

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

The Board of Trustees met in regular session on Wednesday, January 26, 2011, at The Carolina Inn, Chancellor Ballroom West, at 5:01 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	Roger L. Perry, Sr.
Barbara R. Hyde, Vice Chair	Sallie Shuping-Russell
Phillip L. Clay, Secretary	Edward C. Smith
Donald Williams Curtis	John L. Townsend III
John G. B. Ellison, Jr.	Felicia A. Washington
J. Alston Gardner	Hogan Medlin
Wade H. Hargrove	

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 Bruce Runberg, Associate Vice Chancellor for Facilities Planning and Construction, to present the following action item to the committee:

- **Designer Selection- Odum Village Fire Suppression Sprinkler System.** Mr. Winston moved approval to provide new sprinkler systems for eighteen 2 story apartment buildings of mixed sizes constructed in the 1960’s. The project budget is \$750,000 with funding from Housing receipts. The committee recommended the selection of the three firms in the following priority order:

1. HGI, Inc., Charlotte, NC
2. Dewberry, Raleigh, NC
3. RMF Engineering, Durham, NC

HGI, Inc, was recommended because of the strength of its team and its recent and relevant experience.

Mr. Curtis 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.** Mr. Runberg directed the committee to the attachment and gave a brief update of completed projects.

(ATTACHMENT B)

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

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

- **Semi-Annual Lease Report.** Gordon Merklein, Executive Director of Real Estate Development, reported that we have over 400,000 square feet in leased space off-campus, and a budget of \$7.8 million per year. There have been two additions to the report- transfer of AHEC to RDU, and closing on a home near the Bingham Facility. The Board of Governors approved a policy for designated leasing authority. It will allow the University to get out from under the state leasing process and the state property office. It will require for the Board of Trustees to make a request to the Board of Governors and President Ross. A plan for implementing the change will be brought to the committee in four to six months. This will allow us to execute leases much quicker.

(ATTACHMENT C)

- **Carolina North Update.** Anna Wu, Director of Facilities Planning Ms. Wu provided an update to the committee. She spoke about the following:
 - **U.S. Army Corps of Engineers-** Individual permit application is complete and has been submitted. The Army Corp. of Engineers came back with questions- we will answer by mid-February and submit the responses. Once the permit is deemed complete, there will be a 30-day public comment period. The Corps of Engineers will determine if a public hearing is necessary. The approval process is anticipated to take 9–12 months. A copy of the permit can be found at: <http://research.unc.edu/carolina-north/news/index.htm>.
 - **Conservation Easements** – We are documenting the specific conservation attributes of each area and coordinating the approval process with State Property Office.

Mr. Winston announced that Trustee Medlin sang the national anthem to open the Senate today in Raleigh.

RECESS

Chair Winston recessed the Board meeting at 5:16 p.m.

RECONVENE

Chair Winston reconvened the Board meeting at 8:04 a.m. on Thursday, January 27, 2011, at The Carolina Inn, Chancellor's Ballroom East and West.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll. All members were present.

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Townsend, seconded by Dr. Clay, the minutes of the regular meeting of November 17-18, 2010, were approved as distributed.

Ratification of Mail Ballots

On motion of Mr. Townsend, seconded by Dr. Clay, the following mail ballot dated December 6, 2010, was approved as distributed:

- Personnel actions and actions conferring tenure, Compensation Actions, and item for information.

(ATTACHMENT D)

On motion of Mr. Townsend, seconded by Dr. Clay, the following mail ballot dated December 15, 2010, was approved as distributed:

- Resolution of Appreciate for Erskine Bowles.

