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

The Board of Trustees met in regular session on Wednesday, September 22, 2010, at The Carolina Inn, Chancellor's Ballroom West, at 5:08 p.m. Chair Winston presided.

# **ROLL CALL**

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

Robert W. Winston, Chair Barbara R. Hyde, Vice Chair Phillip L. Clay, Secretary Donald Williams Curtis John G. B. Ellison, Jr. J. Alston Gardner Roger L. Perry, Sr. Sallie Shuping-Russell Edward C. Smith John L. Townsend III Felicia A. Washington Hogan Medlin

Wade H. Hargrove was absent.

Chair Winston read the following statement regarding the State Government Ethics Act:

"As Chair of the Board of Trustees, it is my responsibility to remind all members of the Board of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this Board of Trustees' meeting. If any Board member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the Board of Trustees at this meeting, the conflict or appearance of conflict should be identified at this time."

#### REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Dr. Clay, Committee Chair, moved ratification by the Board of the following items, which were previously approved by the committee. Mr. Smith seconded the motion and each item carried.

• Acquisition by Lease of Office Space for University Advancement, Design/Publication/Web Services. This request is for approval to lease approximately 2,000 SF of office space at a location to be determined for the University Advancement Design/Publications/Web Services. The lease term is for a five-year period commencing January 1, 2011, or as soon as possession is taken. The initial rent shall not exceed \$39,000 per annum or \$19.50 per SF not including utilities or janitorial service with three one-year renewal options. Rent shall not increase more than 3% per annum both in the base lease and the renewal options.

(ATTACHMENT A)

• Acquisition by Lease of Office Space for School of Public Health, Department of Nutrition. This request is for approval to lease approximately 3,200 SF of office space at a location to be determined for the School of Public Health, Department of Nutrition. The lease term is for a three-year period commencing January 1, 2011, or as soon as possession is taken. The initial rent shall not exceed \$62,400 per annum or \$19.50 per SF not including utilities or janitorial service with three one-year renewal options. Rent shall not increase more than 3% per annum both in the base lease and the renewal options.

(ATTACHMENT B)

• Acquisition by Lease of Office Space for School of Public Health and School of Medicine, Horizon Program. This request is for approval to lease approximately 18,000

SF of office space at a location to be determined for the School of Public Health and School of Medicine, Horizon Program. The lease term is for a three-year period commencing February 1, 2011, or as soon as possession is taken. The initial rent shall not exceed \$351,000 per annum or \$19.50 per SF not including utilities or janitorial service with three one-year renewal options. Rent shall not increase more than 3% per annum both in the base lease and the renewal options.

(ATTACHMENT C)

• Acquisition by Lease for John H. Kerr Dam and Reservoir Recreation Facilities. The University has leased the John H. Kerr Lake Dam and Reservoir Recreation Facilities from the US Army Corps of Engineers since January 1, 1955. The most recent agreement effective January 1, 2001, will expire December 31, 2010. This request is for approval to continue to lease approximately 230 acres of land above the 300 MSL elevation contour and non-exclusive use of 36.8 acres of land and water below the 300 MSL elevations at the John H. Kerr Dam and Reservoir in Vance County. The lease term is not to exceed a twenty-five year period commencing January 1, 2011. This property will continue to be used by University faculty and staff for picnicking, boating, camping, swimming, and nature studies. Rent consideration is \$1.00 per year.

(ATTACHMENT D)

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

• Preliminary Concept Plan- 123 West Franklin Street Development. On July 1, 2009, Chapel Hill Foundation Real Estate Holdings, Inc., a not-for-profit corporation founded by The University of North Carolina at Chapel Hill Foundation, Inc. to assist with real estate projects for the University and its affiliated organizations, purchased University Square and Granville Towers. Cousins Properties Incorporated, a national developer based in Atlanta that specializes in mixed use projects, is assisting Chapel Hill Foundation Real Estate Holdings in developing a master plan to redevelop the site into a vibrant mixed use project. Elkus Manfredi Architects of Boston is the designer for the project.

(ATTACHMENT E)

A copy of the PowerPoint presentation is located at: <a href="www.unc.edu/depts/trustees/">www.unc.edu/depts/trustees/</a> A copy of the presentation is also filed in the Office of the Assistant Secretary.

