

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

The Board of Trustees met in regular session on Thursday, March 22, 2012, at The Carolina Inn, Chancellor Ballroom East & West, at 9:05 a.m. Chair Hargrove presided.

ROLL CALL

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

Wade H. Hargrove, Chair	Steven J. Lerner
Barbara R. Hyde, Vice Chair	Sallie Shuping-Russell
Phillip L. Clay, Secretary	John L. Townsend III
W. Lowry Caudill	Felicia A. Washington
Donald Williams Curtis	Mary Cooper
J. Alston Gardner	

Peter T. Grauer was absent.

Chair Hargrove 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. Townsend, and seconded by Dr. Lerner, the minutes of the regular meeting of January 25, 2012, were approved as distributed.

Ratification of Mail Ballot

On motion of Mr. Townsend, and seconded by Ms. Shuping-Russell, the following mail ballots were approved as distributed:

- February 13, 2012- Personnel actions and actions conferring tenure, compensation actions, and personnel changes for information.

(ATTACHMENT A)

- March 1, 2012- Personnel actions.

(ATTACHMENT B)

CHAIR’S REMARKS

Chairman Hargrove praised Mary Cooper, Student Body President, for her service on the board— especially for her leadership on difficult issues like tuition. Will Leimenstoll will join the board in May. Chair Hargrove then called on Secretary Clay to read the following resolution of appreciation:

**RESOLUTION OF APPRECIATION
MARY COOPER
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
March 22, 2012**

WHEREAS, Mary Cooper served as President of the UNC student body in 2011-2012, and as such, served also as a member of the University's Board of Trustees, and was a most skillful, effective, and thoughtful advocate for students and a valuable voice in board discussions; and

WHEREAS, Mary, as a member of the University's Academic Plan Steering Committee, was actively engaged in completing the Academic Plan and, as co-chair of the Tuition and Fee Advisory Task Force, worked tirelessly to balance the need for accessibility to the University by students of limited financial means while protecting the integrity of the University's core academic mission; and

WHEREAS, Mary worked in collaboration with leaders of the Campus Y to educate the Carolina community about tuition and financial aid issues, and to present the case for predictability, affordability, and accessibility to the UNC Board of Governors and the members of the North Carolina General Assembly; and

WHEREAS, Mary worked to ensure that students were part of important community issues, including participation in the Chapel Hill 2020 planning process, promoting environmental awareness and assisting with the establishment of a new, early voting site on campus at Rams Head Plaza; and

WHEREAS, Mary, as a Member of the University's Board of Trustees commanded respect for her intellect and good judgment, and her thoughtful engagement with the work of the Board; and was highly regarded and valued for her ability to understand the views of others and to treat both her fellow Trustees and fellow students with utmost respect and kindness.

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of North Carolina at Chapel Hill congratulates Mary Cooper for a job very well done, and expresses its deepest appreciation for her dedicated service to and exemplary leadership of the University.

On motion of Ms. Hyde, and duly seconded, the Board approved adoption of the resolution and applauded Student Body President Cooper.

Chair Hargrove continued his remarks.

- **Order of the Golden Fleece.** Last weekend, Trustees Hyde and Cooper were tapped into the Order of the Golden Fleece, founded in 1904 and the University's oldest and highest honorary society. Congratulations to you both! Trustees Shuping-Russell and Clay are previous inductees, as am I. It's a great honor.

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

- **Kel Landis Appointment.** I'm pleased to announce that we've filled the final vacancy on the board. Kel Landis of Raleigh has been appointed by Governor Perdue to fill the slot left open when Eddie Smith left last fall. Kel is excited about joining all of you on the board and looks forward to working with us to serve the University. He will join us for the May meeting.
- **Financial Aid/Tuition Issue Pending with BOG.** We have tuition and fee increases in place for resident undergraduates in both years (\$675, 9.9%, plus \$600 in 2013-14). For next year, non-resident undergraduates will pay \$1,602 (6%) more. Some Board of Governors members question the set-aside for need-based financial aid. They have decided to study the issue and potentially recommend a policy change.

