

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

The Board of Trustees met in regular session on Wednesday, May 21, 2008, at The Carolina Inn, Chancellor Ballroom West, at 4:30 p.m. Chair Perry presided.

ROLL CALL

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

Roger L. Perry, Sr., Chair	Barbara R. Hyde
Karol V. Mason, Vice Chair	J.J. Raynor(late arrival)
Russell M. Carter, Secretary	Sallie Shuping Russell
John G. B. Ellison, Jr.	(late arrival)
Paul Fulton(late arrival)	Nelson Schwab III
J. Alston Gardner	Robert W. Winston

Phillip L. Clay and A. Donald Stallings were absent.

Chair Perry 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."

Chair Perry reported that he had spoken to Trustee Stallings, who was recovering from knee replacement surgery. Trustee Stallings is at home and doing well and sends regrets that he's unable to attend the meeting.

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

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

- **Property Disposition by Lease to the Educational Foundation, Inc. - Kenan Football Center Expansion** to authorize two leases to The Educational Foundation, Inc. for the Kenan Football Center Expansion Project, to construct a project designed to upgrade and expand the football stadium facility (the "Project") and subsequently to operate part of the improved Project. The initial ground lease area will encompass approximately 2.684 acres (116,908 SF) of land around and including the west end of the stadium facility as depicted on the attached map. The Project will begin after the fall 2008 football season. The Project will consist of the addition of two floors to the existing Kenan Football Center on the west end. The second leased area is to be determined upon completion of the Project.

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.

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- 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 will 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.

(ATTACHMENT A)

• **Property Disposition by Ground Lease to the Educational Foundation, Inc. for the Finley Golf Course Clubhouse Renovation and Addition** to amend and re-authorize a ground lease to The Educational Foundation, Inc. (the "Foundation") for the Finley Golf Course Clubhouse renovation and addition project. The original approval on July 27, 2006 provided for a ground lease area of 0.50 acres to accommodate the renovation of the existing clubhouse and a 4,000 SF addition. The current proposed project consists of renovating the interior of the existing 4,300 SF clubhouse facility as well as constructing a 4,000 SF addition and a 4,000 SF pavilion (the "Project"). The new ground lease area will encompass approximately 1.81 acres (78,844 SF) of land around and including the existing clubhouse as depicted on the attached map. The approximate cost of the Project is \$4.5 M and will be completely funded by the Foundation.

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 Foundation conveys by way of a gift the Project to the University.

(ATTACHMENT B)

• **Disposition by Severance - Municipal Yard Buildings** to remove by demolition the eight (8) buildings located on the site formerly leased to the Town of Chapel Hill and located on Municipal Drive in Chapel Hill. The eight (8) buildings to be demolished are depicted on the attached map. Demolition of these structures is necessary in order to construct the new Innovation Center and to prepare area for future Carolina North plans. The University's Historic Preservation Specialist has reviewed the proposal to demolish these buildings and supports this action.

(ATTACHMENT C)

• **Acquisition by Lease of Office Space for School of Public Health, Epidemiology and Maternal Child Health** to lease approximately 2,500 SF of office space at a

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location to be determined. The proposed lease term is a one-year period with two one-year options commencing on June 1, 2008, or as soon as possible thereafter. The initial annual rental cost will not exceed \$46,250 per year or \$18.50 per SF not including utilities and janitorial services. Annual increases in the base lease and renewal options should not exceed 3%.

(ATTACHMENT D)

• **Acquisition by Lease of Office Space for School of Medicine, Gastonia TEACCH Center** to lease approximately 2,800 SF of office space at a location to be determined. The proposed lease term is for one (1) five-year period commencing July 1, 2008, or as soon thereafter as possible with a 3 to 5 year renewal option desired. The initial annual rent is not to exceed \$46,200 or \$16.50 per SF not including utilities and janitorial services. The annual rent increases will not exceed 3% per annum both in the base period and renewal options.

