

**BOARD OF TRUSTEES MEETING**  
**The University of North Carolina at Chapel Hill**  
**July 21, 2016**

The Board of Trustees met in regular session on Thursday, July 21, 2016 at The Carolina Inn, Chancellor's Ballroom. Chair Stone convened the meeting at 8:00 a.m.

**ROLL CALL**

Secretary Duckett called the roll and the following members were present:

Dwight D. Stone, Chair	Kelly Matthews Hopkins
Charles G. Duckett, Secretary	William A. Keyes IV
Jefferson W. Brown	Allie Ray McCullen
W. Lowry Caudill, Past Chair	William E. McMahan
Donald Williams Curtis	Hari H. Nath
Julia Sprunt Grumbles	Bradley C. Opere

Vice Chair Haywood D. Cochrane was not in attendance.

**ELECTION OF OFFICERS**

Chair Stone called upon Nominating Committee Chair Lowry Caudill. Trustee Caudill shared the 2016-2017 recommended slate of officers.

Chair – Dwight Stone  
Vice Chair – Haywood Cochrane  
Secretary – Chuck Duckett  
Assistant Secretary – Dwayne Pinkney

A motion was made from committee to approve the slate; seconded by Trustee Curtis, and passed.

**STATE GOVERNMENT ETHICS ACT**

Chair Stone read the following statement:

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 and Mail Ballots**

On motion of Chair Stone and a second, the minutes of the meeting of May 19, 2016 were approved as distributed; as was the ratification of the following mail ballots dated:

- June 17<sup>th</sup> – Quasi-endowment fund withdrawal for the Department of Microbiology and Immunology
- June 27<sup>th</sup> - Personnel actions, actions conferring tenure, and compensation actions  
(ATTACHMENTS A-B)

Chair Stone then called upon Trustee Opere to give his remarks.

**STUDENT BODY PRESIDENT'S REMARKS**

- Student Body President Bradley Opere shared recent news from student government.
  - Trustee Opere and Student Body Vice President Sam Green visited the White House for a national leadership conference for student body presidents.
  - Trustee Opere is participating in the group leading the Carolina Union Feasibility Survey. They have traveled to other universities to determine what can be done to better the Union here on campus.
  - Trustee Opere shared that he visited satellite campuses in Kenya this summer and has spoken with Executive Vice Provost Ron Strauss on partnering opportunities.
  - Trustee Opere shared that student government will be holding a forum for students and campus police at the beginning of the semester.

[A copy of these remarks is located in the Office of the Assistant Secretary and at bot.unc.edu.]

**CHAIR'S REMARKS**

- Chair Stone began his remarks by thanking the board for reappointing him to a second term as chair. He specifically thanked Trustee Caudill and Trustee Hopkins for their work on the nominating committee.
- The Chair shared the goals for the upcoming year:

- Support Chancellor Folt and her senior leaders, as they formulate and implement a new strategic plan for the University.
  - Tell our story. Carolina improves the lives of people across North Carolina, our nation, and our world.
  - Accelerate, measure, and communicate the growth and economic impact of our innovation and entrepreneurship initiatives.
  - Help Carolina become more efficient and effective in key operational areas, particularly Finance, Administration, Teaching and Research.
- The Chair then shared information on standing committees and assignments.
  - Vice Chair Cochrane will chair Finance, Infrastructure, and Audit. Trustee Caudill will serve as vice chair.
  - Secretary Duckett will chair University Affairs. Trustee Keyes will serve as vice chair.
  - Trustee Hopkins will chair External Relations. Trustee McMahan will serve as vice chair.
  - Trustee Grumbles will chair Commercialization and Economic Development. Trustee Brown will serve as vice chair.
- Chair Stone shared thoughts on a recent dinner with President Spellings and trustee chairs from all 17 UNC campuses.
  - He stated that despite differences in each campus, fellow board members are facing similar challenges in determining how to best represent their students, faculty, staff, alumni, and stakeholders.
  - The Chair also stated that he appreciated President Spellings' efforts to engage with trustee chairs, and how he looks forward to productive discussions going forward.
- Chair Stone thanked Speaker of the House Tim Moore and Senate and President Pro Tem Phil Berger for their support of UNC during the complex budget-making process.
  - Leadership from both chambers were receptive to working with the President, Board of Governors, and campuses.
- The Chair then highlighted some of the positive results from the final budget:
  - Rewarding talented faculty and staff with a combination of pay raises and bonuses.
  - Permanently fixing the Qualified Excess Benefit Arrangement (QEBA).
  - Appropriating some \$11M in recurring and non-recurring funds to support the Western School of Medicine/UNC School of Medicine initiative.
- Chair Stone then commented on student debt, financial aid, and tuition and fees.
  - He stated that he appreciated the strong support from President Spellings and General Administration on articulating access and affordability issues affecting all UNC System students.
  - Chair Stone then recognized Shirley Ort, who will be officially leaving her position as Associate Provost and Director of Scholarships and Student Aid.
  - He remarked that students at Carolina benefit from a financial aid program that awards 72% of the available funds as grants and scholarships. Only 28% of that comes from loans and work-study jobs.
  - He went on to say that Carolina has continued to meet full financial need even following the financial downturn. In 2009, 37% of UNC-CH students qualified for need-based aid. That figure is now at 45%.
  - Chair Stone then shared statistical comparisons to peer institutions with regards to student loan debt.
- The Chair also shared some information on student tuition and fees.
  - In 2015-2016, student and fees for an undergraduate student from North Carolina totaled \$8,591. That was over \$1,000 less than the University of Texas, UNC-CH's next closest public peer.
  - For out-of-state undergraduates, UNC-CH's rate of \$33,673 was the fifth least expensive among 11 peers. Only Minnesota, Pittsburgh, Wisconsin, and Maryland are lower.
- Chair Stone ended by commending Chancellor Folt and her colleagues for their efforts over the past several months to convey to the campus community how much the board values the time-honored traditions here at Carolina of engaging in free and open discourse on issues of the day.
- Chair Stone then took the time to acknowledge recent events that have happened in the state, the nation, and the world.
- Chair Stone called upon Secretary Duckett to read a resolution of appreciation for Interim Vice Chancellor David Parker.

**RESOLUTION OF APPRECIATION  
DAVID PARKER  
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL  
BOARD OF TRUSTEES  
July 21, 2016**

**WHEREAS**, David Parker holds two degrees from our University and served the University of North Carolina at Chapel Hill for two decades, most recently as Interim Vice Chancellor and General Counsel, providing legal advice instrumental to fulfilling the University's mission and protecting its interests to serve the public good;

**WHEREAS**, Interim Vice Chancellor Parker was a trusted adviser to nearly every school and department on campus, representing and counseling the University on a wide range of transactional issues and policy, such as personnel, conflict of interest, public records, and general business matters; including the restructuring of WUNC-FM, making one of the nation's most successful public radio stations more agile and ensuring its ability to be competitive in the changing media environment;

**WHEREAS**, Interim Vice Chancellor Parker was Interim General Counsel for the UNC Health Care System; and led the Office of Technology Development, guiding University researchers in applying research and bringing innovation to market through a vibrant technology transfer program; and directing intellectual property policies, enabling inquiry, and ensuring research compliance;

**WHEREAS**, Interim Vice Chancellor Parker was an excellent writer and careful thinker, giving due consideration to the issues that prompted legal questions, and offered wise and pragmatic counsel; he created a large repository of institutional memory that is invaluable in assessing legal problems that arise in the present day;

**NOW, THEREFORE, LET IT BE RESOLVED** that the Board of Trustees of the University of North Carolina at Chapel Hill express their deepest gratitude to Interim Vice Chancellor David Parker for his commendable service, and wish him the very best for the future.

- Chair Stone called for a motion to approve the resolution. A motion was made to approve; it was duly seconded and passed.

[A copy of these remarks is located in the Office of the Assistant Secretary and at [bot.unc.edu](http://bot.unc.edu).]