- Carolina North Update. Jack Evans, the Executive Director of Carolina North, updated the Committee on the status of Carolina North.
  - o During the past year, there have been four areas of activity:
    - Hangar addition to relocate MedAir is underway at RDU. Completion is expected in May 2011.
    - Proceeding with an Environmental Assessment Impact Study to study the impact on the land over the next fifty years. They expect that the impact will be limited to two and a half acres. Total cost over the fifty years will be about \$500,000.
    - Modifications to the Development Agreement- process for minor amendments has been tested and proved this year.
    - Submission of Development Agreement Annual report. The process for engaging the town has been going very well.
  - Because of economic downturn, the Innovation Center will not move forward as the first project on the Carolina North Campus. The Law School, which was thought to be the second building on campus, doesn't have funding to move forward at this

time. There is a process underway to develop a program for a Research Building that would lease space, and therefore provide the funding for the overhead of the building. A proposal will come in the following months.

Chair Winston announced that the Board would be having dinner with the NC State Board of Trustees at 7:00 p.m.

#### **ADJOURN**

Chair Winston adjourned the Board meeting at 5:28 p.m.

#### **CONVENE MEETING**

Chair Winston convened the Board meeting at 8:03 a.m. on Thursday, September 23, 2010, at The Carolina Inn, Chancellor's Ballroom East and West.

#### **ROLL CALL**

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

Chair Winston read the following statement regarding the State Government Ethics Act:

"As Chair of the Board of Trustees, it is my responsibility to remind all members of the Board of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this Board of Trustees' meeting. If any Board member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the Board of Trustees at this meeting, the conflict or appearance of conflict should be identified at this time."

#### **CONSENT AGENDA**

#### **Approval of Minutes**

On motion of Dr. Clay seconded by Ms. Shuping-Russell, the minutes of the regular meeting of July 21-22, 2010, were approved as distributed.

#### **Ratification of Mail Ballots**

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

• August 16, 2010- Personnel actions, actions conferring tenure, compensation actions, and end of employment and leaves of absences.

(ATTACHMENT F)

• August 30, 2010- Acquisition by Easement.

(ATTACHMENT G)

• August 30, 2010- Naming Request.

(ATTACHMENT H)

#### **CHAIR'S REMARKS**

Chair Winston reported on:

- **Dinner with NC State Trustees-** Our two universities have a lot in common and a lot of partnerships, so it's good to get together occasionally.
- **Football-** It is clear how seriously everyone takes this issue because the academic integrity of the University must be protected. Thanks to the Chancellor and Athletic Director Baddour for the time devoted t this in recent weeks.

- Lowry Caudill- One of our most distinguished alumni is giving a report on the Chancellor's Innovation Circle Roadmap later. Mr. Caudill has spent the past year chairing this effort, and we're grateful for everything that he and the other volunteers alumni, friends, faculty, staff and students have been doing to put it together. We're excited about what this work will mean for Carolina's future. Thanks also to Trustees Clay, Hyde and Shuping-Russell for serving on the Innovation Circle, and to Trustee Medlin for his participation in the student innovation team.
- Chancellor Thorp's Book- Congratulations to Chancellor Thorp. He is the co-author of a new book, published by the UNC Press. It's called "Engines of Innovation —The Entrepreneurial University in the 21st Century," written with Buck Goldstein, our University Entrepreneur in Residence. The book makes the case for the absolutely essential role of research universities as agents of societal change. We want this book to be highly successful because all royalties will support innovation and entrepreneurship at the University. The book has already been getting national attention over the past several weeks, and I'm sure that's just the start.

## **CHANCELLOR'S REMARKS**

Chancellor Thorp spoke about the following:

- School Opening- This has been the safest and most enthusiastic arrival of students. You'll Steve Farmer and Shirley Ort will provide details on the entering class. Congratulations to Student Affairs for pulling together my favorite new tradition busing 3,000 students to Target in Durham for supplies.
- Times Higher Education World Ranking- The Times Higher Education magazine in London has ranked Carolina 30<sup>th</sup> on a new list of the world's top 200 research universities. We're 21<sup>st</sup> among U.S. universities; 7<sup>th</sup> among national public universities. Times Higher Education used rigorous quantitative data to help measure quality instead of reputational surveys, which typically count at least some in a number of ranking formulas including U.S. News & World Report. This is the best ranking of research universities that I've seen because it's much more academically focused.
- Research Funding- \$803 million 12.2% higher than last year (\$716 m) and a new UNC record. Stimulus funding helped; regardless it's another remarkable performance by the faculty. Both the College and the School of Medicine had outstanding years (increases of about 48% and 22%, respectively), as did our centers and institutes (Lineberger, Carolina Population Center, among others). Research funding is our single largest source of revenue.
- Barbara Entwisle Honor- Dr. Entwisle was named to the National Research Council Board on Research Data and Information, part of the national academies. This board was set up to improve the management, policies and use of digital data and information for science and our society. It's a great honor to be asked to serve in this way and will enhance the research position of the University with the NRC and in Washington.
- National Research Council Doctoral Ratings- Next Tuesday the long-awaited release of assessments for research doctorate programs at 212 U.S. campuses will take place. The NRC is assessing programs in 62 fields. We submitted information about 53 departments, programs or units that are evenly split among the disciplines. There's been a lot of talk nationally about the data coming from 2006. Of course, some things have changed on our campus and others since then. Dean Steve Matson and the Graduate School are closely evaluating the results along with their counterparts in the schools and units to see what we can learn to improve our programs. It's a serious assessment, with a methodology guide alone that's 190 pages. The NRC methodology represents years of debate and refinement. First and foremost, we expect the NRC results to affirm that Carolina is among the great research universities and that the quality of our doctoral programs contributes to the success

of our undergraduate program and our overall excellence. Look for announcements Tuesday afternoon on www.unc.edu.

- State Budget Update- According to the most recent projections, North Carolina is expected to have one of the largest budget shortfalls among any of the states as much as \$3.2 billion (on a total \$19 billion budget). The State Budget Office and the Governor have called on the UNC system to provide scenarios for cuts of 5% and 10% the coming fiscal year. We're working closely with General Administration. And we'll do everything possible to protect academics as we start our budget planning again.
- University Day, October 12- This year's is innovation and entrepreneurship, and our guest speaker is Dr. Heather Munroe-Blum, an alumna and the Principal of McGill University in Montreal. The Innovation Circle roadmap will be officially released and we will dedicate the new Venable Hall and Murray Hall. Venable replaces the building we tore down. The naming of Murray Hall honors Royce Murray, Kenan Professor of Chemistry who joined the faculty in 1960.

#### STUDENT BODY PRESIDENT'S REMARKS

Mr. Medlin gave an update on the following items:

- Thursday and Friday, September 17<sup>th</sup>-18<sup>th</sup>, 55<sup>th</sup> anniversary of desegregation at UNC.
- Opening of School year was one of the best
- Summer Reading Program- Picking Cotton
- Fall Fest- the largest we've had so far
- Going to Fayetteville State University with three other UNC delegates for the Association Student Government, which is a place for a system-wide gathering of student body presidents and others in student government to discuss statewide issues of students.
- Budget & Tuition- training students on lobbying efforts
- Accomplishing major platform issues in Student Government
- Arts Fund for students- announced Arts Innovation Steering Committee- will meet 6 times this year to discuss issues facing the arts at Carolina- a formal statement will come at the March meeting.

# **FOOTBALL UPDATE**

Chancellor Thorp and Athletic Director, Dick Baddour, addressed the trustees regarding the progress of the NCAA investigation. There are at two aspects of the investigation- possible academic misconduct involving a former undergraduate tutor and student-athletes on the football team and possible agent violations. The NCAA gave us the go-ahead to lead the academic portion of the investigation, and they are participating with us. As soon as we learned of the possible academic issues, we formed a team that includes:

- Professor Jack Evans and Professor Lissa Broome, former and current Faculty Athletics Representatives.
- John Blanchard, senior associate AD for student affairs, and Amy Herman and Lance Markos from our Compliance Staff.
- Student Affairs Vice Chancellor Winston Crisp.
- University Legal Counsel staff and outside counsel, Rick Evrard.
- Athletic Director Dick Baddour, Senior Associate AD Larry Gallo, and me.