(ATTACHMENT E)

• **Acquisition by Lease of Office Space for Various Department Space Needs** to approve three separate leases for the University's exclusive occupancy of three (3) office buildings and lots in Chapel Hill owned by the Board of Trustees of the Endowment Fund of the University of North Carolina at Chapel Hill, known as 720 Martin Luther King Jr. Blvd. (9,350 SF); 725 Martin Luther King Jr. Blvd. (34,777 SF) and 730 Martin Luther King Jr. Blvd. (19,344 SF). The University will be able to allocate space within these buildings to the various University Departments as needed. Leasing these buildings in their entirety will eliminate time and expense of processing individual leases through various approval levels. The proposed lease term is for five (5) years for each building commencing September 1, 2008. The initial annual rent is not to exceed \$1,237,684.50 or \$19.50 per SF not including utilities or janitorial services. Rental increases will not exceed 3% per annum.

(ATTACHMENT F)

• **Acquisition by Lease of Office Space for the Institute for the Environment** to lease approximately 4,166 SF of office space at a location to be determined for the Institute for the Environment. The lease term is for one (1) five-year period commencing September 1, 2008, or as soon thereafter as possible at an initial annual rent not to exceed \$81,237 in the initial term or \$19.50 per SF not including utilities and janitorial services. Beginning September 1, 2009, the annual rent will increase 3% per annum.

(ATTACHMENT G)

• **Acquisition by Purchase - Property located at 435 McCauley Street, Chapel Hill, Orange County, NC** to purchase a parcel of a vacant lot containing approximately 0.59 acres located on McCauley Street in Chapel Hill behind the Cameron Avenue Cogeneration Facility. The land will serve as a buffer area between the Cogeneration Facility and the surrounding residential community. This property is adjacent to another lot that the University purchased in March 2007 for the same purpose. The property was appraised on February 8, 2008 at \$102,000. The proposed purchase price will not exceed \$102,000. Energy Services will provide the funds for the purchase.

(ATTACHMENT H)

• **Design Approval - Finley Golf Course Clubhouse Renovation and Addition** to provide a 4,000 SF addition to the existing clubhouse for a new locker room facility and lounge. The existing building will be renovated to provide a new Pro Shop and Display

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Room. A new 4,000 SF pavilion will provide outdoor seating and restroom facilities. The project budget is \$4 M. The project is being funded and developed by the Education Foundation.

(ATTACHMENT I)

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

- **Preliminary Design Review - Imaging Research Building** to construct a new 342,000 SF building to expand medical imaging and research space for the Schools of Medicine and Pharmacy. The building will house the Biomedical Imaging Research Center, Center for Nanomedicine, offices, laboratories, and support space. The project budget is \$260 M. The budget for advance planning is \$8 M with funding from the 2007 General Assembly.

(ATTACHMENT J)

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.

Upon the arrival of Ms. Russell and Ms. Raynor, Chair Perry requested that the oath of office be administered to Ms. Raynor.

OATH OF OFFICE

The Honorable James Stanford, Orange County Clerk of Superior Court, administered the Oath of Office to Student Body President J.J. Raynor.

Mr. Winston then resumed the Report of the Buildings and Grounds Committee.

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

- **Preliminary Design Review - School of Information and Library Science** to construct a new 200,000 SF building for the School of Information and Library Science (SILS). The building will provide classrooms, research, faculty offices and library to support enrollment and research growth for the School of Information and Library Science. SILS is being designed to LEED Platinum standards. The project budget is \$108 M. The budget for programming and concept design is \$500 K with funding from the University.

(ATTACHMENT K)

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.

- Mr. Bruce Runberg updated the Board on the 2000-2008, \$2.1B Capital Program.

- **Carolina North Update** - Trustee Winston updated the Board on the status of Carolina North. He reported that the Town of Chapel Hill and University staff have been meeting and are trying to come up with a process of approval for Carolina North for the future so that once we get going with Carolina North a plan will be in place so that buildings will be approved in a more reasonable fashion. The goal is for this to be done some time in July 2009 in order that progress can begin on sites. It is hoped that the Transportation Study and the Fiscal Impact Study will be completed by mid-June. The Building and Grounds Committee passed a resolution stating that they believe it is time to finish the

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Transportation Study and recommended that the Town move forward immediately and complete that study. It has been underway for quite some time and the committee believes it is time to bring it to fruition so other progress can be made.

RECESS

Chair Perry moved to recess the Board meeting at 5:10 p.m. The motion was duly seconded and carried.

