

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

The Board of Trustees met in regular session in the Faculty Lounge of The Morehead Building on September 27, 2001 at 8:00 a.m. Chairman Burnett presided.

The Buildings & Grounds Committee, Audit, Business & Finance Committee, Academic Affairs & Personnel Committee, Student Affairs Committee, and Development Committee met as a Committee of the Whole.

ROLL CALL

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

Timothy B. Burnett, Chairman
Richard T. Williams, Vice Chairman
Jean Almand Kitchin, Secretary
Russell M. Carter
Paul Fulton, Jr.
James E. S. Hynes
Karol V. Mason
Hugh L. McColl, Jr.
David E. Pardue, Jr.
Nelson Schwab III
A. Donald Stallings
Richard Y. Stevens
Justin C. Young

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Schwab, seconded by Mr. Stevens, the minutes of the regular meeting of July 26, 2001 were approved as distributed.

Approval of Personnel Items

On motion of Mr. Schwab, seconded by Mr. Stevens, the following personnel items were approved as distributed:

- Personnel Changes in Academic Affairs
(ATTACHMENT A)
- Personnel Changes in Health Affairs
(ATTACHMENT B)

Ratification of Mail Ballots

On motion of Mr. Schwab, seconded by Mr. Stevens, the following mail ballots were approved as distributed.

- Mail Ballot Dated July 30, 2001 (2001 transfer from the Endowment Fund to the University for University expenditures during the 2001-2002 fiscal year)
(ATTACHMENT C)
- Mail Ballot Dated August 15, 2001 (Personnel changes for information, Personnel changes in Academic Affairs, Personnel changes in Health Affairs, Personnel changes for consultation)
(ATTACHMENT D)
- Mail Ballot Dated August 22, 2001 (Election of members of the Board of Trustees of the Endowment Fund of The University of North Carolina at Chapel Hill)
 - (a) Nelson Schwab to fill the ex-officio vacancy created by the expiration of the term of Dr. William R. Jordan
 - (b) Sallie Shuping Russell and Robert C. Eubanks, Jr. each for a three-year term ending in 2004
 - (c) John Townsend for a three-year term ending in 2004
(ATTACHMENT E)

- Mail Ballot Dated August 24, 2001 (Election of Board of Directors of The University of North Carolina at Chapel Hill Foundation, Inc.)
 - (a) Hugh McColl to fill the vacancy created by the expiration of the term of William J. Armfield, IV. Term will expire in 2005.
 - (b) Sallie Shuping Russell re-elected
- (ATTACHMENT F)

CHAIRMAN'S REMARKS

Chairman Burnett began his remarks by thanking the administration and the University community for their response to the nation's tragedy on September 11.

Chairman Burnett commented on the following:

- Michael Hooker's portrait unveiling held on September 26.
- The state budget.
- Visit to the Faculty Council meeting on September 7.
- Staffing of the Board's committees for the 2001-2002 year.

CHANCELLOR'S REMARKS

Chancellor Moeser thanked Chairman Burnett for his report and remarks, as well as his leadership, and the service of the Board in working with the General Assembly on the budget.

Chancellor Moeser commented on the following:

- The September 11 national tragedy and the subsequent events held on campus, including a remembrance event in Polk Place that attracted 10,000 people.
- Postponement of the kick-off of the Carolina First fund-raising campaign on University Day, October 12. The postponement was due to the September 11 terrorist attack. This event may be rescheduled some time during the spring semester 2002.
- University Day events, including the keynote address to be presented by Governor Mike Easley, a 1972 political science graduate of the University, Distinguished Alumnus/Alumna Awards to be presented to Dr. James A. Duke, a longtime botanist with the U.S. Department of Agriculture; Trustee Hugh McColl; State Senator Tony Rand; and Kay Wagoner, founder of a biopharmaceutical company. Chancellor Moeser invited all members of the Board to attend University Day.
- The state budget. The Chancellor thanked the Trustees for their vigorous advocacy on behalf of the University. He also thanked the members of the General Assembly for listening to concerns about the importance of education to the state's future.
- Plan to update the Faculty Salary Study and the five-year plan for tuition.
- Formal announcement on University Day that the Institute of Government will become the School of Government. The Chancellor recognized the following three members of the faculty of the School of Government:
 - (1) Professor David Ammons, who was just named the new director of the Master of Public Administration degree program, which has been based in the Institute of Government and now becomes part of the School.
 - (2) Associate Professor Anita Brown-Graham, an expert in the law of personal liability for governments and has provided the state with leadership on community development issues across North Carolina. She also holds the Gladys Hall Coates Term Associate Professorship for Outstanding Junior Faculty Achievement.
 - (3) Janet Mason, the Gladys Hall Coates Professor of Public Law and Government. Professor Mason is a juvenile law expert and has worked with legislators and legislative staff in rewriting North Carolina's Juvenile Justice Reform Act, which was passed in 1998.

