build the hangar at RDU for relocation of AHEC and Med-Air activity
- Annual report due in September 2010 to submit to the Town Council

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/ and is also filed in the Office of the Assistant Secretary.

RECESS

Chair Winston recessed the Board meeting at 5:23 p.m.

RECONVENE

Chair Winston reconvened the Board meeting at 8:04 a.m. on Thursday, January 27, 2010, at The Carolina Inn, Chancellor's Ballroom East and West.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll. John L. Townsend was absent.

CONSENT AGENDA

Approval of Minutes

On motion of Ms. Shuping-Russell, seconded by Ms. Hyde, the minutes of the regular meeting of November 18-19, 2009, were approved as distributed.

Ratification of Mail Ballot

On motion of Ms. Shuping-Russell, seconded by Ms. Hyde, the following mail ballot dated December 7, 2009, was approved as distributed:

- Personnel changes for information, personnel changes in Academic Affairs, personnel changes in Health Affairs, tenured personnel actions, and deferred/non-salaried compensation.

(ATTACHMENT D)

CHAIR'S REMARKS

Chairman Winston spoke about the following:

- **Joint social event with NC State Trustees-** The UNC-CH Trustees met with the Trustees from NC State last week for dinner. Many of you know we have significant collaborations already going on between both campuses. As one example, you may remember the project Vice Chancellor Larry Conrad briefed the Audit and Finance Committee about last November – the joint efforts to implement some parts of the PeopleSoft software for human resources and finance functions in the information technology areas of both campuses. That's going to be more efficient while we learn from NC State's previous PeopleSoft experiences and save money. In today's economic environment, we must look for every opportunity to partner with our sister campuses. We're off to a great start with NC State and plan on keeping these conversations going at the trustee level. I encourage faculty, staff and students to continue looking for opportunities in Raleigh, at Duke and across the state.
- **Greek Review – Jordy Whichard-** Jordy Whichard has agreed to take on the role of special adviser on Greek affairs. This is purely a volunteer role. He's a distinguished alumnus who benefitted from his own Greek experience, and his son and daughter participated in Greek life at Carolina. We've asked Jordy to consult widely with constituents – alumni, parents, faculty, students and staff – in reviewing the current state of Greek life at the University and to recommend ways in which we can improve. The review will include a look at best practices on other campuses, too. From our perspective, we want Carolina to have the best Greek system in the country.
- **Latest Kiplinger's Ranking-** I was pleased to see the ranking that came out earlier this month from *Kiplinger's Personal Finance* magazine. Carolina was ranked the #1 overall best academic value in American public higher education. We have been first on the magazine's list of schools that with great academics at affordable prices since 1998 when Kiplinger's began its analysis. This is a ranking that speaks so highly of the quality education that our students receive. And it's another affirmation of the great job being done by our students and faculty, along with administrative offices like admissions and financial aid. Congratulations to everyone!
- **Submit BOV Nominations-** The nominations are due to Vice Chancellor Kupec by the end of this week. The Board of Visitors is a very active group of volunteers doing great work. We need to do all we can to keep the pipeline of potential new members as strong as possible.

CHANCELLOR'S REMARKS

Chancellor Thorp reported on the following:

- **Energy Task Force-** We have been having conversations on campus in recent months about our cogeneration facility off Cameron Avenue and how related activities affect the environment. As a result, I am appointing an energy task force to help collect information

about what our campus is doing in the energy arena so we can compare that with the practices and policies at other universities. We want to share that information with the campus community and public and have it serve as a springboard for more conversations internally. I've asked this group to work over the next six to twelve months to learn about the University's efforts and to evaluate the approaches being used on other campuses. We've assembled a great group, which will be led by Tim Toben, chair of the Board of Visitors for the Institute for the Environment. Trustee Gardner has agreed to join the panel along with Royce Murray; Kenan Professor of Chemistry; David McNelis, Institute for the Environment; Jonathan Howes, who just retired as special assistant for local relations and is former secretary of the State Department of Environment and Natural Resources; Molly Diggins, state director, North Carolina chapter of the Sierra Club; Elinor Benami, a senior and senior adviser to the executive branch of student government; and Mary Cooper, a sophomore environmental ecology major who has been directly involved in several student-led environmental initiatives. It's important to learn about the economics and policy of energy.

•Innovation Circle Update- The Innovation Circle began its work a couple of weeks ago under the leadership of Judith Cone, special assistant for innovation and entrepreneurship. This is a high-level effort drawing from the strengths of prominent alumni and friends – including Trustees Clay, Gardner and Shuping-Russell – who are experts in the world of innovation and entrepreneurship. A distinguished faculty committee will also provide input from their perspective. That is being led by John Akin, chair of economics. Lowry Caudill, co-founder of Magellan Health and the namesake of Caudill Hall, is chairing the circle, and we're fortunate to have him here with us this morning to guide the presentation and invite your questions.