The NCAA investigation continues. Yesterday, Kendric Burney and Deunta Williams were named in the investigation. We have now turned over everything we have on the academic investigation to the Student Attorney General. The University has a process for dealing with academic misconduct and it's important to follow that process. Some students are involved in both the agent and academic investigations. The University and the NCAA must look at each

individual student-athlete's situation. We will look at other sports and student-athletes. We are in the early stages of that, and we haven't found anything that we're concerned about. If we do, we'll address it head-on. The Faculty Council charged a committee in the spring semester of 2009 to conduct a review of the Academic Support Program. We have met with the Faculty Committee on Athletics and asked them to work with us on the long-term academic support issues. Chancellor Thorp concluded his remarks by acknowledging all the student-athletes on the football team. We admire the way our team has performed under all this scrutiny.

Chancellor Thorp, Athletic Director Baddour, and Vice Chancellor Crisp answered the Trustees' questions.

# ANNUAL UPDATE: UNDERGRADUATE ADMISSIONS AND SCHOLARSHIPS & STUDENT AID

Interim Provost Carney spoke about Student Enrollment and introduced the speakers for each portion of the presentation.

- Undergraduate Admissions 2010-2011 by Stephen Farmer, Assistant Provost and Director of Undergraduate Admissions. He reported on the Class of 2014—23,271 applications were received; 7,540 (32.4%) were admitted; and 3,960 (52.5%) were enrolled at the University. The class average SAT is 1304—a 1 point increase over last year. He also spoke about the demographics of the class, engagement, and competition.
- Financial Aid 2010-2011 by Shirley A. Ort, Associate Provost and Director of Scholarships and Student Aid. The Office of Scholarships and Student Aid supports the instructional mission of the University by recognizing and rewarding academic talent, removing financial barriers for students, and furthering mutual goals of excellence and equity. About fifty-three percent of undergraduate students and forty-seven percent of graduate and professional students received some type of financial aid for 2009-2010, totaling approximately \$253 M. Ms. Ort also spoke about sources and types of aid, the impact of the seventeen percent increase in undergraduate applications for need-based aid, marshalling the resources and protecting access and affordability, and recent trends in need, eligibility, and disbursement. Ms. Ort closed by stating that maintaining Carolina's favorable need-based aid patterns of the past, within this period of slow economic recovery, will remain a considerable challenge.

A copy of the PowerPoint presentation is located at: <a href="www.unc.edu/depts/trustees/">www.unc.edu/depts/trustees/</a> A copy of the presentation is also filed in the Office of the Assistant Secretary.

#### INNOVATE@CAROLINA CAMPAIGN

Chancellor Thorp introduced Lowry Caudill. He has done a fantastic job in leading this effort. Today, you're getting a preview of the final report, which will be officially released on University Day. Serving on the circle were alumni and friends with extensive experience leading innovation in science, business, medicine, nonprofits and academia. With the help of a faculty group and a team of students, the Circle developed a roadmap for enhancing our efforts in innovation and entrepreneurship. The Roadmap will ensure we're doing all we can to help our faculty and students produce high-quality basic knowledge. We want them to have the freedom and encouragement to seek solutions and answers to the most important problems – and then to be empowered to act on their ideas. There are some other people here that I want to recognize for their role:

• **John Akin,** who led our faculty committee. John is the Austin H. Carr Distinguished Professor in our Department of Economics.

- **Shruti Shah**, who led our Student Innovation Team. Shruti is majoring in political science and public policy with an entrepreneurship minor.
- **Judith Cone**, my special assistant for innovation and entrepreneurship, who has been introduced at previous trustee meetings.
- Mark Meares, director of our Office of Corporate and Foundation Relations in the development office.

Lowry Caudill spoke about the Chancellor's vision of changing the world for the better, having a greater positive impact, focusing on outcomes, and translating ideas and being connected. He highlighted the chancellor's goals, the organizational structure, the timeline, and documents that have been produced as a result of the work being done. Mr. Lowry closed by presenting five recommendations:

- 1. Prepare faculty, graduate and undergraduate students, staff, and the broader Carolina community with the knowledge, skills, and connections necessary to translate new ideas into innovations.
- 2. Collaborate with diverse groups on campus and beyond to explore issues, options, and creative approaches that may lead to innovations.
- 3. Translate important new ideas more expediently and at an increased volume into innovations that improve society.
- 4. Align people, incentives, resources, and processes to strengthen an intentional culture of innovation at Carolina.
- 5. Catalyze innovation at Carolina by facilitating the work of faculty, staff, and students as they put important ideas to use for a better world.