(ATTACHMENT E)

CHAIR'S REMARKS

Chair Winston called on Secretary Clay to read the following resolution:

**RESOLUTION OF APPRECIATION
MARC BASNIGHT
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
January 27, 2011**

WHEREAS, Marc Basnight in his years of service in the General Assembly has been tireless in his efforts to better the lives of North Carolinians through his support of education, health care and the environment,

WHEREAS, Marc Basnight demonstrated an exceptional commitment to public higher education, especially North Carolina's major research universities, championing state bond issues and capital funds for campus construction, including the 2000 higher education bond referendum, which provided \$3.1 billion for the state's universities and community colleges; and,

WHEREAS, Marc Basnight further strengthened the University of North Carolina through his support of numerous initiatives to improve the quality of its faculty and students, and to invest in research that has improved the economy and quality of life in our State and the world;

WHEREAS, his farsighted advocacy of the North Carolina Cancer Hospital, Cancer Research Fund and Biomedical Research Imaging Building at the University of North Carolina at Chapel Hill will ensure that North Carolinians have access to the highest quality health care now and in the future,

WHEREAS, Marc Basnight through this work ensured that the concept of public higher education first espoused by William Richardson Davie and the University's founders remains strong more than two hundred years on,

WHEREAS, Marc Basnight served the citizens of North Carolina for 27 years as a member of the State Senate and as president pro tempore of that body for 18 years, and is departing for a well-earned retirement,

NOW, THEREFORE BE IT RESOLVED THAT the Board of Trustees offers its highest praise and deep appreciation to Marc Basnight for his advocacy and extraordinary service and thanks him for his devotion to the University of North Carolina.

On motion of Ms. Shuping-Russell, seconded by Ms. Hyde, the Board approved adoption of the resolution.

Chairman Winston then mentioned the following:

- **Lunch with Steve Matson, Dean of the Graduate School-** The graduate school plays a critical role in the life of the University. The contributions that graduate students make to undergraduate education, faculty research, and the public service mission are

enormous. The Graduate School is a great asset, and Steve and his colleagues are providing excellent leadership.

- **Recruiting BOV Members-** It's the time of year when we're developing our list of candidates to join the Board of Visitors. We could use the trustees' help with that process this week. If you know someone you think would be a great volunteer leader and ambassador for the University, please pass that information along to Linda Douglas, or Matt Kupec today before you leave our meeting.
- **Hogan Medlin-** Mr. Winston announced again that Trustee Medlin sang the national anthem to open the Senate yesterday in Raleigh. He expressed his appreciation for Trustee Medlin's ambassadorship for the Board.

CHANCELLOR'S REMARKS

Chancellor Thorp reported on the following:

- **Dentistry Dean-** Later, in your closed session, the trustees will consider an important personnel recommendation for a new dean that Provost Carney and I have made for your consideration. In the School of Dentistry, we recommended Jane Weintraub, a dental health researcher at the University of California, San Francisco, School of Dentistry. Jane spent seven years as a Carolina dentistry faculty member before leaving for California. We believe Jane is ideally suited for this job with her background as a distinguished educator, scientist and mentor. She is especially well known for her work to reduce oral health disparities.
- **Dick Mann-** Vice Chancellor Dick Mann plans to retire, effective June 30, capping an amazing 40-year career in finance and information technology. Dick's experience has been invaluable as we've managed budget cuts and long-term efficiency efforts through Carolina Counts. He's been instrumental in guiding our enterprise resource planning project, Connect Carolina. He has also created the best ever relationship between the university and the healthcare system. Chancellor Emeritus Bill McCoy will lead our search process.
- **David Brooks on Campus-** David Brooks, the New York Times columnist, was here for a business school lecture. The timing was perfect because he'd just published a column about the importance of universities and innovation timed to President Obama's State of the Union speech. He understands how a research university works in making good things happen to improve the world. I interviewed him for my blog, and we've posted it to our YouTube Channel and Facebook page. This national focus on innovation is another sign that our own campus initiative is well timed.
- **Tom Ross Campus Tour-** President Ross came to visit and we went on a tour of the faculty research labs. He lunch with our students and he learned about the access our students have to research. He also had conversations with administrators and campus leaders including Vice Chancellor Brenda Malone, Faculty Chair McKay Coble and Employee Forum Chair Jackie Overton.
- **General Assembly Outlook-** Erin Schuettpelz and I have been meeting with the new legislative leaders in the House and Senate. We're looking forward to working with the General Assembly, as well as Governor Perdue. We've got good friends in both chambers, like Richard Stevens, former chair of this board.
- **Our Legislative Priorities/Budget Update-** We're doing our part to help the state during this difficult period. But protecting our ability to provide a high-quality education to students and our national prominence as a top public research university is the highest priority. Here are our priorities in Raleigh during the new session:
 1. **Minimize Reductions; Maintain Flexibility-** By July, we'll have absorbed at least \$139 million in total state cuts – mostly for administration and efficiency measures. Two weeks ago, we announced cuts equal to a campus 5 percent permanent state budget reduction (\$26 million) for next fiscal year, 2010-11. That will help us meet