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

CHANCELLOR'S REMARKS

Chancellor Thorp commended SBP Mary Cooper on her service to the university and her being tapped for the Order of the Golden Fleece. He then spoke on the following:

- **Need-Based Financial Aid Set-Aside.** We have been proud of what I consider to be an exemplary record on need-based financial aid and access that has been a model for the rest of U.S. public higher education. We promised our students and young people if they come from families struggling mightily and are willing to do the academic work that we need to make it possible for them to come to Chapel Hill.
- **Water Theme Launch.** You've heard us talk a lot about Carolina aspiring to help solve the world's biggest problems. Our faculty responded to that challenge by successfully proposing that we adopt a two-year academic theme focused on water in our world. By focusing on water, we want to show how the scholarship we foster helps improve people's lives. We're officially launching the "Water in our World" initiative today because March 22 is recognized by the United Nations as World Water Day.
- **Recognize Don and Jennifer Holzworth/Gift.** Innovative thinking like this on campus comes from units like our Water Institute in the Gillings School of Global Public Health. The Water Institute is a tremendous resource for the University and the school because of passionate supporters like Don and Jennifer Holzworth, who are committed to doing something about the need for clean water around the world. Their gift of \$666,000 will be leveraged by matching funds through the state's Distinguished Professors Endowment Trust Fund to create a \$1 million professorship.
- **Eshelman Gift Announcement.** I'm very pleased to announce that the school's namesake, Fred Eshelman, has made an additional \$2.5 million gift to expand research and to help transform the classroom experience for our pharmacy students. The school's research program will benefit from \$1.5 million of this gift; the rest will be used for innovative approaches to pharmacy education and improving the practice of pharmacy. This latest generosity means Fred's total support for our pharmacy schools stands at an amazing \$35 million.
- **Brenda Kirby Retirement.** Brenda has been at Carolina for 40 years. Replacing Brenda will be tough. I have some thoughts about how to organize the office, and I'll be talking with the trustees about that. We'll have a chance to celebrate Brenda at our next meeting.

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

STUDENT BODY PRESIDENT'S REMARKS

Miss Cooper, Student Body President, gave her final report. Miss Cooper thanked:

- The Trustees for their valuable input and friendship.
- The Chancellor for his support, friendship and mentorship.
- Brenda Kirby for her encouragement

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

- Her executive branch family and she then recognized her Vice President and others in her team.

Miss Cooper then highlighted how she will complete her platform by her last day in office, April 3:

- Student Enrichment Fund and the Bring it Back mentality
- Green Revolving Fund. Fund that invest in energy efficiency
- Town of Chapel Hill partnership- Change taxi system
- Early voting at Ram's Head
- Faculty Retention
 - Tuition and fees
 - Workshop in September between bot and students
 - Endowment forum- Students want to know more about the endowment
 - Financial aid- don't forget the voice of the student

[A copy of Miss Cooper's remarks is filed in the Office of the Assistant Secretary.]

IMAGINING THE 21ST CENTURY AMERICAN PUBLIC RESEARCH UNIVERSITY

Chancellor Thorp reported on the success of the American university and highlighted the pressures that higher education faces with funding. He then explained the trends in higher education funding, and how support continues to decrease at the state level. However, we are uniquely positioned in that North Carolina receives a higher percentage than most other states, so it is Carolina's responsibility to lead the nation in the discussion on how important it is not to lapse into complacency or self-satisfaction. It is imperative to remain fully engaged with and responsive to the world around us; we must reach farther and deeper into our collective imagination to set the goals that will realize our evolving mission.

Chancellor Thorp then raised areas of conversation, and how important it is to maintain communication regarding models of undergraduate education, college access and college completion, balancing costs and quality, and solving problems. He concluded his remarks by highlighting next steps for the Board of Trustees.

Chair Hargrove asked how the board can be engaged in the process and what their role should be as trustees. Chancellor Thorp highlighted the following steps for the Board:

- Conduct a broad discussion with the campus community about the nature of the modern public.
- Utilize the Academic Plan and the "Best Place to Teach, Learn and Discover" reports as guides
- Monitor internal changes aimed at addressing the new vision
- Launch a bold fundraising campaign organized around these objectives

Chair Hargrove said that the board will develop a plan so this can be successful.