**CHANCELLOR'S REMARKS**

- Chancellor Folt began her remarks by acknowledging the recent senseless killings around the nation and the world.
  - Thanked Chief McCracken, Associate Vice Chancellor Derek Kemp, and Chief Blue for their work to keep campus safe.
- Chancellor Folt congratulated Chair Stone on his appointment to a second term and thanked the trustee leadership on standing committees for their continued guidance.
- The Chancellor thanked the North Carolina General Assembly and legislators for their support of Carolina during the state budget process.
- Chancellor Folt shared that on June 15, SACSCOC maintained the University's accreditation.
- The Chancellor then shared personnel announcements:
  - Dr. Rumay Alexander, Special Assistant to the Chancellor, was named Interim Chief Diversity Officer.
  - Dr. Kim Strom-Gottfried has been named Director of Ethics Education and Policy Management. This is a cabinet-level position recommended by the Ethics and Integrity and Policy and Procedures working groups.
    - Chancellor Folt thanked Todd Nicolet for his work as interim director and chair of the search committee.
- The Chancellor shared that at Convocation on August 21, Carolina will welcome 4,076 students from 97 counties, 44 states and DC, and 21 countries.
- This year the University saw another record for applications.
  - Increase for 11 consecutive years – 35,863 total applications
  - 19% were first generation and 771 are transfers
- Following up from the May meeting, Chancellor Folt shared her experience watching Dr. Joe DeSimone receive the National Medal of Technology and Innovation at the White House.
- Dr. Aziz Sançar will receive the highest UNC System honor, the O. Max Gardner Award next week from the Board of Governors.
- Chancellor Folt announced that the NIH selected CARE (Collaboratory of AIDS Researchers for Eradication) at UNC-CH, for refunding after a competitive process. They will receive about \$23M over 5 years. This will fund a “kick and kill” strategy for

- eradicating HIV.
- Chancellor Folt hosted “Zika Virus – What you need to know” on June 30.
- The University hosted the Warrior-Scholar Project from June 5-11. The project helps military vets transition from service to higher education.
  - Professors and graduate students volunteer their time to help veterans learn study tools, writing skills, and exposure to contemporary and classical literature.
- Chancellor Folt ended her remarks by introducing the presentation.

[A copy of these remarks is located in the Office of the Assistant Secretary and at bot.unc.edu.]

### **WE IGNITE THE PUBLIC CONVERSATION**

Chancellor Folt introduced Susan King, Dean of the School of Media and Journalism. Dean King began by sharing information on the school’s name change, rebranding, and the school’s vision for the future. She then introduced two professors, Dr. Charlie Tuggle, Senior Associate Dean for Undergraduate Studies and John H. Stembler Distinguished Professor and Patrick Davidson, Professor of Visual Communication. Dr. Tuggle presented an overview of the Hearst competition and UNC-CH’s success in them. Following his overview, he introduced one of the student winners, CB Cotton, who shared her award-winning video.

Professor Davidson then discussed his teaching philosophy and introduced the next two student winners, Emily Rhyne and Carolyn Van Houten. Ms. Van Houten shared her award-winning photographs with the board. Ms. Rhyne was available via skype. Professor Davidson introduced her award-winning video.

Following their presentation, Dean King, Professors Tuggle and Davidson, and the three student winners, CB, Carolyn, and Emily, entertained questions from the Board. This presentation can be found on bot.unc.edu and on file in the Office of the Assistant Secretary.

### **REPORT FROM THE COMMERCIALIZATION & ECONOMIC DEVELOPMENT COMMITTEE**

Trustee Grumbles presented a review of the Commercialization and Economic Development Committee meeting. There were no action items for this committee in open session. Trustee Grumbles then shared the items presented for information:

- An update on the Innovation Roadmap was given by Judith Cone, Vice Chancellor for Commercialization and Economic Development.
- A presentation was given by Ted Zoller, Director of the Center for Entrepreneurial Studies and Dina Rousset, Associate Director of the Center.

A full review of the committee meeting may be found in the committee minutes in the Office of the Assistant Secretary.

### **REPORT OF THE EXTERNAL RELATIONS COMMITTEE**

Trustee Hopkins presented a review of the External Relations Committee meeting. There were no action items for this committee in open session. Trustee Hopkins then shared the items presented for information:

- Board of Visitors update given by Tom Long, Past Chair
- Chapel Hill-Carrboro Chamber of Commerce presentation given by Aaron Nelson, CEO and President
- Chapel Hill Downtown Partnership presentation given by Meg McGurk, Executive Director
- Communications Update given by Joel Curran, Vice Chancellor for Communications and Public Affairs
- Development Report given by Mark Meares, Associate Vice Chancellor for Corporate and Foundation Relations and Talent Management

A full review of the committee meeting may be found in the committee minutes in the Office of the Assistant Secretary.