RECONVENE

Chair Perry reconvened the Board meeting at 8:00 a.m. on Thursday, May 22, 2008, at The Carolina Inn, Chancellor Ballroom East and West.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll and A. Donald Stallings was absent.

CONSENT AGENDA

Approval of Minutes

On motion of Ms. Mason, seconded by Mr. Schwab, the minutes of the regular meeting of March 26-27, 2008, were approved as distributed.

Ratification of Mail Ballot

On motion of Ms. Mason, seconded by Mr. Schwab, the following mail ballot dated April 16, 2008, was approved as distributed:

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

(ATTACHMENT L)

CHAIR'S REMARKS

Chairman Perry commented on the passing of Mr. Walter R. Davis, a dear friend and legendary friend of the University and the State of North Carolina. Mr. Davis served on the Board of Trustees two different times, a total of 16 years. He chaired the Board of Trustees on two different occasions and was clearly a most innovative, creative visionary leader in North Carolina education and government for decades, and was extraordinarily generous—publicly and privately.

Chairman Perry opened the floor to the members of the Board to offer their reflections and/or comments about Chancellor Moeser as this was his last official Board of Trustees meeting as chancellor. Comments were expressed by each Board member. A round of applause was given to the chancellor.

Chairman Perry requested Secretary Carter read the following resolution.

**RESOLUTION OF APPRECIATION
FOR
JAMES MOESER**

WHEREAS, James Moeser has served with honor as the ninth chancellor of The University of North Carolina at Chapel Hill, the oldest public university campus in the nation; and

WHEREAS, he assumed command at a critical juncture in the University's life and quietly conducted a transformation, expanding its core mission of scholarship and engagement,

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guiding growth and modernization, strengthening its commitment to academic freedom, setting new standards for inclusion and expanding its reach deeper into the state and farther into the world;

WHEREAS, under his sure guidance, we examined our aspirations and developed our objective to be the leading public university, not as a destination to be reached but as a way of making the journey and behaving in the world; ensuring access, ending binding early decision admissions, developing a tuition policy that put our beliefs into action, launching the Carolina Covenant and inspiring a national movement;

WHEREAS, James Moeser declared Carolina to be a proudly-public university and demonstrated it by strengthening the University's commitment to North Carolina's people and communities through research, outreach and public service; enhanced Carolina's reputation for academic excellence by improving faculty recruitment and retention; bettered the workplace atmosphere for employees by creating the Ombuds Office and staff scholarship programs, among other efforts; and broadened the educational experience of students through public service and international programs;

WHEREAS, we learned the true strength and depth of James Moeser's character by his leadership in the tough times; when, in the days after September 11, 2001, he united the campus in the face of fear and uncertainty; and when Carolina was attacked for its choice of Summer Reading books, fearlessly defended the principles of academic freedom and freedom of speech as both a right and a responsibility for a public university in a free society;

WHEREAS, James Moeser will always be remembered for skillfully guiding the University through the Carolina First Campaign which raised \$2.38 billion; surpassing the goal six months early and making it the most successful private fund-raising campaign in University history; and, under his leadership, the campus underwent an unprecedented physical transformation inspired by North Carolinians' overwhelming approval of the 2000 \$3.1 billion bond referendum for higher education, employing an architect's eye to a campus master plan that preserved historic beauty and ensured functional growth; and further expressing Carolina's values by creating a humane landscape for scholars.

WHEREAS, he brought harmony out of the discord of the town-gown relationship, creating a better communication process and encouraging a stronger partnership than ever before between Chapel Hill and the University;

WHEREAS, his honest and fearless leadership has made Carolina a great university but also ensured that we remain good, true to our core commitment to the people of North Carolina and the betterment of mankind; and maintaining a "culture of openness, freedom, civility and collegiality" that embodies the Carolina way;

WHEREAS, with his wife Susan, who has made her own distinctive contributions to the University through her teaching and mentoring, has made a great team;

WHEREAS, he steps down on June 30, 2008, after eight years of extraordinary and energetic service, turning to the exalted position of professor and senior statesman;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees offers its highest praise and commendation to James Moeser for his wise leadership of the complex symphony orchestra that is The University of North Carolina at Chapel Hill and his devoted service to

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the people of North Carolina during his tenure as chancellor, and declares him to be a great Tar Heel!

