

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

The Board of Trustees met in regular session in the Board Room of the Department of Transportation in Raleigh, North Carolina on May 25, 2000 at 8:30 a.m. Chairman Cates presided. The meeting was held in Raleigh to enable the Board of Trustees members to attend a public ceremony at 10:00 a.m. on the Capitol grounds at which Senate Bill 912, The Michael K. Hooker Higher Education Facilities Financing Act, was signed into law. Senate Bill 912 will place a \$3.1 billion bond referendum for Higher Education Capital Facilities improvements on the November ballot.

The Finance and Business Committee and the Development Committee met as a Committee of the Whole. The Academic Affairs Committee and the Student Affairs Committee did not meet during this session.

ROLL CALL

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

Anne W. Cates, Chairman
Dr. William R. Jordan, Vice Chairman
David E. Pardue, Jr., Secretary
William J. Armfield, IV
Timothy B. Burnett
James E. S. Hynes
Jean Almand Kitchin
Robert B. Matthews
Dr. Charles A. Sanders
Richard Y. Stevens
Cressie H. Thigpen, Jr.
Richard T. Williams

The following member was absent: Mr. Walter R. Davis

CONSENT AGENDA

Approval of Minutes

On motion of Dr. Sanders, seconded by Mrs. Kitchin, the minutes of the regular meeting of March 23, 2000, and the minutes of the emergency meeting of April 13, 2000 were approved as distributed.

Approval of Personnel Items

On motion of Dr. Sanders, seconded by Mrs. Kitchin, the following personnel items were approved as distributed:

- Personnel Changes for Information (ATTACHMENT A)
- Personnel Changes in Academic Affairs (ATTACHMENT B)
- Personnel Changes in Health Affairs (ATTACHMENT C)
- Recommendations for Exceptions to
Employment Policies Annual Leave Provisions (ATTACHMENT D)

Ratification of Mail Ballots

On motion of Dr. Sanders, seconded by Mrs. Kitchin, the following mail ballots were approved as distributed:

- Mail Ballot Dated April 4, 2000 (ATTACHMENT E)
- Mail Ballot Dated April 19, 2000 (ATTACHMENT F)

CHAIRMAN'S REMARKS

Chairman Cates commented on the following:

- Selection of James C. Moeser as the next Chancellor at the University. He will begin his duties on August 15, 2000. Chairman Cates thanked Richard Stevens, chairman of the Chancellor Search Committee, and the Trustees for their dedication to the search process, as well as the other members of the search committee.
- Approval by the North Carolina State Legislature on the referendum for capital improvements.
- Acquisition of Rex Health Care, which will become a wholly owned subsidiary of UNC Health Care.
- The Traveling Science Laboratory, a 40-foot-long, custom-equipped science and technology bus named Destiny, delivering cutting-edge curriculum and Internet access to the people of North Carolina. The bus is funded in part by a grant from Glaxo Wellcome, Inc. IBM provides the computers in the bus.
- Resolution of Appreciation and Congratulations to the 1999-2000 Men's Basketball Team. Mr. Woody Durham read the resolution at the basketball banquet on April 11. (see Attachment E)
- Trustee Davis recently received a UNC-CH School of Medicine Distinguished Service Award.
- Trustee Sanders was recently awarded the Durham Chamber of Commerce Civic Honor Award.
- Recent good news related to the health of Trustee Kitchin's husband, Hodge.
- Vice Chairman Jordan's excellent job of delivering greetings to the Spring Commencement Ceremony
- Chairman Cates acknowledged Faculty Chair Pete Andrews. This was his last Board meeting as Faculty Chair. Professor Andrews expressed his pleasure in working with the Board of Trustees during his term as Faculty Chair.

RESOLUTIONS

Chairman Cates requested Secretary Pardue read the following resolutions.