Gov. Perdue's holdbacks (a new 2.5% just announced this week). Being proactive helps us to properly plan for the inevitable permanent reductions coming for next fiscal year. Any additional cuts issued by the General Assembly over 5% will begin to significantly harm the classroom. The chancellors are working with President Ross to identify efficiencies and modifications to state policies that will make implementing cuts on campuses easier.

2. Keep Tuition Revenues on Campus- Historically, tuition has stayed on campus to support instruction. We're seeking the General Assembly's support to allow future tuition increases to also stay on campus. That happened last year – \$750 increase; we protected the classroom.

3. Fully Fund Need-based Financial Aid and Enrollment- 37% of undergraduates require need-based aid. Students who require loans graduate with an average of \$16,000 in debt. The Carolina Covenant enables qualified students to graduate debt-free (through state and federal grants, work-study). [A copy of the handout is located at: www.unc.edu/depts/trustees/ and is also filed in the Office of the Assistant Secretary.]

STUDENT BODY PRESIDENT'S REMARKS

Mr. Medlin spoke about the following:

- How the students are managing given the University's budget cuts
- Training a group of students to lobby the state legislature in preparation for the looming budget issues.
- The Weil Lecture on American Citizenship
- The upcoming Academic Plan
- Establishing a recycling program in the Dean Dome
- Upcoming Student Body President Elections

[A copy of Mr. Medlin's remarks is located in the Office of the Assistant Secretary.]

THE UNC HEALTH CARE SYSTEM: AN UPDATE

Chancellor Thorp spoke about the intricate and close relationship between the University and the health-care system. He mentioned his involvement on the Healthcare Board, and the financial performance of the healthcare system has been excellent. When the financial crisis hit, Dr. Roper and his colleagues made some adjustments that have been good for the hospital and the care of our citizens. We're so fortunate to have leaders like Bill Roper who have pushed very hard to make sure we're staying competitive. That's critical to providing North Carolinians with high-quality health care.

Bill Roper, Vice Chancellor for Medical Affairs, CEO of the UNC Health Care System, and Dean of the School of Medicine, spoke about the following:

- **UNC School of Medicine-** Expansion, leadership, and research growth
- **UNC Health Care System-** We serve North Carolina and it's people everyday
 - We have a state-mandated mission to provide care to North Carolinians, regardless of their ability to pay
 - The UNC Health Care System's Strategic Plan is built on 6 pillars:
 - People, service, quality, finance, growth, and innovation
 - UNC HCS Vision- To be the nation's leading public academic health care system
 - Health reform- Partnership with Blue Cross to explore new health care delivery models
 - Initiatives to better serve North Carolina- Partnerships with Rex Healthcare, Wake Heart & Vascular Associates, Burlington Imaging & Breast Center, and opening a new Imaging and Spine Center

- Initiatives to foster innovation- Plans to open a joint medical practice with BCBS of NC
- **Financing the Future**
 - Efforts to innovate
 - Fulfilling the mission
 - Funding sources and pressures
- **Conclusion-** To serve the state of NC, the interests of the School of Medicine and Health Care System are closely intertwined with UNC-Chapel Hill in:
 - Research
 - Teaching
 - Patient Care

Chancellor Thorp commended Dean Roper and thanked him for his collaboration with the University. He then mentioned the following article to understand the importance of the cost of health care: http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande

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.

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.** Jackie Overton talked about the community garden, ongoing work with Habitat for Humanity, forging partnerships for a better Carolina, the academic plan, Carolina Counts, and Transportation and Parking's five-year plan. She thanked the grounds crew for keeping the sidewalks and streets safe during the winter weather on campus the last few weeks.