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Chancellor Moeser.

Chairman Perry then acknowledged Trustee Schwab, who led the effort and formidable task of replacing Chancellor Moeser by searching and finding the best possible person in America to succeed Chancellor Moeser. He presented a plaque to Mr. Schwab in appreciation of his service as chair of the UNC-Chapel Hill Board of Trustees from 2005-2007 and chair of the Chancellor's Search Committee in 2008. A round of applause was given to Mr. Schwab.

Chairman Perry commented on the rain-shortened Commencement Ceremony which included the very first full class of Carolina Covenant Scholars. It was a proud moment for the University. He praised Chancellor Moeser and Shirley Ort for making the Carolina Covenant happen and stated that the Carolina Covenant expresses the University's values beautifully.

Chairman Perry remarked on the very nice feature about the newest Trustee and Student Body President J. J. Raynor which was presented on WCHL yesterday.

Chairman Perry requested Peggy Jablonski, vice chancellor, Student Affairs, make a presentation. Vice Chancellor Jablonski stated that she and other University officials had presented Eve Carson's parents with Eve's diploma, a pewter model of the Old Well for her service on the Board of Trustees, and a watercolor painting of Eve's favorite spots on campus. 2,000 copies of the painting were reproduced on a poster and they have been flying out of the campus bookstore. The poster features well-known campus sites: a leafy quad, the Graham Memorial reading room, the Coker Arboretum, and the Pit with the following quote from Eve: "I love UNC. I love the quad in the spring and the arboretum in the fall. I love the Pit on a sunny day and Graham Memorial Lounge on a rainy one. I love Roy all the time. But what makes UNC truly special is not our beautiful campus, our distinguished reputation or even our basketball team. It's us—the student body—who make UNC what it is." She presented a painting to each member of the Board and to Chancellor Moeser.

REPORT OF THE NOMINATING COMMITTEE

Ms. Hyde, Chair of the Nominating Committee, presented the following proposed slate of officers for the term July 2008 to July 2009.

Roger L. Perry, Sr., Chair
Karol V. Mason, Vice Chair
Russell M. Carter, Secretary

The Board will approve the nominations at the July Board meeting. Mr. Clay and Mr. Schwab also served on the Nominating Committee.

CHANCELLOR'S REMARKS

Chancellor Moeser began his remarks by thanking the Board for the Resolution of Appreciation. He stated that he thought the greatest period in the history of the University lies ahead and he will be very, very proud to watch it.

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He also echoed Chairman Perry's remarks about Walter Davis and said that Mr. Davis was one of the first persons he visited with when he first came to Chapel Hill. He often visited Mr. Davis for his valuable support and counsel.

Chancellor Moeser recognized the following people for their achievements:

- **Louis Perez**, Sitterson Professor of History, College of Arts and Sciences, and Director for the Institute for the Study of the Americas—recently elected a fellow of the American Academy of Arts and Sciences, the nation's oldest and most illustrious learned society for preeminent contributions to his discipline.
- **Linda Dykstra** for her outstanding leadership as Dean of the Graduate School.
- **Steve Matson**, newly named Dean of the Graduate School. He joined the faculty in 1983 and currently chairs the Department of Biology. He is widely respected for his teaching, mentoring and research in genetics and molecular biology.

The Chancellor continued with announcements about:

- **The Tar Heel Bus Tour** which was enjoyed by 36 new faculty members and administrators. The stops included the School of Public Health's new Nutrition Research Institute in Kannapolis, including a joint session about the North Carolina Research Campus with faculty on the North Carolina State version of the bus tour; Seymour Johnson Air Force Base in Goldsboro; and the North Carolina Arboretum in Asheville (a Renaissance Computing Institute partner along with UNC-Asheville).
- **Lombardi Ranking**, which comes from Arizona State University where John Lombardi, former University of Florida president, runs a center measuring higher education performance. Chancellor Moeser commented that in his view this is the most significant ranking of research universities in this country. It uses objective data to evaluate the top private and public U.S. research universities with at least \$20 million annually in federal research. They use nine measures: research funding, endowment assets, annual private giving, national academy members, faculty awards, doctorates granted, postdoctoral appointees, and SAT/ACT range. Among all public universities, Carolina ranked in the top 25 on each of the nine measures. Only six other public universities achieved that level of excellence: The University of California at Berkeley, The University of California at Los Angeles, The University of Illinois, The University of Michigan, The University of Pittsburgh, and The University of Wisconsin. This is just one more indication of the University's current strong competitive position on the national scene.
- **UNC Tomorrow Commission Report**, a report covering the most pressing needs facing North Carolina over the next 20 years. Information highlighting the University's response to this report will be presented later in the Board meeting. The Provost, working closely with Vice Chancellor for Engagement and Public Service Mike Smith, led the campus-wide effort to synthesize and catalog the impressive menu of resources that Carolina brings to these identified priorities for the State of North Carolina, especially in the areas of health care, economic development, and education. It has been a far-reaching and very inclusive process that was incredibly ambitious in its scope. The assignment was taken very seriously and it represents a great opportunity for this University to do an even better job of serving North Carolina. Chancellor Moeser stated that he was delighted to tell the Board that he has directly received very positive feedback from President Bowles.

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- **Global Leadership Council “Roadmap” Document** which is emerging from a process that was announced last fall. When the FedEx Global Education Center was dedicated last October on University Day, the Global Leadership Circle was convened for the first time. It is a high level visionary task force of alumni and friends and is chaired by Bill Harrison who is doing a fabulous job. Trustee Alston Gardner is a member of the council.

- **William R. Kenan Jr. Charitable Trust Gift** of \$6 million to support the Honors Program, one of the best and most successful programs of its kind in the country. This gift will add more faculty to teach more honors courses. Junior level fellowships will be created to allow us to recruit at the assistant professor level and because of the new way the Distinguished Professor Matching Fund is structured allows us to use this fund to match junior, as well as senior, appointments this \$6 million gift will be leveraged by an additional \$3 million from the Distinguished Professors Matching Fund meaning that the actual value of the gift is \$9 million.

The Chancellor introduced Dick Krasno, Executive Director of the Kenan Trust, who further described this gift which will create six \$1 million endowments—all supplemented by the state matching funds—to support six assistant or associate professors in the College of Arts and Sciences. Mr. Krasno stated that the trust sends two messages. The first is a desire to pay tribute to Chancellor Moeser for the leadership he has provided to Carolina over the past eight years, including the proposed doubling of the Honors Program to help increase the University’s yield of high-ability students and, at the same time, adding faculty to high priority areas of the College of Arts and Sciences. The second is to signal confidence in Chancellor Moeser’s successor, Chancellor-Elect Holden Thorp, who has done an outstanding job in leading the College of Arts and Sciences over the past year. He has been a tremendous champion for the Honors Program.

Chancellor Moeser concluded his remarks by expressing his appreciation for Mr. Krasno’s reference to the goal of doubling the Honors Program. The Chancellor remarked that we’re about \$4 million shy of achieving this goal. \$2 million is needed to endow, at \$1 million each, two additional faculty positions that would qualify for the state match. Another \$2 million is needed to endow the associate dean for honors position now held by Professor Jim Leloudis. His major task during the next five weeks is to complete this job.

STUDENT BODY PRESIDENT'S REMARKS

Ms. Raynor began by saying that she was honored to have the privilege and the opportunity to address the Board and to speak after Chancellor Moeser, as have generations of distinguished Tar Heels before her. She and a friend tried to calculate the combined years of experience that the Board would have if you took everyone and added their experience and expertise together. She did not wish to share the exact number, but said it was impressive.

Ms. Raynor decided to run for student body president because Carolina matters, not just on a personal level, but Carolina’s unique position as the first public university matters to the state of higher education in both North Carolina and our country.

There are two components to being the first public university. One is the trailblazing notion of being first, of being the trendsetter and leader that others follow. This value placed on being a trailblazing leader lies at the core of what we value as a University. This is why

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when we talk about things that are uniquely Carolina we talk about programs like the Carolina Covenant where Carolina paved the way for others to follow. The second component is the notion of being public. There are three areas that fall under the fact that we're public that are areas of opportunity for us in the years going forward about how we can think about how Carolina is truly peerless: Affordability, Access, and Opportunity.