STUDENT BODY PRESIDENT'S REMARKS

Ms. Jones gave the following updates:

- Working with the Legislature- Twenty-nine meetings have been set up with representatives through April;
- Franklin Street Celebrations- educating students on alternative activities to keep students safe and still promote camaraderie after major UNC-CH Athletic victories;
- Meetings with Trustees for students to speak with trustees individually about different topics; and
- Working on a collaborative dinner for student leaders from UNC, Duke, NC State, and NC Central to be more unified.

INNOVATION@CAROLINA

Lowry Caudill, Chair of the Innovation Circle, introduced Innovation@Carolina and spoke about Chancellor Thorp's vision to commit to changing the world for the better and having a greater positive impact. The goal is to create and implement an Innovation and Entrepreneurship Strategy for the University and involve alumni, faculty, students, staff, community and advisors to participate in the efforts. Mr. Caudill then spoke about the organizational structure and the committee called The Innovation Circle. He recognized all of the people who are part of the committee and the work that they are doing to innovate at Carolina. The Innovation Circle also includes students in the process by offering first-year seminars and using students as researchers. Mr. Caudill ended his remarks by emphasizing the role of the core planning team as being responsible for the success of the program, and then he reviewed the timeline for progress.

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 located at: <http://www.unc.edu/depts/trustees/>

THE UNIVERSITY'S ACADEMIC PLAN

Bruce Carney, Interim Executive Vice Chancellor and Provost, updated the Board regarding the 2010 Academic Plan. Highlights of his report include:

- Academic Plan Steering Committee;
- Strongest possible academic experiences;
- Faculty prominence, recruitment, development and scholarship;
- Interdisciplinary teaching, research, and public engagement;
- Advance campus inclusivity and diversity;
- Engagement with the profound challenges of state, national, and global communities;
- Extend Carolina's global presence in research and teaching; and
- 2010 Academic Plan "Next Steps"

The trustees asked questions and gave suggestions to Dr. Carney regarding moving forward with the Academic Plan.

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REPORT OF THE AUDIT AND FINANCE COMMITTEE

Ms. Shuping-Russell, 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).

- **Remarks from Employee Forum Chair.** Tommy Griffin talked about the good morale amongst staff and efforts with Habitat for Humanity.
- **Comprehensive Annual Financial Report for FY 2008-2009.** University Controller, Dennis Press, presented an overview of the University's Comprehensive Annual Financial Report for fiscal year-end 2009. It was consistent with the Committee's responsibility to ensure the integrity of the University's financial statements. The University was impacted by the global economic downturn as the State's revenues were below budgeted levels and the financial markets incurred negative investment returns. The University incurred a 6.7 percent decrease in equity (i.e. net assets). Operating expenses increased 6.5 percent over the prior year. Some major revenue sources including sponsored awards recorded growth. Once again, the financial statements received an unqualified ("clean") audit opinion from the State Auditor and earned the GFOA (Government Finance Officers Association) award for excellence in financial reporting.

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- **Review of First Half FY 2009-10 Budget Status.** Richard Mann, Vice Chancellor for Finance and Administration presented an update on the fiscal year 09-10 operating budget. The state enacted a 5% non-recurring cut for this fiscal year in case revenues do not meet targets. State year to date revenues as of December appear close to target thanks to a one-time infusion of tax revenue. Looking at the campus budget at mid-year, it would appear that revenues are over budget and expenses are below budget. Most of that is due to normal revenue and expenditure patterns and not to unexpected budgetary improvements. There are no unanticipated budget issues through the first half of this fiscal year. For FY 10-11, the state has asked agencies for a 3%, 5% and 7% budget cut plans. UNC has been asked for 5% budget reduction plans for its campuses. FY 10-11 budget hearings for campus units, including reduction plans, will begin in February.

• **Internal Audit Report.** Phyllis Petree, Director of Internal Audit, presented a summary of internal audit activities for fiscal year 2009 and of projects completed or in progress between August 17, and December 6, 2009. While some individual projects have revealed control weaknesses, none of these weaknesses have a material impact on the university's operations or financial reporting. Because of the State information technology general controls and security audit that is nearing completion, the data security internal audit scheduled for Spring 2010 will be deferred. Time budgeted for the internal audit will be reallocated to a follow-up review that will evaluate action taken by management to address issues from the State Audit.

(ATTACHMENT E)

• **Update on Capital Improvement Plan.** Dwayne Pinkney, Assistant Vice Chancellor for Finance and Administration, presented on the \$2.3 billion capital construction program, reporting that \$1.2 billion has been spent to date on 114 completed projects. There are 19 projects currently under construction, valued at \$625 million, and another 22 projects in design, valued at \$409 million. Of the \$2.3 billion program, the vast majority (62%) of the funding is from self liquidating funds (sources generated on campus). Higher Education Bond Funds make up 22% of the program. State appropriations account for 9% of the program, and R&R/COPS (certificates of participation) account for the remaining 7%.