RESOLUTION OF APPRECIATION
HONORING
THE NORTH CAROLINA GENERAL ASSEMBLY
FOR SUPPORTING
THE STATE UNIVERSITY AND COMMUNITY COLLEGE BOND PACKAGE

WHEREAS, The University of North Carolina at Chapel Hill has great need for building repair, renovation, and new construction;

WHEREAS, Carolina's needs are similarly reflected on the campuses of its sister UNC institutions and those of the state's community college system;

WHEREAS, Carolina is one of the nation's pre-eminent research universities and, as such, has a unique set of needs and priorities that must be met to serve its students and the citizens of North Carolina, as well as to help attract important resources--both dollars and personnel--to fulfill its mission;

WHEREAS, the capital needs of UNC-Chapel Hill, the nation's oldest public university, are further exacerbated by the great age of many of its facilities;

WHEREAS, although the 1999 General Assembly did not reach consensus on the capital financing issue, its members showed great insight in appointing the Joint Select Committee on Funding for Higher Education Facilities, which this spring toured the state's campuses and studied how capital needs could be met;

WHEREAS, the Joint Committee earlier this month recommended a \$3.1 billion bond referendum to help meet the university and community college systems' critical needs, and earmarked some \$500 million of that amount for projects at Carolina;

WHEREAS, both houses of the North Carolina General Assembly subsequently adopted the plan, and the referendum will be placed on the state ballot in November;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of The University of North Carolina at Chapel Hill offers its deepest gratitude to the North Carolina General Assembly and its Joint Committee on Funding for Higher Education Facilities for their work to find appropriate financing methods for the University's daunting facilities needs; tenders its special thanks to the legislative leadership and to our local delegation for so wisely recognizing the importance of these needs within the scope of Carolina's mission; and pledges to work diligently to assure a positive outcome for the November bond issue.

On motion of Mr. Hynes, seconded by Mr. Stevens, the Board approved adoption of the resolution.

**RESOLUTION OF APPRECIATION
FOR
PROVOST RICHARD JUDSON RICHARDSON**

WHEREAS, Professor Richard Judson Richardson, Burton Craige Professor of Political Science, and Provost of The University of North Carolina at Chapel Hill, will retire June 30, 2000, after more than three decades of dedicated and compassionate service to this great institution;

WHEREAS, as Provost, Dick Richardson provided invaluable leadership and continuity, especially in the last year during a time of campus transition when he offered critical counsel to Interim Chancellor William McCoy, much as he did when the late Michael Hooker arrived as Chancellor five years ago;

WHEREAS, as UNC-Chapel Hill's top academic officer, Provost Richardson has tackled such vital and complex issues as faculty compensation and compression, tuition, enrollment planning, and intellectual climate initiatives, relying on his vast insight, consummate diplomacy, and unflinching intuition, to build unity and consensus where dissension could easily have taken root;

WHEREAS, under Provost Richardson's watch, the University has hired seven new deans, a director of admissions and director of scholarships and student aid, as well as reached a 16-year high in female faculty recruitment;

WHEREAS, his infectious good humor and folksy style have served him well as an administrator and in the classroom, putting many a student and faculty member at ease, diffusing potentially controversial situations, and compelling at least one administrator to quip that if Dick Richardson had not become Provost, he certainly could have been a stand-up comedian;

WHEREAS, he is known as a teacher extraordinaire and has been recognized as such with three campuswide awards for excellence in undergraduate teaching and by being tapped six times by Granville Towers residents as their favorite professor;

WHEREAS, as a teacher Dick Richardson was known for making the classroom--whether filled with 500 undergraduates for an introductory American government course or a mere handful for a small honors course--into an intimate setting for learning in which students were not strangers, and in which his concern and fondness for them was patently obvious;

WHEREAS, Dick Richardson has always shown a willingness to lead and serve, as demonstrated by his two terms as chair of the Department of Political Science and as a member of a multitude of campus advisory boards and University committees;

WHEREAS, Dick Richardson has distinguished himself as a winner of the annual Thomas Jefferson Award by exemplifying the ideals of that great founding father and as winner of the UNC General Alumni Association's Faculty Service Award for his valuable contributions and commitment to Carolina;

WHEREAS, as chair of Carolina's Bicentennial Observance, he played a crucial role in the University's celebration of its 200th anniversary, offering strong and creative leadership, a steady hand on the tiller, and hundreds of hours of hard work to assure that events ranging from the Davie Poplar seedling distribution to President Bill Clinton's campus visit came off as planned, even as he maintained a full teaching load;

WHEREAS, Dick Richardson's expertise and insight were put to work beyond our campus borders in 1991 when he was tapped as acting associate vice president for academic affairs for the UNC System;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of The University of North Carolina at Chapel Hill offers its most sincere thanks and gratitude to Provost Dick Richardson for his leadership, service, dedication and jovial statesmanship and, along with members of the greater campus community, counts itself privileged to have had him among the University's constellation of shining stars for more than 30 years.

