

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

The Board of Trustees met in regular session on Wednesday, November 19, 2008, at The Carolina Inn, Chancellor's 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 Hyde
Karol V. Mason, Vice Chair	Nelson Schwab III
Russell M. Carter, Secretary	A. Donald Stallings
John G. B. Ellison, Jr.	Robert W. Winston
Paul Fulton	J.J. Raynor
J. Alston Gardner	

Sallie Shuping-Russell was absent and Phillip Clay joined the meeting late via teleconference.

Chair Perry 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**

Mr. Winston, Committee Chair, moved ratification by the Board of the following five Level 1 items, which were previously approved by the committee. Mr. Stallings seconded the motion and each item carried.

• **Designer Selection- South Road Pedestrian Bridge.** This project provides a new pedestrian bridge across South Road from the Pit to Stadium Drive. The project budget for advance planning is \$400 K with funding from the University. The interview committee recommended the selection of the three firms in the following priority order:

- |                                 |                 |
|---------------------------------|-----------------|
| 1. Pearce Brinkley Cease + Lee  | Raleigh, NC     |
| 2. Szostak Design, Inc.         | Chapel Hill, NC |
| 3. Steven Grover and Associates | Berkeley, CA    |

The firm in the number one position, Pearce Brinkley Cease + Lee, was recommended because of the strength of its team, its recent and relevant experience.

(ATTACHMENT A)

• **Designer Selection- Davis Library- Renovations to 1<sup>st</sup> and 2<sup>nd</sup> Floors.** This project provides renovations to the first and second floors of Davis Library to enhance patron services and spaces. The project budget for advance planning is \$250 K with funding from the University. The interview committee recommended the selection of the three firms in the following priority order:

- |                                |             |
|--------------------------------|-------------|
| 1. Pearce Brinkley Cease + Lee | Raleigh, NC |
| 2. Cherry Huffman Architects   | Raleigh, NC |
| 3. Cline Design                | Raleigh, NC |

The firm in the number one position, Pearce Brinkley Cease + Lee, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT B)

• **Designer Selection- School of Law at Carolina North.** This project provides a new 200,000 SF building for the School of Law at Carolina North. The project budget for advance planning is \$5.5 M with funding from the 2008 Legislative Session. The interview committee recommended the selection of the three firms in the following priority order:

- |   |                          |
|---|--------------------------|
| 1. Smith Group                          | Durham, NC/Washington DC |
| 2. Robert A.M. Stern Architects         | New York, NY             |
| 3. Shepley Bulfinch Richardson & Abbott | Boston, MA               |

The firm in the number one position, Smith Group, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT C)

• **Designer Selection- Carolina North Infrastructure Phase 1.** This project provides for both utility system's master plans that will guide the development through its full 50-year build-out, as well as for detailed engineering design to support more immediate construction objectives. The scope of the project includes district energy plants and distribution systems for thermal utilities, all water related utility systems, site and civil infrastructure requirements associated with land development, and implementation of landscape design features. The project budget for advance planning is \$3 M with funding from 2008 Legislative Session. The interview committee recommended the selection of the three firms in the following priority order:

- |                                   |                             |
|-----------------------------------|-----------------------------|
| 1. Affiliated Engineers, Inc.     | Chapel Hill, North Carolina |
| 2. Jacobs Engineering Group, Inc. | Cary, North Carolina        |
| 3. PB Americas, Inc.              | Morrisville, North Carolina |

The firm in the number one position, Affiliated Engineers, Inc., was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT D)

• **Designer Selection- Old Sanitary Landfill Remediation at Carolina North.** This project surveys and develops a remediation plan for the old sanitary landfill site at Carolina North. The project budget for advance planning is \$500 K with funding from 2008 Legislative Session. The interview committee recommended the selection of the three firms in the following priority order:

- |                                 |                |
|---------------------------------|----------------|
| 1. Richardson Smith and Gardner | Raleigh, NC    |
| 2. SCS Engineers                | Charlotte, NC  |
| 3. S&ME                         | Greensboro, NC |

The firm in the number one position, Richardson Smith and Gardner, was recommended because of the strength of its team and its recent and relevant experience.

(ATTACHMENT E)

Mr. Winston, Committee Chair, moved ratification by the Board of the following item, which was previously approved by the committee. Mr. Schwab seconded the motion and it carried.

• **Design Approval- Carolina North Design Guidelines.** The Carolina North Plan was approved by the Board of Trustees in September, 2007. The Board subsequently requested that staff develop Design Guidelines for development on the new campus. The Design Guidelines support the decision-making process for buildings on the Carolina North campus.

They address three main categories: use and program, site and building performance, and character. In these categories are more detailed descriptions of the desired open space network, buildings, built environment, and sustainability traits of Carolina North. The guidelines are intended to provide a descriptive framework for the campus. This approach allows the landscape framework to be the significant, organizing feature of the new campus while encouraging individual buildings to adopt appropriate design elements that fit into the overall design framework and performance goals for Carolina North.

Chancellor Thorp commented that he was very excited about the potential for Carolina North. Carolina North will allow us to add to our programs, and to think about what it means to build a community. The Town Council, Mayor and Town Manager are engaged in a process that will produce a new zone for Carolina North by June 30, 2009. The Mayor said, "This is going to happen." It is a good time to be reflective about Carolina North and what we are going to do.