Affordability allows us to recruit a depth of talent that other universities can't. Unfortunately, some of our private peers are in some ways catching up to us and we're going to see competition through real and many ways. Tremendous progress has been made already in holding harmless those who come through our doors through the Covenant program and other financial aid programs.

Access is less discussed, but goes hand in hand with affordability. When we talk about our commitment to access, we should talk about how our University can serve to remove those barriers to access which prevent students from availing themselves of higher education. We should talk about using the resources of the University to improve the status of education in North Carolina and work to tackle the prejudices that limit students' access to higher education.

Finally, the third component of being public – opportunity. Ms. Raynor commented that she had a hard time coming up with a term for this quality, but finally came up with opportunity for excellence. What makes a public university great is its ability to reach beyond the subset of readymade successful students and touch those students who would not have been as successful anywhere else, who would not flourish without the unique community and environment at Carolina.

Making opportunities on campus more accessible to all of our students will be Student Government's primary goal this year. Among the programs that will be included are the following:

- **First-year Mentoring**—a mentoring program that will extend the benefits of student networking and mentorship currently enjoyed by our most prestigious scholarship groups to all students who want those services;
- **Carolina Wiki**—will allow students to read and learn about opportunities in an online encyclopedia compiled by other students;
- **Personalized advising**—to implement the advising recommendations that will allow students to receive more personal attention through advising and develop a range of advising options for students looking to graduate school and to study abroad;
- **Diversity Scholars Program**—to engage the entire university, not just the usual already enlightened subjects, about diversity and its importance to our campus culture and our society;
- **Coalition for College Access**—a conference will be held in October with representatives from all of the system schools to talk about access and barriers to access that persist at our public institutions;

Ms. Raynor concluded by remarking that she would not have decided to run for student body president if it weren't for the incredible leadership and example of her friend Eve Carson. The entire Carolina Community and this Board have suffered a grievous loss; however, Eve's presence will continue to be lived out on campus. She embodied in so many ways leadership and inspiration. The phrase "What would Eve do?" will continue to be heard on campus.

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Following the remarks of Ms. Raynor, Chairman Perry commented that as much as Chancellor Moeser will be missed when he steps down as chancellor, there is equal excitement to begin a new era when Chancellor-Elect Thorp becomes chancellor. The Board gave a round of applause to Mr. Thorp.

CAROLINA'S RESPONSE TO UNC TOMORROW

Mike Smith, Vice Chancellor for Public Service and Engagement, presented this report to the Board. The report was submitted to President Erskine Bowles on May 1, 2008.

The charge to all of the campuses was how can we respond to the needs of the 21st Century facing North Carolina—how can we be more efficient and more effective in terms of teaching, research, and public service. Almost a year ago today, President Bowles and some of his staff, some Board of Governors members, and others, visited this campus to ask us to answer in two hours the question of “What are you doing for North Carolina today?” We talked about teaching, research, and public service and its impact on North Carolina. They went to all campuses and then put together the UNC Tomorrow Commission and they went all across the state and asked the people of North Carolina, “What do you need from your University today and in the future?” The Board of Governors adopted the commission’s recommendations in January 2008.

Mr. Smith presented information regarding the following summary items of the response:

- The Community-Campus Partnership for Tomorrow
- Leadership and Partnership with UNC Campuses
- Data and Assessment
- Carolina’s Students Respond to UNC Tomorrow
- Allocation and Reallocation of Campus Resources

Chairman Perry encouraged everyone to read the report and commented that a lot of our success is going to be measured by how we do in this program. Our legislative funding is going to be tied to how much contribution we are perceived to be making to North Carolina in doing this. Also, our alumni and friends are going to be looking at this. Anyone in the Carolina family who doesn’t buy into this isn’t being a good family member.

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.

FUNDING ACADEMIC UNITS

This report was presented by Provost Gray-Little and was prepared in response to the request of Trustees Perry and Fulton to provide an overview of funding sources for our academic units. The report was comprised of three sections:

1. State Funding. Included in this section was information concerning State Budget, Student Faculty Ratio, Funding per Credit Hour, Productivity (degrees awarded), and Average 9 month Salary.
2. Funding Details by Unit with information concerning Funding Sources, Faculty and Staff Resources, Workload, and Average Faculty Salaries.
3. Annual Resource Allocations, 2003-2007.