SBP Medlin spoke briefly about the student experience with the Innovation Circle.

Chancellor Thorp announced that we've already received commitments totaling more than \$11 million to support innovation at Carolina. That represents nearly 10 percent of the overall \$125 million goal. He also mentioned that Carolina was named among the top 50 Schools for Entrepreneurship in *Entrepreneur* magazine's annual ranking, which is published with The Princeton Review. What you've seen and heard today is a great prelude for where we want Carolina to be to remain among the upper echelon of the world's great universities.

A copy of the PowerPoint presentation is located at: <a href="www.unc.edu/depts/trustees/">www.unc.edu/depts/trustees/</a> A copy of the presentation is also filed in the Office of the Assistant Secretary.

# ELECTION OF MEMBERS TO THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND

North Carolina General Statute 116-36 and Board of Governors' regulations require that the Board of Trustees elect the membership of the Endowment Board of Trustees. There are two (2) vacancies.

Mr. Perry moved approval to elect to the Board of Trustees of the Endowment Fund, Bill Harrison and John Ellison each for a three (3) year term ending in 2013. The motion was duly seconded and it carried.

(ATTACHMENT I)

# ELECTION OF MEMBERS TO THE BOARD OF DIRECTORS OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL FOUNDATION, INC.

The Bylaws of the Foundation provide that the Board of Trustees shall elect two directors from the membership of the Board of Trustees and three directors from the membership of the Endowment Trustees. There is one (1) vacancy in the Endowment category of directors. The election of the director in category I.C. is subject to the election of the Endowment Trustees.

Ms. Shuping-Russell moved approval to elect Bill Harrison to the Board of Directors of the University of North Carolina at Chapel Hill Foundation, Inc. for a term concurrent with his term as an Endowment Trustee. Mr. Smith seconded the motion and it carried.

(ATTACHMENT J)

#### 2010-2011 ACC GOVERNING BOARD CERTIFICATION FORM

Leslie Strohm, Vice Chancellor and General Counsel, presented information concerning the 2010-2011 Atlantic Coast Conference Governing Board Certification Form, which is required to be completed annually by the Chair of the Governing Board in order for a member institution to enter a team or individual competitors in an ACC Championship as indicated in Article XIII-2 of the ACC Bylaws.

Mr. Ellison moved approval of the ACC Form. Ms. Hyde seconded the motion and it carried. In signing the form, Chair Winston attested the following:

- 1. Responsibility for the administration of the athletics program has been delegated to the Chief Executive Officer of the Institution.
- 2. The Chief Executive Officer has the mandate and support of the Board to operate a program of integrity in full compliance with NCAA, ACC and all other relevant rules and regulations.
- 3. The Chief Executive Officer, in consultation with the Faculty Representative and the Director of Athletics, determines how the institutional vote shall be cast on issues of athletic policy presented to the NCAA and the ACC.

(ATTACHMENT K)

#### REPORT OF THE AUDIT AND FINANCE COMMITTEE

Ms. Shuping-Russell, Committee Chair, moved ratification by the Board of the following items which were previously approved by the committee.

• Self-Liquidating Debt Resolution- Brian Smith, Director of Treasury and Risk Management Services, presented for action a resolution authorizing the issuance of special obligation bonds for self-liquidating (i.e., self-supporting) capital projects recently approved by the North Carolina General Assembly. Past practice has been to bring these projects to the Board of Trustees for financing approval as soon as practical after General Assembly approval. The General Statutes require the Board of Trustees of the University of North Carolina at Chapel Hill to approve the issuance of the bonds for its special obligation bond projects.

In the course of this presentation, there was an update on the University's financing activities. In short, over the next five fiscal years, the University still has significant additional debt financing needs for approved/planned projects, as debt is the primary remaining funding source while the planned capital program tapers off. Although the University is leveraged relative to its rating peers, bond ratings, which are dynamic in nature, are based upon both quantitative and qualitative considerations, and the University has a range of qualitative factors in support of its position. Further, in May 2010 Moody's recalibrated the University's long-term bond rating up to Aaa (from Aa1), and the University

continues to carry a AA+ long-term bond rating with both S&P and Fitch Ratings. All ratings currently carry a stable outlook from the bond rating agencies.