The Board responded with a round of applause for these three esteemed faculty members.

The Chancellor asked Mr. Richard Stevens to share with the other members of the Board his first-hand knowledge of the Institute, now the School of Government.

Chancellor Moeser introduced the new dean of the School of Government, Professor Mike Smith, who was given a round of applause by the Board.

- Chancellor Moeser introduced Dr. Oliver Smithies, Excellence Professor of Pathology and Laboratory Medicine, and recent recipient of the Albert Lasker Award for Basic Medical Research. Dr. Smithies spoke briefly to the Board. The Board applauded Dr. Smithies.
- Postponement of trip to Qatar due to concerns about security, travel and timing. The Chancellor stressed that the University remains very interested in the Qatar proposal and in developing a curriculum appropriate to support the program.
- Town/gown negotiations. There will be a vote by the Town Council on October 3 on the development plan.
- Announcement of his upcoming appointment of a special task force to review the Honor Code.

STUDENT BODY PRESIDENT'S REMARKS

Mr. Young echoed the comments previously made by the Chairman and the Chancellor on the September 11 national tragedy. He commented on the memory he will keep of the gathering of 10,000 people in Polk Place. He commended the Campus Y for their involvement in stepping up and taking part in a lot of the efforts that took place on campus following the tragedy. He also thanked Chancellor Moeser for taking a firm stand in being the voice for tolerance, unity, and equality on campus.

Mr. Young commented on the state budget. He commended his External Relations Committee for providing a voice for the students through the Carolina Lobby Corps, which is a group of students charged with the duty of openly and actively advocating for students to the General Assembly.

Mr. Young ended his remarks by commenting on the recent football victory over Florida and apologized for the students taking down the goalposts.

BUILDINGS AND GROUNDS COMMITTEE

Mr. Pardue, chairman of the Buildings and Grounds Committee, advised the Board that he has requested that all members of the Buildings and Grounds Committee be notified of the dates for architectural interviews and encouraged them to participate in the interviews whenever possible. He also invited the other Board members to attend the interviews. He then introduced the agenda items to the Board.

Mr. Bruce Runberg, associate vice chancellor for Facilities Planning and Construction, handed out a memorandum dated September 24 from Anna A. Wu, director of Facilities Planning, concerning selection interviews for construction manager at risk for the RamsHead Parking Lot Development, the Carrington Hall Addition, and the Science Complex Phase I projects. [A copy of the memorandum is filed in the Office of the Assistant Secretary.]

Design Review of Connections to Joyner, Connor, Alexander, and Winston Residence Halls

Mr. Stallings moved approval of the design of the connections to Joyner, Connor, Alexander, and Winston Residence Halls. Mr. Fulton seconded the motion and it carried.

(ATTACHMENT G)

Selection of an Engineer for Design of Expansion to the "PR" Parking Lot, located on Estes Drive adjacent to the Horace Williams Airport

Mr. Schwab moved approval of the selection of Cahill Associates as the engineer for the design of the "PR" Parking Lot Expansion. Mr. McColl seconded the motion and it carried.

(ATTACHMENT H)

Site Selection for the Family House of Chapel Hill

Mr. Carter moved approval of the site for the Family House of Chapel Hill. Mr. Stallings seconded the motion and it carried. The site is located south of the Ronald McDonald House on Old Mason Farm Road.