The presentation was primarily focused on State Funding. Also discussed were peer institutions for salary comparisons, current UNC salary vs. peer by school and rank, and student/faculty FTE ratio 5-year comparison.

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A copy of the PowerPoint presentation is located at: <http://www.unc.edu/depts/trustees/>
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REPORT OF THE AUDIT AND FINANCE COMMITTEE

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

• **Board of Visitors Elections.** Mr. Fulton moved ratification by the Board of the following 43 people to the Board of Visitors Class of 2012 and the ratification of Jeff Allred as Chair and Michael Kennedy as Vice Chair of the Board of Visitors. The motion carried unanimously.

Charles S. Anderson	Charles W. Johnson
Anita Badrock	William Erwin Jones, Jr.
David Bannister	James A. Lucas, Jr.
Lucius Blanchard, Jr.	W. Kevin McLaughlin, Jr.
Nancy Brenner	Darlyne Menscer
Lisa Caldwell	James E. Miles III
Julia B. Callinicos	Quincy Monk
William S. Chapman, Jr.	William Monk, Jr.
Robert Chesney	Joel T. Murphy
David Clark	Laney Orr III
Edward A. Crawford	Susan Rosenthal
Robert Culp IV	Wendy Ruffin-Barnes
Joseph Dorn	Robert E. Sevier
Cesar Elizondo	Michael J. Smith
Elizabeth Fowler	C. Austin Stephens
Kelley Germaine	J. Barry Stilwell
Arthur Grant III	Catherine Rosenthal Stuart
James Henderson III	Kathy Taft
Mark Hennessy	Allen C. Tanner, Jr.
Richard Hibbits	Linda Tarrson
Charles C. Higgins	Clarence E. Williams III
Dwight L. Jacobs	

(ATTACHMENT M)

Mr. Fulton 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.** Ernie Patterson reported on University employee roles, trends and issues. He discussed the following issues of concern:

1. The need for continuing training and professional development.
2. The need for adequate compensation, including salary increases that keep us with the cost of living, cost of family health insurance, and affordable child care.
3. The work environment, such as parking and commuting affordability.

Mr. Patterson asked the Board of Trustees to advocate on behalf of employees for legislative help in addressing these issues.

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

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• **Update on Capital Improvement Plan** by Richard Mann, Vice Chancellor for Finance and Administration. Mr. Mann reported on the progress of the Capital Improvement Plan for 2000-2008. He stated that 76 projects have been completed, 29 projects are in construction, and 46 projects are in design. The sources of funding for these projects are:

1. Higher Education Bond - \$515m
 2. Self Liquidating - \$1,300m
 3. State Funds - \$185m
 4. R&R and COPS - \$81m
- 2008-2008 Total Capital Expenditures = \$2,113m

On the Higher Education Bond Project Status, we closed out 25 to date, 15 complete, 8 under construction, and one in design. All projects should be completed by January 2009.

Our Capital Request for 2008-2009 highest priorities is:

1. Dental Sciences - \$69m (construction)
2. Carolina North - \$16.9m (design/construction)
3. Biomedical Imaging (BRIC) - \$19.5m (Planning)
4. Self Liquidating Request - \$163.7m

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.

• **Internal Audit Report** - Phyllis Petree reported to the committee on Internal Audit activities between December 10, 2007 and April 13, 2008. No material control weaknesses or other significant concerns were noted in this time period.

Work toward completing the audit plan is progressing, but three projects will be deferred due to expansion of Internal Audit's involvement with the Enterprise Resource Planning and to the addition of the EAGLE risk and internal control project.

Projects deferred will be carried forward to the 2009 audit plan.