Mr. Ellison seconded the motion and it carried.

(ATTACHMENT L)

A copy of the PowerPoint presentation is located at: <a href="www.unc.edu/depts/trustees/">www.unc.edu/depts/trustees/</a> A copy of the presentation is also filed in the Office of the Assistant Secretary.

- **Approval of Audit Plan.** Phyllis Petree, Director of Internal Audit, presented for approval the audit schedule for fiscal year 2010/11. This schedule includes all projects in process or deferred from 2009/10.
- Mr. Townsend seconded the motion and it carried.

(ATTACHMENT M)

- Internal Audit Charter Revision Approval. Phyllis Petree presented for approval an updated Internal Audit Charter.
- Mr. Smith seconded the motion and it carried.

(ATTACHMENT N)

• Withdrawal of Quasi Endowment— Ferdinand Proposal. The Graduate School is requesting approval to establish a Quasi Endowment to support a Summer Fellowship Program for 20 graduate students at \$3500 each. The supporting gift is \$392,000 from the Will of Thomas Ferdinand. The Graduate School proposes to withdraw \$70,000 per year for this program.

Ms. Hyde seconded the motion and it carried.

(ATTACHMENT O)

- Ms. Shuping-Russell also presented the committee's report on the following items, which were presented previously to the committee for information only (no formal action was requested at that time).
  - Remarks from Employee Forum Chair. Jackie Overton spoke about the housekeeping issue, budget cuts, the staff assembly, the community garden, and the NCAA Investigation. [A copy of Ms. Overton's remarks is located in the Office of the Assistant Secretary.]
  - Internal Audit Report. Phyllis Petree presented a summary of internal audit activities for fiscal year 2010 and of projects completed or in progress between April 26 and August 15, 2010. While some individual projects have revealed control weaknesses, none of these weaknesses have a material impact on the university's operations or financial reporting.
  - Technology and Intellectual Property Assets. Chancellor Thorp and Vice Chancellor Mann were asked to report to the Audit and Finance committee on ways to facilitate the development of the University's Research and Intellectual Property into commercializable ventures. They reported that several meetings have been held to explore this concept. The following objectives have been established:
    - Enhance the impact of University Research
    - Provide opportunities to faculty to commercialize research without having to go to other institutions

- Have the University establish a venture capital fund to seed invest in commercializable research
- Earn a return on such investments
- Seek private venture capital for subsequent investments

A number of UNC's peers have been engaged in this effort for some time, notably Stanford. Other institutions have more recently developed venture capital funds (MIT, NYU, UTAH and Florida). The Chancellor and Vice Chancellor Mann will bring forward a plan at an upcoming meeting as to how such a program would be organized, funded and operated at UNC.

• **Budget Update.** Vice Chancellor Mann summarized the FY 09-10 year end budget to actual report for the Committee. The variances in the revenue side of the budget were mostly due to cuts in state appropriations (\$19.5 million in recurring; \$28.6 million in non-recurring). The lower level of expenditures were due to these reductions as well as a larger number of positions left vacant.

Vice Chancellor Mann also reviewed FY 10-11. Although the state took approximately \$20 million in additional cuts from the campus, it also made permanent the non-recurring cuts from FY 09-10 and did not fund certain continuation items in the budget. This resulted in another permanent reduction of approximately \$23 million. These cuts were partially offset by enrollment funds (\$7.3 million) and a \$950 tuition increase (approximately \$25.2 million). This allowed the University to limit the budget reduction to campus units to 5%. The state has also asked the campus to set aside 1% (\$5.3 million) in reserve in case the state's financial condition requires that it be returned.

For FY 11-12, the state is facing a budget gap of \$3.2 billion (approximately 15%) due to a loss of Federal stimulus dollars and the expiration of temporary taxes. The UNC System has been asked to plan for up to a \$10% reduction in appropriations in FY 11-12.