On motion of Mr. Pardue, seconded by Mr. Burnett, the Board approved adoption of the resolution and applauded Provost Richardson.

REPORT OF THE NOMINATING COMMITTEE

Mr. Stevens, chairman of the Nominating Committee, presented the following proposed slate of officers for the term from July 2000 to July 2001:

Anne W. Cates, Chairman
Dr. William R. Jordan, Vice Chairman
David E. Pardue, Jr., Secretary
Brenda W. Kirby, Assistant Secretary

Action on these nominations will take place at the July meeting.

CHANCELLOR'S REMARKS

Mr. McCoy commented on the following:

- The Chancellor Search Committee. He commended the committee on their selection of James C. Moeser as the next Chancellor of the University.

- He thanked the Trustees for agreeing to meet in Raleigh in order to attend the bond bill signing ceremony.
- A videoconference meeting on May 23 with President Broad and other chancellors to discuss planning for the bond campaign.
- Provost Richardson's retirement. Chancellor McCoy expressed his thanks to Provost Richardson for his support, guidance, and friendship during the past year.
- Appointment of Interim Provost Dick Edwards beginning July 1. Chancellor McCoy sought input from the Executive Committee of the Faculty Council, the Chancellor's Advisory Committee, the Deans Council, and the Chancellor's Cabinet, as well as consultation with Chancellor Moeser.
- Thank you to Faculty Chairman Pete Andrews for his guidance and support. Chancellor McCoy commented that he has met with Sue Estroff, who will be the new Faculty Chair effective July 1.
- Commencement. There were 5,140 graduates this year--approximately 2,800 received Baccalaureate degrees; 1,400 master's degrees; 400 Ph.D.s; and 500 professional degrees.
- The Faculty Bus Tour--launched in 1997 to help newest faculty members better connect and identify with North Carolina.

STUDENT BODY PRESIDENT'S REMARKS

Mr. Matthews commented on the following:

- A letter of introduction and copy of his platform that were previously sent to the Board of Trustees.
- Thank you to Provost Richardson and Chancellor McCoy on behalf of the student body.
- An overview of his philosophy of student government. His goal in the next year is to make sure that student government is expansive and open to students who aren't actively involved in student government.

FINANCE AND BUSINESS COMMITTEE

Approval of Design of the Sonja Haynes Stone Black Cultural Center

Mr. Pardue moved approval of the proposed design of the Sonja Haynes Stone Black Cultural Center. Dr. Sanders seconded the motion and it carried.

(ATTACHMENT G)

Selection of a Site for an Addition to Carrington Hall

Mr. Hynes moved approval of the site on the East Side of Carrington Hall for the proposed addition to Carrington Hall. Mr. Burnett seconded the motion and it carried.

(ATTACHMENT H)

Selection of an Architect for Design of Classroom Renovations

Mr. Armfield moved approval of the selection of DTW Architects, Ltd., Durham, North Carolina, as the architect for design of classroom renovations. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT I)

Selection of an Architect for Design of the YMCA Building Renovations

Dr. Sanders moved approval of the selection of Pearce, Brinkley, Cease & Lee P.A., Raleigh, North Carolina, as architects for the project to renovate the YMCA Building. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT J)

Selection of an Engineer for Design of Fire Alarm Systems in Various Campus Buildings

Mr. Hynes moved approval of the selection of Stanford White Associates as the engineer for design of fire alarm systems in various campus buildings. Mr. Burnett seconded the motion and it carried.

(ATTACHMENT K)

Selection of an Engineer for Design of the South Chiller Plant Expansion--Phase III

Dr. Sanders moved approval of the selection of Affiliated Engineers, Incorporated, Chapel Hill, North Carolina, as engineer for design of the South Chiller Plant Expansion--Phase III. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT L)

Acquisition by Lease of Space for the School of Medicine, Department of Psychiatry, Raleigh TEACCH Office

Mr. Armfield moved approval of the acquisition by lease of approximately 2,260 square feet of office space at Aversboro Road Office Center, Suite 101, from Hartwell Realty, Inc. for the School of Medicine, Department of Psychiatry, Raleigh TEACCH Office. The lease term is five (5) years with two three-year renewal options commencing July 1, 2000, or as soon thereafter as possible, at an initial annual rent not to exceed \$30,510--or \$13.50 per square foot, including utilities and janitorial services. Rent escalates 3% annually. Dr. Sanders seconded the motion and it carried.