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.

- **Comprehensive Annual Financial Report for FY 2009-2010.** Dennis Press, University Controller, presented an overview of The University's Comprehensive Annual Financial Report for FY 2009-10. The discussion included changes in financial reporting standards, the University's financial position, and results of operations for FY 2009-10. The University incurred a 7.2 percent increase in equity (i.e. net assets). Operating revenues increased 7.9 percent, while operating expenses increased at a 2.4 percent rate over the prior year. Some major revenue sources including sponsored awards recorded growth. The financial statements for FYE 2009-10 received an unqualified audit opinion from the State Auditor, and the University earned its 15th consecutive GFOA (Government Finance Officers Association) award for excellence in financial reporting.

(ATTACHMENT F)

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

- **Review of First Half FY 2010-2011 Budget Status.** Richard Mann, Vice Chancellor for Finance and Administration, presented an update on the fiscal year 10-11 operating budget. Year to date revenue and expenses are within normal and expected ranges with no unexplainable variances.

• **Outlook for Balance of Fiscal Year 2010-2011 and Fiscal Year 2011-2012.**

FY 2010-2011

- Planned for a cut of 3.5% non-recurring, but was just informed that the cut will be 5% non-recurring.

FY 2011-2012

- 5% recurring cut for FY 2011-2012 (approximately \$26 million). Take cuts prior to end of FY 10-11 to assure full savings by July 1, 2011.
- Submit plans for additional 5% and 10% cuts.

State Outlook- Revenues for first half of year on target. Recovery is gaining strength. Housing and employment remain weak.

- \$18 billion – State budget
 - \$11 billion- salaries and benefits
 - 81% Education (K-12, Community Colleges, UNC).
 - 20% (UNC/Community Colleges)
- All options are on the table

• **Internal Audit Report.** Phyllis Petree, Director of Internal Audit, presented a summary of internal audit projects completed or in progress between August 16 and December 5, 2010. While some individual projects have revealed control weaknesses, none of these weaknesses have a material impact on the university’s operations or financial reporting. She also presented a revised audit schedule for fiscal year 2010/11 which has been adjusted for the effect of two large unplanned reviews, two university-wide audits that have taken more time than initially projected, and the extended absence of a staff member due to health reasons. Five lower risk projects will be deferred to fiscal year 2011.

(ATTACHMENT G)

• **Venture Capital Fund.** Chancellor Thorp discussed the development of a Venture Capital Fund aimed at enhancing commercialization of research at the University.

- The fund would be established through the Foundation.
- Committees would be established to oversee venture investments.
- An outside Venture Capital consultant would be retained to review and coordinate proposals.
- The source of funds would come from earnings on University investments and initially would be less than \$2 million.

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

- FY11 Progress Report

	<u>1/24/11</u>	<u>1/24/10</u>	<u>% change</u>
○ Gifts Received	\$136,176,028.11	\$134,969,630.52	1%
○ Donors	43,484	46,606	-7%
○ New commitments (new cash & pledges)	\$161,357,117	\$148,047,026	9%

NOTES

- \$128,037,379 proposals in the pipeline.
- Averaging \$23.1 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.** Provost Carney spoke about the following:
 - **Searches-** The University will soon have a new Dean of the School of Dentistry, Other searches underway include the Vice Chancellor for Research, the Dean of the School of Journalism, and the Associate Provost for Diversity and Multi-Cultural Affairs. .
 - **Budget-** The University continues to absorb state budget cuts. The Governor's Office called for a return of what equates to an immediate 3 ½ percent reduction on this year's budget. These cuts have been assigned and distributed; funds are to be returned by March 1, 2011.
 - **Academic Plan-** Work on the Academic Plan continues. It will be ready for presentation in March.

- **Faculty Chair Remarks by McKay Coble.** Faculty Chair McKay Coble provided a brief report on matters of importance to the faculty and the life of the University including: fixed term faculty, the Salary Equity Task Force, the Copyright Task Force, grading policy, and the criminal check policy for faculty members. She also reported that the University will soon move from Blackboard to Sakai – new technology which enables students and faculty to share their work.