(ATTACHMENT I)

Mr. Runberg introduced Mr. Steve Condrin, who is the new property officer for the University. He also introduced Ms. Linda Oakley, who has been filling in until a new property officer was hired.

Acquisition by Lease of Office Space for 720, 725, and 730 Airport Road

Mr. Hynes moved approval to lease approximately 63,471 square feet for the University's exclusive occupancy use of three (3) office buildings and lots known as 720 Airport Road (9,350 square feet), 725 Airport Road (34,777 square feet), and 730 Airport Road (19,344 square feet). The lease term is five (5) years for each building effective December 1, 2001. The initial rental cost is \$17 per square foot for years one and two. There is a 3% increase annually for years three to five. Utilities and janitorial services are included. This approval is contingent on obtaining the approval of the Endowment Fund. Mr. Williams seconded the motion and it carried.

(ATTACHMENT J)

Acquisition by Lease of Office Space for School of Medicine, AIDS Research Office

Mr. Hynes moved approval to lease approximately 2,981 square feet of office space at 211 West Cameron Avenue, Chapel Hill, North Carolina, from Madison Partners, LLC. The lease term is three years commencing December 1, 2001, or as soon thereafter as possible at an initial annual rent not to exceed \$44,715 or \$15 per square foot, excluding utilities and janitorial services. Beginning December 1, 2002, the annual rent will increase 3% per annum. There are no renewal options. Mr. Schwab seconded the motion and it carried.

(ATTACHMENT K)

PRELIMINARY DESIGN REVIEWS

The following preliminary design reviews were presented for information only. No formal actions were required.

North Carolina Botanical Garden Visitor Education Center

(ATTACHMENT L)

Coker Hall Renovation, Institute of Marine Sciences, Morehead City, North Carolina

(ATTACHMENT M)

Women's Softball Complex

(ATTACHMENT N)

Renovations to Old Dental Building

(ATTACHMENT O)

Planning for the Science Complex - Phase I

Professors Royce Murray and Tom Clegg were present to respond to questions regarding this project.

Concerning the parking situation for this project, Mr. McColl recommended that a visit might be worthwhile to the Bank of America Technology Center in Charlotte, North Carolina. Condominiums and apartments surround the parking lot at the center.

Chairman Burnett commented that this is the primary academic-defining project in the Campus Master Plan and will impact what happens on campus more than any other single project.

Mr. Carter suggested that if there is an issue of crowding in the area and there is a building that is considered somewhat undesirable, there should be a review of that entire sidewalk space from Wilson Library to the ROTC building in the ten-year plan. Mr. Runberg responded that this suggestion would be considered.

Mr. Stallings also recommended reconsideration of the exterior appearance.

(ATTACHMENT P)

Campus Master Plan Update

Mr. Runberg presented this item for information only. No formal action was required.

The discussion concerned a proposed four-lane access road, a proposed site for new student family housing, and a transit corridor in the wooded buffer between Mason Farm Road and the Smith Center. The Board members expressed concern regarding the safety of the four-lane access road to student families, especially families with children.

It was the consensus of the Board that safety is not an area for compromise.

AUDIT, BUSINESS AND FINANCE COMMITTEE

Mr. Hynes, chairman of the Audit, Business and Finance Committee, introduced the agenda items to the Board.

Student Fees for 2002-2003

Mr. Hynes moved approval of the student fees for 2002-2003. Mr. Pardue seconded the motion and it carried.

(ATTACHMENT Q)

Commercial Paper Program and Utilities Refunding

Mr. Hynes moved approval of the resolution authorizing a Commercial Paper Program to provide bridge financing in support of Carolina's new capital improvement program and authorizing refunding of utility bonds. Mr. Schwab seconded the motion and it carried.

(ATTACHMENT R)

Internal Audit Report

Phyllis Petree, director of Internal Audit, presented this report for information only. No formal action was required.

(ATTACHMENT S)

Trademark Licensing Report

Nancy Sutfenfield, vice chancellor for Finance and Administration, presented the report for fiscal year ending June 30, 2001 for information only. No formal action was required.

(ATTACHMENT T)

Proposed Budget Report Format

Vice Chancellor Suttentfield presented information concerning a new format for future budget presentations. This item was presented for information only. No formal action was required.