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.

BUILDINGS AND GROUNDS COMMITTEE OF THE WHOLE

Dr. Clay, Committee Chair, called on Bruce Runberg, Associate Vice Chancellor for Facilities Planning and Construction, to present the following action items to the committee:

- **Approval of Demolition – Medical Research Building D.** Ms. Hyde moved to approve the demolition of the Medical Research Building D. It is necessary to complete the Imaging

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

Research Building project. The Medical Research Building D will be replaced by a new open, landscaped space.

Dr. Lerner seconded the motion and it carried.

(ATTACHMENT C)

• **Contractor Selection – Performance Contracting.** Ms. Shuping-Russell moved to contract with a qualified energy savings contractor to design a package of energy cost reduction measures in various buildings on campus. Energy savings will be utilized to fund this project. The committee recommended the selection of three firms in the following priority order:

1. Trane Comfort Solutions, Inc. Morrisville, NC
2. Pepco Energy Services, Inc. Raleigh, NC
3. Honeywell International, Inc. Morrisville, NC

Ms. Washington seconded the motion and it carried.

(ATTACHMENT D)

• **Designer Selection – Upper Quad HVAC and Window Replacement.** Ms. Shuping-Russell moved to renovate the HVAC systems and replaces the existing windows in Mangum, Ruffin, Manley, and Grimes Residence Halls to improve energy efficiency and indoor air quality. The project budget is \$6.5M and will be funded by Student Life and Residential Education. The committee recommended the selection of three firms in the following priority order:

1. Clark Nexsen Architecture and Engineering Raleigh, NC
2. United Engineering Group, Inc. Raleigh, NC
3. Small Kane Webster Conley Architects Raleigh, NC

Ms. Hyde seconded the motion and it carried.

(ATTACHMENT E)

• **Designer Selection- Cogeneration Facility Site Environmental Investigation and Remediation.** Ms. Shuping-Russell moved to approve selection of a Registered Environmental Consultant (REC) to provide environmental consulting and design services at the University's Cogeneration Facility site. The consultant will assist with investigations, risk assessments, risk communications, development of remedial designs, contractor oversight, reporting and compliance certification under a special program administered by the North Carolina Department of Environment and Natural Resources, Division of Waste Management, Inactive Hazardous Sites Branch. The planning budget is \$750,000 and will be funded by Energy Services. The committee recommended the selection of three firms in the following priority order:

1. Geosyntec Consultants Raleigh, NC
2. Arcadis Raleigh, NC
3. AECOM Raleigh, NC

Mr. Curtis seconded the motion and it carried.

(ATTACHMENT F)

• **Site Approval- University Child Care Center.** Mr. Hargrove moved approval to provide a 1,000 SF addition to the northeast of the existing University Child Care Center to provide additional classroom space for 36 preschool children. The site is located to the west of the

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

Friday Center and is accessed via the Friday Center Driveway. The University and the Hospital jointly oversee the operations of the Center. The project budget is approximately \$350K and will be funded by the Hospital Child Care Center tuition.

Mr. Caudill seconded the motion and it carried.
(ATTACHMENT G)

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

- **Carolina North Update.** Anna Wu, Director of Facilities Planning, provided an update to the committee. She spoke about the following:
 - Site for the Collaborative Science Building.
 - Infrastructure Projects- the landfill gas line and generator, electrical ductbank, and the greenway.

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.

REPORT OF THE BUDGET, FINANCE & AUDIT COMMITTEE

Ms. Shuping-Russell 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 spoke about the community garden, housekeeping, and the 20th anniversary of Employee Forum.

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.

- **Investment Funds Update.** Jon King, President and CEO of UNC Management Company, Inc. gave a presentation on the UNC Investment Fund, LLC and our purchasing power. For the 5-year snapshot, we are a little under water, but for the 10-year snapshot, we are over. Given the economy, we are doing well.

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.