Ms. Petree also provided a summary of the EAGLE project, and annual review required by the State Governmental Accountability and Internal Control Act. EAGLE stands for Enhancing Accountability in Government through Leadership and Education. The EAGLE project is a Sarbanes-Oxley-like review of internal controls related to financial reporting along with management certification of controls. It replaces the standard Self-Assessment of Internal Controls questionnaires required in the past. Internal Audit is responsible for testing significant processes and controls after these have been documented. The largest state agencies and universities are involved in the first year of this review—fiscal year 2008. All agencies and universities will do an EAGLE review annually beginning in fiscal year 2009.

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

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- **Academic Units' Funding Study** – Elmira Mangum gave a review of the methodology, definitions, campus processes, and data sources from each school level profile in this study. The profile for each school was discussed to answer any questions about the data and its relationship to school mission and programming.
- **Benchmarking Discussion** – The committee ran out of time and did not get to this item. It will be done at a future meeting.
- **Development Report** – Matt Kupec updated the Board on recent activities in the Development Office.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

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

- **Chair's Remarks** by Rusty Carter. Congratulations were given to Chancellor-Elect Holden Thorp. Linda Dykstra was acknowledged for her leadership as outgoing dean of the Graduate School and also Executive Associate Provost Steve Allred, who will become provost at the University of Richmond.
- **Provost Remarks** by Bernadette Gray-Little. The Provost reported on several searches. The search for the Dean of the School of Business is still underway; the search committee for the Dean of the College of Arts and Sciences is in the process of being formed and an Interim Dean will be named next week. Dr. Bill McDiarmid, the current Dean of the School of Education at the University of Washington in Seattle, has been named as the new Dean of our School of Education and will begin work here on January 1, 2009.
- **Faculty Chair Remarks** by Joe Templeton. He characterized the school year of 2007-2008 in four names—Oliver Smithies, Eve Carson, James Moeser, and Holden Thorp.
- **Advising Update**- Holden Thorp, Dean of the College of Arts and Sciences, reported on the committee that was formed last year and has been studying entry level advising and departmental advising for the last 8-9 months. They have done great work and we are enormously grateful to the people who participated in that process. They provided the committee with a report that has an 18-24 month implementation window. The ERP initiative is very fundamental to this process and the committee looks forward to the implementation.
- **School of Medicine, Clinical Faculty Compensation Plan** – Kevin Fitzgerald, Executive Associate Dean for Finance and Administration, gave this complex report to the committee.

(ATTACHMENT O)

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.

Since the committee finished early, Mr. Carter called for reports from representatives of various areas on campus: GAA, Admissions, Scholarships and Student Aid, Minority Affairs, Arts and Sciences, Student Affairs, Provost, University Legal, Faculty, and Athletics. These reports were an extraordinary confirmation of what a splendid group of support staff which

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was assembled by Chancellor Moeser. Their comments endorsed the Chancellor's tenure and the extraordinary work these groups have done for the University.

At the conclusion of Mr. Carter's committee report, Tony Waldrop, Vice Chancellor for Research and Economic Development, updated the Board concerning external grants and contracts funding.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Carter, 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 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 UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, Committee Chair, presented the personnel and salary approvals dated May 12, 2008, for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS P-Q-R-S-T)

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. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

Mr. Fulton moved ratification by the Board of the naming recommendations. The motion carried.

William Richardson Davie Award Nominations

Matt Kupec presented the names that were discussed at the Audit and Finance Committee concerning the Davie Award. The Board then selected and approved four candidates for the William Richardson Davie Award which will be presented on November 19, 2008. [A copy of the Davie Award information is filed in the Office of the Assistant Secretary.]

LEGAL ADVICE

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

EXECUTIVE CLOSED SESSION

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

RECONVENE MEETING IN OPEN SESSION

Chair Perry reconvened the meeting in open session.

OPEN SESSION

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REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, Committee Chair, moved approval by the Board of the following personnel actions dated May 12, 2008, which were discussed earlier in closed session. The motion was duly seconded and it carried.

- The personnel changes for information did not require action by the Board.
(ATTACHMENT P)
- Personnel changes in Academic Affairs.
(ATTACHMENT Q)
- Personnel changes in Health Affairs.
(ATTACHMENT R)
- Tenured Personnel Actions.
(ATTACHMENT S)
- Salary Increase Proposal.
(ATTACHMENT T)

Chair Perry 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 Perry adjourned the meeting at 1:00 p.m.

Assistant Secretary