(ATTACHMENT U)

Endowment Update

Mark Yusko, chief investment officer, presented an Endowment update for information only. No formal action was required.

Town Gown Update

Vice Chancellor Suttentfield presented a town gown update for information only. No formal action was required.

The Board discussed the fiscal equity issue. Chairman Burnett recommended that this be discussed further at the Board's next meeting on November 15.

The Board's consensus was that Chancellor Moeser should proceed with a request to the Legislature for a fiscal equity study.

ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Stevens, chairman of the Academic Affairs and Personnel Committee, requested that Provost Robert Shelton introduce the agenda items to the Board.

Update on Undergraduate Admissions

Jerry Lucido, associate provost and director, Undergraduate Admissions, presented an update on Undergraduate Admissions. Approximately 17,000 applications for admission were received this year and 6341 students (38%) were offered admission to the University. The enrollment this year was 3687 students--a yield rate of 58% (a 3% increase over last year). 82.6% of these students are from North Carolina; 336 are valedictorians and salutatorians; 36% were among the top ten students in their class; they average 4.1 on their high school grade point average; and more than 2/3 of the freshman class had a 4.0 average or better. The average SAT is 1257--a 6 point increase over last year; a 12 point increase by black students; and a 37 point increase over five years. There was a 26% increase in AP exam scores--33% increase by black students and 81% increase over 5 years.

Chairman Stevens requested that Mr. Lucido report again to the Board at its March 28, 2002 meeting.

Update on Scholarships and Student Aid

Shirley Ort, associate provost and director, Scholarships and Student Aid, presented an update on Scholarships and Student Aid. 102 academic, or merit, scholarships were offered to the entering freshman class this year. The SAT scores of the students recruited were very high--1510 average SAT score for in-state students and 1542 for out-of-state students. 138 National Merit Scholarships were granted in the 2001-2002 academic year.

Research Profile Overview

Tony Waldrop, vice chancellor, Research and Graduate Studies, presented a research profile overview. In 2000, the University's research funding climbed to \$375 million--approximately \$265 million came from the Federal Government, with the remainder coming from industry, other non-profits, foundations, other government agencies, and the State of North Carolina.

UNC-Chapel Hill is among the leaders in research funding:

- First among public universities in the south in National Institutes of Health funding (13th overall)
- Among the top four public research universities in the nation
- Ninth nationally in federal funding for fellowships, traineeships, and training grants
- 42 of the University's graduate programs are in the top 25
- 11th in faculty who are members of national academies (35)

Vice Chancellor Waldrop described the various research activities at the University and how knowledge gained from the research is applied in everyday life. Also, in fiscal year 2001 twelve new companies were formed from ideas generated at the University.

The Board recessed for lunch at 12:45 p.m. The meeting resumed at 1:35 p.m. The following Board members were not present: Mr. Carter, Mr. Hynes, Mr. McColl, and Mr. Schwab.

STUDENT AFFAIRS COMMITTEE

Ms. Kitchin, chairman of the Student Affairs Committee, introduced the agenda to the Board.

Student Life Update

Sue Kitchen, vice chancellor, Student Affairs, commented on recent events such as the opening of the school year; the fifth year anniversary of FallFest, which was attended by 12,000 students; the Summer Reading Program; use of technology this year in orientation for students with a CD "How to become a TARHEEL! 101". The CD is in the voices, words, and music of students. A CD was given to each Board member.

Vice Chancellor Kitchen referred to the September 11 national tragedy and its impact on students at the University. The first place she turned to for information was the website for Counseling and Psychological Service (CAPS). The information found there was taken as a model in thinking through a number of decisions that had to be made involving keeping structure, restoring normalcy, and giving people some sense of control when events had caused them to believe they had no control. She commended Associate Vice Chancellor Nancy Davis, University Relations, and her associates for the information that was put on the University's website to keep the University community informed of the current events related to the tragedy

Vice Chancellor Kitchen introduced Virginia Carson, director of the Campus Y, who addressed the Board on the actions of the students involved in the Campus Y following the September 11 tragedy. One of the first things that occurred was that Justin Young, student body president and Board member, Campus Y co-president Liza Potter, Nancy Davis, Archie Ervin, assistant to the Chancellor and director of The Office for Minority Affairs, and Chancellor Moeser put together a brief, very moving program for the entire campus on Polk Place on September 12. 10,000 people attended the program. The Y students also organized an Inter-faith candlelight service.