(ATTACHMENT M)

There was discussion, initiated by Mr. Hynes, concerning property acquisition in the future for faculty and staff housing. The Trustees will meet at a later date with Ayers/Saint Gross Architects and Planners to discuss this matter.

Ratification of Mail Ballot Dated April 20, 2000 for Lease Approvals

Mr. Hynes moved approval to ratify the mail ballot dated April 20, 2000 for three lease approvals. Mr. Burnett seconded the motion and it carried.

- Lease #1: Approximately 3,063 square feet of office space at the Plaza Building, Main Floor, 469 Hospital Drive, Gastonia, North Carolina from Dan W. Wilson for the Gastonia TEACCH Office. This is a new lease for new space. The lease term is five years commencing May 1, 2000, or as soon thereafter as possible at an annual rent not to exceed \$36,756--or \$12 per square foot, not including utilities and janitorial services. There is one three-year renewal option. The annual rent will increase to \$39,512.74--or \$12.90 per square foot during the renewal period.
- Lease #2: Approximately 14,739 square feet of office space at Suites 203 and 400 Bank of America Building from Franklin Street Plaza, Ltd. for the Department of Biostatistics, Collaborative Coordinating Center. This is a renewal lease for an existing occupancy. The lease term is five years commencing upon completion of the current lease term (July 1, 2000) at an annual rent not to exceed \$242,898.72--or \$16.48 per square foot, including utilities and janitorial services. There are two one-year renewal options. The rent escalates 3% annually.
- Lease #3: Approximately 12,835 square feet of office space at Carr Mill Mall, Suites D-12, D-13 and the second floor of the Carr Mill Mall Annex from Carr Mill Mall Limited Partnership for the Administrative Information Services Offices. This is a renewal lease for an existing occupancy. The lease term is five years commencing March 1, 2000, or as soon thereafter as possible at an annual rent not to exceed \$197,018--or \$15.35 per square foot, including utilities and janitorial services. There is one five-year renewal option. The rent escalates 3% annually.

(ATTACHMENT N)

Approval of an Access and Utility Easement to Friday Center Drive

Mr. Williams moved approval of the addition of utilities as part of the previously approved access easement from the DuBose Property (adjoining the Friday Center) to Friday Center Drive. Mr. Burnett seconded the motion and it carried.

(ATTACHMENT O)

Approval of a Lease of Land to the Ronald McDonald House of Chapel Hill, Incorporated

Mr. Stevens moved approval of an extension of the lease to the Ronald McDonald House of Chapel Hill, Incorporated to October 31, 2035 and an increase in the amount of leased property to 2.4 acres. Mr. Hynes seconded the motion and it carried.

(ATTACHMENT P)

Preliminary Design Review of the Addition to the Ronald McDonald House

This preliminary design was presented for information only. No formal action was requested at this time.

(ATTACHMENT Q)

Budget Update

Dr. John P. Evans, Interim Vice Chancellor for Finance and Administration, presented the regular report on budget matters covering the period of July 1, 1999 through March 31, 2000.

The report was presented for information only and no formal action was required.

(ATTACHMENT R)

Investment Fund Distribution

Dr. Evans presented this item for information only. No formal action was required.

The Investment Fund annually distributes to its investors (which include the University Foundation, the Endowment, and various affiliated agencies) a portion of the assets identified as expendable income. This is set by a formula to establish a range between 4% and 7% of the assets annually. It's also done in such a way as to produce stability in the flow of those funds so that we don't see the distribution to the University varying a great deal from year to year, as it would if we simply tried to go through the determination of what exactly was the income realized each specific year.

For the current year, the distribution amount is approximately \$39.3 million. The actual transfer will come to the Board of Trustees for approval in the form of a mail ballot once a corresponding mail ballot has been completed by the Investment Fund.

For the next year, the distribution rate will be set at 5%. With the strong performance of the fund and the current state budget situation, we're in a situation where distribution at the rate of 5% will help us a great deal in meeting University needs. The distribution for the current year was at 4.7%. The increase will be approximately 30 basis points and it is anticipated that this will result in a distribution of approximately \$45 million.