### **REPORT OF THE FINANCE, INFRASTRUCTURE & AUDIT COMMITTEE**

Vice Chair Cochrane presented the report from the Finance, Infrastructure and Audit Committee. The following items were presented to the committee for action:

#### **Transfer to the University of the Endowment’s Distribution from the Investment Fund**

Annually the Chapel Hill Investment Fund authorizes a distribution to its participating investors, including the Endowment Fund. A table showing the proposed June 30, 2016 transfer of that distribution from the Endowment to the University, by category, for expenditure during the 2016-2017 fiscal year as well as a page of explanatory notes are included. Regulations adopted by the Board of Governors require that the Trustees approve any transfer of Endowment principal or income to the useful possession of the institution. The Board of Trustees of the Endowment

Fund approved, by mail ballot, the proposed June 30, 2016 transfer for University expenditure during the 2016-2017 fiscal year.

(ATTACHMENT C)

**Annual Audit Certification Letter Process and Revised Internal Audit Charter**

Phyllis Petree, Director of Internal Audit brought forward the annual audit certification letter. This letter satisfies a UNC Board of Governors requirement for the Finance, Infrastructure, and Audit Committee to certify in writing that the Committee:

- Met at least four times a year and received at least four reports relative to internal audit matters from the Director of Internal Audit (presentations made in July and September 2015 and January and May 2016);
- Reviewed results from audits and reviews performed by the North Carolina Office of the State Auditor with representatives of that office; discussed corrective action plans; and reviewed the Internal Audit report regarding completion of corrective action;
- Reviewed audits and management letters for University Associated Entities; and
- Formally approved the annual internal audit plan and received a report comparing the audit plan and audits performed (done in September 2015)

She also presented for approval the revised Internal Audit Charter. The document has been updated for the recent change in the name of the committee that oversees auditing activity and revisions to the Institute of Internal Auditors definition of internal auditing and recommended internal audit charter.

(ATTACHMENTS D-E)

**Designer Selections**

Anna Wu, Associate Vice Chancellor for Facilities Services presented the following designer selection items:

- **Morehead Planetarium Building Renovation**

This project will address elevator machine deficiencies and safety concerns for three campus elevators. Two elevators in the Health Sciences Library and an elevator in the Morehead Planetarium and Science Center will be brought to the current code standards. The project budget is estimated at \$1.5 million and will be funded by Foundation and R&R funds.

The project was advertised on May 1, 2016. Three (3) proposals were received. Three (3) firms were interviewed on June 22, 2016. Members of the Board of Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

- |    |                      |                 |
|----|----------------------|-----------------|
| 1. | RND Architects       | Durham, NC      |
| 2. | John B. Hawkins, AIA | Chapel Hill, NC |
| 3. | Kirwan Architecture  | Raleigh, NC     |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT F)

- **Odum Village Demolition**

The demolition of thirty-six (36) buildings in Odum Village which contain a total of two hundred thirty-six (236) apartments is necessary for future campus development. The apartments will not be allowed as residential units after the fall of 2016 due to the lack of a proper fire protection system. The buildings total approximately 192,500 square feet. The Board of Trustees approved the demolition of the buildings at their January 2016 meeting. The estimated project budget is \$5,138,600 and will be funded by University funds.

This project was advertised on May 18, 2016. Four (4) proposals were received. All four (4) firms were interviewed on June 16 and 17, 2016. Members of the Board of Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

- |    |                     |             |
|----|---------------------|-------------|
| 1. | KCI Associate of NC | Raleigh, NC |
| 2. | Kimley Horn         | Raleigh, NC |
| 3. | Stewart Engineering | Durham, NC  |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT G)

### **Site Approval**

Ms. Wu continued and presented an action for site approval:

1. **Surgical Towers – UNC Health Care System**

This project will add new operating rooms, central sterile processing, administrative support space and infrastructure. The previous site was approved by the Board of Trustees at the September 2014 meeting. The project budget is \$177 million and will be funded by the UNC Health Care System.

The Chancellor's Buildings and Grounds Committee approved the revised site on July 15, 2016.