Ms. Maneesha Agarwal, the Campus Y special coordinator for disaster relief, addressed the Board concerning the Campus Y's relief efforts following the tragedy and in the future.

Dr. Cynthia Wolf Johnson, associate vice chancellor for Student Learning, stated that since the September 11 tragedy significant changes have been seen in the classrooms. The faculty has shifted their syllabuses in order to integrate the recent events. Dr. Johnson commented on an advanced leadership development seminar that she teaches where she had the students reflect on what the September 11 incidents had taught them about leadership. Their reactions concerned the common good and collective action. Dr. Johnson also co-teaches a course on the role of higher education, where she teaches a seminar on student life and the role of student life in higher education and student leadership. She asked the students to reflect on how they thought the September 11 events had impacted student life--both immediate and long term. She distributed a handout listing the responses of the students. [A copy of the handout is filed in the Office of the Assistant Secretary.]

Mr. Raj Panjabi, Campus Y co-president, addressed the Board concerning how campus leaders are dealing with the September 11 tragedy. One way is by fundraising for the victims and another is to focus on anti-discrimination toward Muslims and people of the Islam faith. Meetings will be held on a continuous basis throughout the current semester and the next semester to decide on long-term efforts for the campus.

DEVELOPMENT COMMITTEE

Development Update

Mr. Fulton commented on the postponement of the Carolina First campaign kickoff due to the September 11 national tragedy.

He presented a report regarding the level of activity and current contributions in the Office of University Advancement.

ACC GOVERNING BOARD CERTIFICATION FORM

Mr. Stevens moved approval of the ACC Governing Board Certification Form. Mr. Williams seconded the motion and it carried.

(ATTACHMENT V)

MOTION TO CONVENE IN CLOSED SESSION

On motion of Mrs. Kitchin, seconded by Mr. Williams, 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

DEVELOPMENT COMMITTEE

Report of the Naming Committee

Mr. Kupec presented the Report of the Naming Committee. Mr. Stevens moved approval of the Report of the Naming Committee. Mr. Williams seconded the motion and it carried. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

Report of Student Appeal Hearing

The hearing was postponed to November.

LEGAL ADVICE

Ms. Ehringhaus advised the Board regarding several legal matters.

CONSENT AGENDA/PERSONNEL CHANGES FOR CONSULTATION

Mr. Stevens moved approval to authorize the Chancellor to forward to the President and the Board of Governors the personnel report and recommendations presented for consultation. Ms. Mason seconded the motion and it carried.

(ATTACHMENT W)

MOTION TO RECONVENE IN OPEN SESSION

Mr. Pardue moved that the Board reconvene in open session. Mr. Stallings seconded the motion and it carried.

OPEN SESSION

**FISCAL EQUITY BETWEEN THE TOWN OF CHAPEL HILL
AND UNC-CHAPEL HILL**

The Board had a brief discussion regarding fiscal equity. The Board recommended that Chairman Burnett and Trustees Stevens and Williams work with the Chancellor and his staff on this issue.

**COMMENT FROM CHANCELLOR MOESER CONCERNING SCHOLARSHIP
OFFER TO CHILDREN OF UNC-CHAPEL HILL ALUMNI WHO WERE VICTIMS
OF THE SEPTEMBER 11 TERRORIST ATTACK**

Chancellor Moeser commented that a suggestion had been made that the University should offer a scholarship to attend UNC-Chapel Hill to any son or daughter of any alumni victims on September 11--provided that the student would be admissible to the University and would attend the University. Chancellor Moeser will present a specific recommendation to the Board at its meeting in November.

ADJOURNMENT

Ms. Mason moved that the Board meeting be adjourned. Mr. Stevens seconded the motion and it carried. The Board meeting adjourned at 2:50 p.m.

Assistant Secretary