- **Budget Update.** Karol Gray, Vice Chancellor for Finance and Administration, provided a budget update. She spoke about tuition and fees being set for the next two years. Also, we are expecting about \$12 million in repair and renovation funds. Revenues are exceeding expenditures, which is good.

- **Human Resources Update.** Brenda Malone, Vice Chancellor for Human Resources, spoke about the main difference between SPA employees and non-SPA employees. Senate Bill 575 is a key priority for UNC GA as well as the UNC-CH campus. It is viewed as a key tool to permit us to streamline personnel administration and enhance compensation flexibility for our SPA staff. A unified HR system will utilize human resources best practices in public higher education, and will provide employees with substantive input through peer elected representatives. She also spoke about Housekeeping. A Housekeeping Advisory Council to

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

address problems. They provide training and coaching for supervisors, and ESL classes for employees.

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- **Development Report.** Matt Kupec, Vice Chancellor for University Advancement, provided an update on Development. His report included the following highlights:
FY 2012 Progress Report

	<u>3/21/12</u>	<u>3/21/11</u>	<u>% change</u>
o New Commitments	\$213,140,599*	\$212,116,078	0%
	*Averaging \$25.1 M per month.		
o Gifts Received	\$182,882,972	\$187,018,646	-2%
o Individuals	95,812,054	98,512,279	-2%
o Organizations	87,070,919	88,506,367	-2%
o Donors	55,339	57,086	-3%
o Pipeline	\$205,523,598 proposals in the pipeline		

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REPORT OF THE ACADEMIC 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).

- **Status of the Academic Plan.** Executive Vice Chancellor and Provost, Bruce Carney reported on the themes and priorities of the Academic Plan.

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.

- **2tor and MBA On-Line Courses and Masters of Public Administration.** Jim Dean, Dean of the Kenan-Flagler Business School, introduced Doug Shackelford, Associate Dean of MBA@UNC and Meade H. Wills Distinguished Professor of Taxation, and Susan Cates, President and Associate Dean of Executive Development at Kenan-Flagler Business School, as well as Executive Director of MBA@UNC to give details of the program and process. They are recruiting their 4th class. They recruit a class every quarter. The program is designed with asynchronous content, live online class sessions, and global immersions. This program shows you can have high quality on-line instruction.

Mike Smith, Dean of the School of Government, spoke about the desire to put a similar model into practice with the Masters of Public Administration. He has been in contact with private supporters who are working to make this happen. The main reasons to offer this program are to increase enrollment and provide new leadership.

New and innovative ideas are forthcoming to the committee.

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.

REPORT OF THE STUDENT AFFAIRS COMMITTEE

Ms. Hyde, 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).

- **Report from the Student Task Force on Faculty Retention.** Zealan Hoover, Student Body Vice President reported on the work the task force is doing. He spoke about the beliefs and vision of the task force as well as the approach to address the issues. The task force came up with a survey for the faculty to complete. Approximately one-third of faculty responded to the survey. Results are forthcoming.

(ATTACHMENT H)

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.

- **Office of Student Life Update and Report.** Winston Crisp, Vice Chancellor for Student Affairs, introduced Jonathan Sauls, Dean of Students and Aaron Bachenheimer, Director of the Office of Fraternity & Sorority Life and Community Involvement. In 2010, the Board charged Vice Chancellor Crisp with coming up with some academic standards and best practices for the Greek organizations. The response is a performance-based recruitment system incorporating the following: academic achievement, responsible citizenship, effective orientation and transition programming, and an attractive opportunity for Spring recruitment. A comprehensive plan has been put forward to carry out the Board's charge. This includes expansion and relocation of the Office of Fraternity & Sorority Life, development of support for Greek organizations, clear benchmarks, effective Spring recruitment process, and enhanced orientation for new members.

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.

REPORT OF THE UNIVERSITY ADVANCEMENT COMMITTEE

- **Loudermilk Center Update.** John Montgomery, Executive Director of the Educational Foundation reported on the Loudermilk Center for Excellence. The Blue Zone at Kenan-Stadium houses a number of excellent facilities for our student athletes. It is a self-supporting project that is necessary to support scholarships and other budget items. It has been a great way to involve the Ram's Club donors and new donors.