(ATTACHMENT H)

### **Property Acquisition by Lease**

Jeff Kidd, Director of the UNC Property Office shared two items for approval:

1. **Renaissance Computing Institute (RENCI)**

This request is to acquire by lease approximately 24,469 SF of office space located at 100 Europa Drive in Chapel Hill from Europa Center, LLC for use by RENCI. RENCI is currently housed in this space under a lease that expires September 2016. The new lease term will be five years at an initial annual cost of \$501,369.81, or \$20.49 per square foot, inclusive of janitorial services, utilities, taxes and common area maintenance, with an annual escalation of 3%. The University will have the option to renew this lease for a subsequent five-year term if desired. Europa Center, LLC was selected as the lessor through a public bid process.

(ATTACHMENT I)

2. **Carrboro Office Space**

This request is to acquire by lease approximately 17,864 SF of office space located at 400 Roberson Street in Carrboro from the Yaggy Corporation for use by multiple University departments over the next five to ten years. The University needs this space in order to house departments on a temporary basis while University owned spaces are under renovation. The lease term will be five years at an initial annual cost of \$393,008, or \$22.00 per square foot, inclusive of janitorial services, utilities, taxes and common area maintenance, with an annual escalation of 3%. The University will have the option to renew this lease for a subsequent five-year term if desired. Yaggy Corporation was selected as the lessor through a public bid process.

(ATTACHMENT J)

### **Relinquishment of Pittsboro Easement**

This request is for approval to authorize relinquishing an approximately 0.9-acre access easement that was originally obtained to provide access from Highway 15/501 to University property in the Town of Pittsboro that houses the University's Carolina Living and Learning Center. This easement, which was in place and deeded with the property when acquired by the University in 1988, is no longer needed because Russett Run, a publicly maintained road, now serves this University property housing the Carolina Living and Learning Center. Chatham Development One, Inc. and Randolph Development Group, LLC now own two parcels encumbered by the easement. The two entities have requested the University to relinquish the easement. The University relinquished another unused section of this same access easement in 1996 to a private landowner.

(ATTACHMENT K)

A motion was made by committee to approve all of the above items; they were seconded by Secretary Duckett and passed.

Trustee Caudill briefly reviewed the other items presented to committee for information only:

- Preliminary designs for the SECU Family House by Anna Wu, Associate Vice Chancellor for Facilities Services
- Semi-Annual Capital Improvements Report given by Associate Vice Chancellor Wu (ATTACHMENT L)
- Semi-Annual Lease Report given by Jeff Kidd, Director of the UNC Property Office (ATTACHMENT M)
- Development report given by Mark Meares, Associate Vice Chancellor for Corporate and Foundation Relations and Talent Management
- State of Higher Education Budget update given by Matt Fajack, Vice Chancellor for Finance and Administration
- FY16 UNC Investment Fund performance update given by Jon King, CEO of UNC Management Company

A full review of the committee meeting may be found in the committee minutes in the Office of the Assistant Secretary.

**REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Secretary Duckett presented the report from the University Affairs Committee. The following items were presented to the committee for information:

- Faculty Recognition of Assistant Professor Bo Li by Kevin Guskiewicz, Dean of the College of Arts and Sciences
- University Policy Updates given by Winston Crisp, Vice Chancellor for Student Affairs and Jonathan Sauls, Dean of Students
- Employee Forum Update given by Charles Streeter, Chair
- Faculty Update given by Bruce Cairns, Chair
- Task Force on UNC-Chapel Hill History Update given by Vice Chancellor Crisp

A full review of the committee meeting may be found in the committee minutes in the Office of the Assistant Secretary.

**MOTION TO CONVENE IN CLOSED SESSION**

On motion of Secretary Duckett, and a second by Trustee McCullen, 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).

**RECONVENE MEETING IN OPEN SESSION**

Chair Stone made a motion to reconvene the meeting in open session; it was seconded and passed.

**OPEN SESSION**

**REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Secretary Duckett referred the members to the personnel matters submitted for review. A motion to approve the actions was made from committee; it was duly seconded, and passed. Chair Stone stated that the personnel and salary actions voted on in open session had been distributed.

(ATTACHMENT N)

**ADJOURNMENT**

There being no further business to come before the Board, Chair Stone called for a motion to adjourn. The motion was made by Trustee Caudill, seconded by Trustee Grumbles and passed. Chair Stone adjourned the meeting at 1:00 p.m.

  
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Dwayne Pinkney, Assistant Secretary