Dr. Evans also reported that the Investment Fund Board has approved a distribution at the annual rate of 80 basis points to provide stable funding for the Development Office. This was approved to be effective October 1 of the current fiscal year, so the distribution for the current year will be at three-fourths of what would have been the annual rate. For fiscal year 2001, it will be at the full 80 basis point rate. The associated dollar amounts will be \$4.4 million for the current year, and we anticipate that it will be approximately \$6.4 million for fiscal year 2001. These funds will be used to support the Development Office and to support the development activities in affiliated foundations around the University. As a consequence of doing this, funds that had been used in some of those instances will then be returned for other uses within the University. The Chancellor has approved budgets based on these numbers.

Mr. Pardue referred to the master plan review that was held for the Trustees on May 24 at 2:00 p.m. in the Morehead Design Studio.

DEVELOPMENT COMMITTEE

Development Update

Mr. Burnett, chairman of the Development Committee, presented a report regarding the level of activity and current contributions in the Office of University Advancement.

Board of Visitors Elections

Mr. Kupec presented the members of the Class of 2004. Mr. Hynes moved approval of the following 41 people for the Board of Visitors Class of 2004. Mr. Stevens seconded the motion and it carried.

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|------------------------------|------------------------------|
| William Prigmore Aiken, Jr. | Thomas Lawrence Jones |
| E. Osborne Ayscue, Jr. | W. Winburne King III |
| Victor Eros Bell III | Lynn Diane Kippenhan |
| Judith Hippler Bello | David Fulghum Kirby |
| James Bell Black III | Lloyd S. Liles |
| Hunter Huss Bost | Kenneth Wayne Lowe |
| Frank Brenner | Charles Aycock McLendon, Jr. |
| Carl Bing Bumgarner | Ed McMahan |
| Jack F. B. Burris III | Everett Mills |
| Joel Thomas Clancy | Norma Mills |
| Harry Royer Culp | Ricky McKoy-Mitchell |
| William Gray Daughtride, Jr. | Dan Allen Myers |
| Virginia Pou Doughton | H. Stewart Parker |
| Frank Edward Driscoll | Albert McCall Salem, Jr. |
| Adolphus Drewry Frazier, Jr. | H. David Swain |
| Druscilla French | Elizabeth Ann Swaringen |
| DeLean L. Gardner | Mahler Thorp |
| Gardiner W. Garrard, Jr. | Michael Satterfield Wilkins |
| W. Seymour Holt | Brooke N. Williams |
| Ethan Shane Horton | Theresa Williams |
| J. William Hurley | |

Mr. Hynes moved ratification for approval of Jeff Rives as chair and John Turner as vice chair of the Board of Visitors. Mr. Stevens seconded the motion and it carried.

The Board meeting was recessed in order for the Trustees to attend the ceremony at which The Michael K. Hooker Higher Education Facilities Financing Act was signed into law.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Mr. Pardue, seconded by Mr. Stevens, 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). The following persons were requested to remain for the closed session: Members of the Board of

Trustees, Chancellor McCoy, members of the Chancellor's Cabinet, Professor Bill Smith, and Phyllis Petree.

CLOSED SESSION

- Development Committee - Mr. Hynes moved approval, seconded by Mr. Pardue, of the Report of the Honorary Degrees and Special Awards Committee concerning the nominees for honorary degrees to be conferred at Commencement 2001. The motion carried. (A copy of the report is filed in the Office of the Assistant Secretary.)
- Development Committee - Mr. Armfield moved approval, seconded by Mr. Hynes, of the Report of the Naming Committee. The motion carried. (A copy of the report is filed in the Office of the Assistant Secretary.)
- Consent Agenda - Personnel Changes for Consultation. Dr. Sanders moved approval to authorize the Chancellor to forward to the President and the Board of Governors the personnel report and recommendations presented for consultation. Mr. Burnett seconded the motion and it carried.
(ATTACHMENT S)
- Legal Advice - Ms. Ehringhaus advised the Board regarding several legal matters.

DEEP CLOSED SESSION

Chairman Cates excused everyone except the members of the Board, Chancellor McCoy, and Assistant Secretary Kirby to discuss a personnel matter.

MOTION TO RECONVENE IN OPEN SESSION

Dr. Sanders moved, seconded by Mr. Hynes, that the Board reconvene in open session. The motion carried.

OPEN SESSION

ADJOURNMENT

There being no further business, Chairman Cates declared the meeting adjourned at 1:45 p.m.

Assistant Secretary