• **Development Update.** Matt Kupec, Vice Chancellor for University Advancement, provided an update on Development. FY11 Progress Report:

		9/20/2010	9/20/09	% change
0	Gifts Received	\$43,955,449.30	\$40,985,589.40	7%
0	Donors	13,640	14,713	-7%
0	New commitments	\$43,314,291	\$38,879,288	11%
	(new cash & pledges)			

- NOTES
  - o \$120,304,379 proposals in the pipeline.
  - o Averaging \$17.3 Million in new commitments per month.

Chair Winston made an announcement about future scheduling during upcoming Board meetings. He suggested an alternative schedule on Wednesdays to make the Board's time more efficient. It will be implemented beginning at the November 2010 meeting.

#### REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

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

• Recruitment and New Member education in the Greek System. Mr. Gardner reported on the merits of conducting rush during fall, or alternatively spring, semester. The concerns

he cited were: safety, alcohol and drug usage; hazing and personal servitude, and culture. He reported on the considerable progress made in recent years, but cited concerns about leading freshmen to affiliate with a group before they have a full appreciation of all of the options open to them on campus. He stated that the remaining concerns about fall rush are focused on that it: 1) forces freshmen to make a significant life decision with insufficient knowledge and time; 2) interferes with assimilation into academic and college life; and 3) caters to those already know about fraternities and sororities. The Board's options are to: 1) do nothing; 2) move the process to spring; 3) engage in rolling recruitment; or 4) maintain fall recruitment, but add some performance measures. Recommendations will come to the Board at the January 2011 meeting.

There were a number of speakers from the Greek community who were strong proponents of keeping the system exactly the way it is. Some other important comments were made by:

- Will Bondurant, UNC Student Government. Mr. Bondurant reported on the student-lead research. All schools stated that the culture on campus is the larger issue. It is more important than timing.
- Pete Smithhisler, President of the National Inter-fraternity Council. Mr. Smithhisler does not believe that there is any such thing as deferred recruitment, only deferred joining. He spoke in favor of stronger university support.
- Chuck Lovelace, UNC Class of 1977. Mr. Lovelace spoke as a private individual, not a member of the Morehead-Cain Foundation. Mr. Lovelace said that fall rush is disruptive, exploitive, and exclusive. He believes that the rejection felt by those unsuccessful in their efforts to join creates serious problems for many students and families. He says that fall rush is an obstacle.

A copy of the PowerPoint presentation is located at: <a href="www.unc.edu/depts/trustees/">www.unc.edu/depts/trustees/</a> A copy of the presentation is also filed in the Office of the Assistant Secretary.

#### MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Clay, and duly seconded, the Board voted to convene in closed session pursuant to North Carolina General Statutes Section 143-318.11 (a) (1) (to prevent the disclosure of privileged information under Section 126-22 and the following); and also pursuant to Section 143-318.11 (a) (2), (3), (5), and (6).

#### **CLOSED SESSION**

#### REPORT OF THE AUDIT & FINANCE COMMITTEE

#### **Report of the Naming Committee**

Matt Kupec presented naming recommendations which were previously presented to the Audit & Finance Committee and approved by the committee.

Ms. Shuping-Russell moved ratification by the Board of the naming recommendations. The motion was duly seconded and it carried. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

#### Changes to the Chancellor's Policy on Naming University Facilities and Units

Ms. Shuping-Russell presented the changes. No action was taken.

## REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated September 13, 2010, for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS P-Q-R-S)

#### **LEGAL ADVICE**

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

# **DEEP EXECUTIVE CLOSED SESSION**

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

#### **RECONVENE MEETING IN OPEN SESSION**

Chair Winston reconvened the meeting in open session.

#### **OPEN SESSION**

### REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner moved approval by the Board of the following personnel actions dated September 13, 2010, which were discussed earlier in closed session. Ms. Hyde seconded the motion and each item carried.

<ul> <li>Personnel Actions</li> </ul>	&	Actions	Conferring	Tenure.
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(ATTACHMENT P)

Compensation Actions.

(ATTACHMENT Q)

• For Information- no items.

(ATTACHMENT R)

Walk-on Item.

(ATTACHMENT S)

Chair Winston stated that the personnel and salary actions voted on in open session have been distributed to the press.

#### **ADJOURNMENT**

There being no	further busine	ss to come b	before the	Board, th	ne meeting a	adjourned at	12:52 p.m.

Assistant Secretary	