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.

- **North Carolina Public Radio- WUNC: An Update.** Connie Walker, General Manager of WUNC reported that WUNC reaches forty-two counties and employs more journalists than any other non-commercial radio station in North Carolina.

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.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Clay, 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

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

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 BUDGET, FINANCE, & AUDIT COMMITTEE

Report of the Committee on Honorary Degrees & Special Awards

Joseph Ferrell, Secretary of the Faculty, presented the names to the Board. Ms. Shuping-Russell moved approval for ratification by the Board of the nominees for an Honorary Degree to be conferred at May Commencement 2013. The motion carried.

Report of the Naming Committee

Matt Kupec presented naming recommendations which were previously presented to the Budget, Finance, & Audit 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. Shuping-Russell moved ratification by the Board of the naming recommendations. The motion carried.

Board of Visitors Nominations

Ms. Shuping-Russell presented the slate and information concerning nominations for the class of 2016. Ms. Shuping-Russell moved approval for ratification by the Board of the nominees for serving on the Board of Visitors. The motion carried. [A copy of the Board of Visitors nomination information is filed in the Office of the Assistant Secretary.]

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated March 12, 2012, for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS I-J-K)

LEGAL ADVICE

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

EXECUTIVE CLOSED SESSION

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

DEEP EXECUTIVE CLOSED SESSION

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

RECONVENE MEETING IN OPEN SESSION

Chair Hargrove reconvened the meeting in open session.

OPEN SESSION

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, moved approval by the Board of the following personnel actions dated March 12, 2012, which were discussed earlier in closed session. The motion was duly seconded and it carried.

- Personnel actions and actions conferring tenure.
(ATTACHMENT I)

- Compensation Actions.
(ATTACHMENT J)

- Personnel changes for information. (No items).
(ATTACHMENT K)

Mr. Gardner moved approval of the following resolution:

**Resolution of the Board of Trustees
of
The University of North Carolina at Chapel Hill**

WHEREAS, the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”), The University of North Carolina Health System (the “UNC Health Care System”), the University of North Carolina by and through the Board of Governors for the University (the “UNC Board of Governors”), and William L. Roper (“Dr. Roper”) are parties to an Employment Agreement whereby Dr. Roper has agreed to serve as the Chief Executive Officer of the UNC Health Care System, the Vice Chancellor for Medical Affairs of UNC-Chapel Hill, and Dean of the School of Medicine of UNC-Chapel Hill for a term continuing through June 30, 2012; and

WHEREAS, the University desires to extend the term of Dr. Roper’s appointment as Vice Chancellor for Medical Affairs and Dean of the UNC-Chapel Hill School of Medicine through June 30, 2017, subject to the terms and conditions set forth in a written employment agreement to be entered into between UNC-Chapel Hill, the UNC Health Care System, the UNC Board of Governors, and Dr. Roper;

NOW THEREFORE, the Board of Trustees hereby:

- 1. Approves extending the term of Dr. Roper’s appointment as Vice Chancellor for Medical Affairs and Dean of the UNC-Chapel Hill School of Medicine through June 30, 2017 under terms and conditions generally consistent with those included in the Employment Agreement currently in effect between UNC-Chapel Hill, the UNC Health Care System, the UNC Board of Governors, and Dr. Roper, subject to approval of Dr. Roper’s reappointment as Chief Executive Officer of the UNC Health Care System by the UNC Board of Governors under terms mutually agreeable to all the parties;**

- 2. Authorizes the Chancellor and the Vice Chancellor for Finance and Administration to execute and deliver such agreements as may be required or as the Chancellor and the Vice Chancellor for Finance and Administration deem necessary, advisable, or proper in order to consummate such extension of Dr. Roper’s Employment Agreement and his appointment as Vice Chancellor and Dean.**

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 22, 2012**

Steve Lerner disclosed that he has dealings with companies directly related to the Health Care System. He has recused himself for the vote regarding the resolution.

Mr. Townsend seconded the motion and it carried.

Chair Hargrove 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 Hargrove adjourned the meeting at 1:31 p.m.


Assistant Secretary