- **Update on Greek Affairs.** Winston Crisp, Vice Chancellor for Student Affairs, reported on progress achieved on goals established for Greek life on campus. Budget cuts and the ongoing reorganization of the Dean of Students' Office has been challenging, so Vice Chancellor Crisp agreed to report back to the University Affairs Committee at the March 2011 meeting of the Board of Trustees.

Mr. Gardner reported that due to fiscal constraints, The Provost's Office has decided not to fill the position of Associate Provost for Global Education. Instead, Executive Associate Provost Ron Strauss will continue to lead UNC Global's initiatives, as he has ably done for the last several months.

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

"UNC Global represents the University in its work to become a global resource and to bring a global vision and international engagement to the state, region and nation. UNC Global is the embodiment of our aspiration to transform the Carolina education into an increasingly global experience, across all of our schools and units. Our motto is – *Minds on a Mission* – and for us that mission is both pan-university and compelling."

March 2009, the following progress has been made toward these goals:

 - **Metrics:** Carolina is now rated 30th worldwide and 21st among US universities by the reputable *London Times World University* rankings. To place this in context among world universities we were ranked 151st in 2007, 102nd in 2008, 78th in 2009, and 30th in 2010. The Shanghai ratings entitled *Academic Rankings of World Universities* (based on global science citations and research recognition) placed Carolina as 41st among all global universities this year. We are tied for 5th in the nation in the number of Title VI Centers. The Chronicle for Higher Education places us as number one among top research universities in the production of Faculty Fulbright Awardees – 7awards this year alone. Carolina ranks 4th among public universities in the number of Fulbright Awards won by students.
 - **Strategies:** Carolina has articulated four clear aims to further the university's global presence and leadership. First, we must have a global faculty. Second, we must be seen as having a truly world-class global research capacity. Third, we must have strong and enduring global partnerships. And fourth, we must build our on-campus capacity to support globalization.

- o **Carolina's progress:** In Arts and Sciences, Carolina's fastest growing undergraduate major is Global Studies, with some 850 declared undergraduate majors at present. A Masters degree in Global Studies awaits approval by General Administration. We are seeking to expand the Study Abroad program; we currently have thirty-six percent of our undergraduate students participating in the program. Student Body President, Hogan Medlin, has created Admission Ambassadors Abroad (AAA), to recruit more global students to Carolina, by having our Study Abroad students and alumni to come together to arrange for visits and presentations at overseas high schools. Student desires for global careers is up considerably. We already have the nation's 6th leading enrollment in the Peace Corps and the nation's 9th leading enrollment in the State Department Foreign Service internships or careers.

[A copy of Mr. Strauss' remarks is located in the Office of the Assistant Secretary.]

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Clay, and seconded by Mr. Gardner, 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 Committee on Honorary Degrees & Special Awards

Joseph Ferrell, Secretary of the Faculty, presented a nominee for an Honorary Degree to be conferred at May Commencement 2011. He will be the Commencement Speaker. Ms. Hyde moved approval of the motion. Mr. Ellison seconded the motion and it carried.

Mr. Ferrell then presented nominees for Distinguished Alumna/Alumnus Awards to be presented on University Day, October 12, 2011. All nominees were previously presented to the Audit & Finance Committee and approved by the committee. Ms. Hyde moved approval of the motion. Mr. Ellison seconded the motion and it carried. [A copy of the Report of the Committee on Honorary Degrees & Special Awards is filed in the Office of the Assistant Secretary.]

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 18, 2011, for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS H-I-J-K)

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 18, 2011, which were discussed earlier in closed session. Ms. Hyde seconded the motion and it carried.

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

- Compensation Actions.
(ATTACHMENT I)

- For Information.
(ATTACHMENT J)

- Walk-on Item.
(ATTACHMENT K)

ADJOURNMENT

There being no further business to come before the Board, Chair Winston adjourned the meeting at 11:15 a.m.


Assistant Secretary