Of the 49 projects funded by the 2000 Higher Education Bond Funds, 48 have been closed out and the last project is pending close out. The University has managed the scope and complexity of these projects exceptionally and this should give the State and taxpayers confidence in the University's abilities in this regard.

Finally, Dwayne reported that the University currently faces over \$600 million in deferred maintenance. This is a threat to the University going forward as we face the prospect of having to shut down buildings and relocate occupants.

There will be a joint meeting with Buildings & Grounds to address the maintenance issues in March.

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• **Development Report.** Matt Kupec, Vice Chancellor for University Advancement, provided an update on Development. His report included the following highlights:

• FY09 Progress Report

	<u>1/19/2010</u>	<u>1/19/09</u>	<u>% change</u>
○ Gifts Received	\$141,121,788	\$158,937,890	-11%
○ Donors	43,556	46,340	-6%
○ New commitments (new cash & pledges)	\$145,022,300	\$149,424,769	-3%

• NOTES:

- \$177,102,512 proposals in the pipeline (presented).

Averaging \$22.3 Million in new commitments per month.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, 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).

- **Provost Remarks.** Interim Provost Carney spoke about the following:

Leadership Issues.

- A new University Registrar will commence service March 15. Dr. Carney also recognized the extraordinary and committed service of Roberta Kelly who served during this interim period.
- Dr. David Perry has been appointed as interim associate provost for finance, temporarily replacing Dr. Elmira Mangum who left her position to go to Cornell.

Budget Process. Offices are in the process of preparing budget requests for the 2010-2011 fiscal year. Offices have been advised to plan for a 5 percent budget reduction.

ConnectCarolina (ERP). The first phase of ConnectCarolina, the "student" systems phase, is well underway. There was a successful migration of over 10.6 million records this month, dating back to 1964. Concurrently, work has begun on the "human resources" and also the "finance" phases.

- **Faculty Chair Remarks by McKay Coble.** Ms. Coble spoke about:

Faculty Chair McKay Coble commented on several matters of importance to the faculty:

- The council is working on ways to further engage retired faculty.
- A committee is being formed to update the Intellectual Climate Report, now 13 years old.
- The faculty is joining with Habitat for Humanity, with the goal of building a house in the near future.

- **Update on UNC Global.** Ron Strauss, Executive Associate Provost, spoke about:

It is the University's desire to become a true global university -- a world center of scholarship. Since March 2009, the following progress has been made toward these goals:

- A Global Research Institute (GRI) has been established, to be led by Dr. Peter Coclanis, and has been funded by a three-year gift.
- The Institute will serve as a portal for visiting scholars, the first of whom will be Hank Paulson, former Secretary of the Treasury and CEO of Goldman Sachs.
- The University has been performing benchmarking surveys of peer institutions to better understand both their goals as well as metrics.
- UNC's global university rankings have been rising steadily and the London Times Higher Education Rankings of Global Universities (2009) has UNC ranked #78 worldwide and #26 among U.S. universities.
- Carolina is pursuing a limited number of strategic partnerships with institutions in other countries (London, Singapore, Beijing, Ecuador, India and Africa).

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- **Update on Greek Affairs.** Jennifer Levering, Assistant Dean of Students-Fraternity/Sorority Life reported on Carolina's sorority and fraternity life:

- Nearly 3,000 undergraduate students (18%) participate in the Greek system
- 56 organizations participate
- The Office of the Dean of Students works closely with those organizations who are not meeting minimum standards, and negotiates development plans with good success.

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MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Clay, 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

Matt Kupec presented naming recommendations which were previously presented to the Audit & Finance Committee and approved by the committee. Ms. Shuping-Russell, Committee Chair, moved ratification. Ms. Hyde seconded the motion and it carried. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated January 19, 2010, for the Board's consideration. The actions will be voted on in open session.
(ATTACHMENTS F-G-H-I-J-K-L)

LEGAL ADVICE

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

EXECUTIVE CLOSED SESSION

Chair Winston convened the Board in Executive Closed Session to discuss personnel matters.

RECONVENE MEETING IN OPEN SESSION

Chair Winston 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 January 19, 2010, January 21, 2010, and January 22, 2010, which were discussed earlier in closed session. Ms. Hyde seconded the motion and it carried.

- The personnel changes for information did not require action by the Board.
(ATTACHMENT F)

- Personnel changes in Academic Affairs.
(ATTACHMENT G)

- Personnel changes in Health Affairs.
(ATTACHMENT H)

- Tenured Personnel Actions.
(ATTACHMENT I)

- Salary Increase.

(ATTACHMENT J)

- Proposal for Retention.


(ATTACHMENT K)

- Deferred/ Non-salary Compensation.

(ATTACHMENT L)

ADJOURNMENT

There being no further business to come before the Board, Chair Winston adjourned the meeting at 11:13 a.m.


Assistant Secretary