One issue surrounding Carolina North is the airport. We need to relocate the airport. In the short-term, AHEC and MedAir, will move to RDU. Chancellor Thorp commented that he fully supports the airport authority authorized by the General Assembly as the best way to pursue creation of an airport in Orange County. It allows us to appoint the airport authority and launch that important work. It also gives us a chance to get involved in the Carolina North planning. We have said all along that we wouldn't close Horace Williams Airport until we had to. The challenging economic climate means Carolina North construction will be delayed. Our state appropriation for planning and infrastructure for the Law School relocation to Carolina North is frozen for now. And Alexandria Real Estate Equities, Inc., our partner for the Innovation Center, has put new projects on hold, although they have affirmed their interest in our project.

(ATTACHMENT F)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

Mr. Winston, Committee Chair, moved ratification by the Board of the following item, which was previously approved by the committee. Mr. Schwab seconded the motion and it carried.

- **Design Approval- Imaging Research Building.** This project constructs a new 343,000 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 G)

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A copy of the presentation is also filed in the Office of the Assistant Secretary.

Mr. Winston, Committee Chair, moved ratification by the Board of the following item, which was previously approved by the committee. Mr. Stallings seconded the motion and it carried.

- **Design Approval- Bell Tower Parking Deck.** This project constructs a 755 car parking deck in the Bell Tower and provides pedestrian connections from the parking deck to the new central park. The project budget is \$28.4 M with funding from Parking receipts.

Mr. Winston mentioned that the committee preferred a brick face rather than the precast face that was brought to the committee. Due to a strict budget, the committee proposed that the deck be approved with the stipulation that further brick drawings come back to the committee

so that the bidding will be for the original design, as well as the alternative design in brick. It is with this stipulation that the motion was brought to the Board.

(ATTACHMENT H)

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A copy of the presentation is also filed in the Office of the Assistant Secretary.

Mr. Winston, Committee Chair, moved ratification by the Board of the following item, which was previously approved by the committee. Mr. Schwab seconded the motion and it carried.

- **Design Approval- Bath House at the UNC Faculty and Staff Recreation Association (The Farm).** The University currently leases land at Mason Farm to the University of North Carolina Faculty-Staff Recreation Association, Incorporated, known as 'The Farm'. The Board of 'The Farm' proposes to build a new 3,200 SF bath house to accommodate shower and locker facilities, office, concessions and storage facilities for the swimming pool. This project will demolish and replace the existing bath house on the property. This is a \$400,000 project and will be funded by the University of North Carolina Faculty-Staff Recreation Association, Inc.

(ATTACHMENT I)

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

#### **RECESS**

Chair Perry recessed the Board meeting at 5:20 p.m.

#### **RECONVENE**

Chair Perry reconvened the Board meeting at 8:03 a.m. on Thursday, November 20, 2008, at The Carolina Inn, Chancellor's Ballroom East and West.

#### **ROLL CALL**

Assistant Secretary Brenda Kirby called the roll. Sallie Shuping-Russell was absent. Phillip L. Clay joined the meeting late.

#### **CONSENT AGENDA**

##### **Approval of Minutes**

On motion of Mr. Schwab seconded by Ms. Hyde, the minutes of the regular meeting of September 24-25, 2008, were approved as distributed.

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

On motion of Mr. Schwab seconded by Ms. Hyde, the following mail ballot dated October 15, 2008, was approved as distributed:

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

(ATTACHMENT J)

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

Chair Perry began his remarks by thanking his fellow trustees for participating in last night's William Richardson Davie Award Dinner to honor special members of the Carolina family. It is the highest honor this board can bestow for extraordinary service to the University or to society, and we are pleased to have recognized these outstanding recipients:

- **Nancy and Vaughn Bryson**, both pharmacy graduates from the Class of 1960 of Vero Beach, Florida, who have been great friends of the University and generous donors to a

diverse array of academic causes, as well as athletics. Vaughn is the retired chief executive officer of Eli Lilly and Company.

- **Peter Grauer**, an English graduate from the Class of 1968 and chairman and president of Bloomberg LP in New York.
- **C. Knox Massey, Jr.**, Class of 1959, a retired advertising executive from Atlanta.
- **James Horner Winston**, Class of 1955, who runs several businesses, including LPMC Inc., a real estate development firm, in Jacksonville, Florida.

Chair Perry concluded his remarks by thanking everyone who helped make last night a great event for the Board of Trustees and the University.

### **CHANCELLOR'S REMARKS**

Chancellor Thorp began his remarks by commenting on the following:

- Carolina continues to well in undergraduate applications. We are up 15% over last year.
- Budget
  - 5% cut in one-time state appropriations which equals \$25 million or 22% of our total operating budget. When cuts like these happen, we rely on the vice chancellors and deans to make the decisions as how to return those funds.
  - Our overriding priority is always to protect the quality of education for students.
  - There is not a general hiring freeze right now. However, we are being extremely cautious about the hiring we are doing. We have faculty searches and key administrator positions that need to be filled.
  - There will be no R & R or new capital funds available. They are frozen for now.
  - Our main concern is the permanent cuts next year. We have to plan now. If it happens, we have to look at everything we do to make sure we are as efficient as possible.
  - He praised Jon King and the Management Company for protecting the endowment.
  - The Board of Governors budget request was approved last week. It is about half the normal size. (less than 6% increase; down from about 12% the last biennium).

### **STUDENT BODY PRESIDENT'S REMARKS**

Ms. Raynor spoke briefly about:

- Tuition
- Carolina as the Best Place to Teach, Learn and Discover
- Invigorating Academics

[A copy of Ms. Raynor's remarks is filed in the office of the Assistant Secretary.]

### **THE BEST PLACE TO TEACH, LEARN, AND DISCOVER UPDATE**

Trustees Ellison and Raynor gave the report. Trustee Ellison thanked Chair Perry and Chancellor Thorp for the opportunity to serve in this way. Trustees Ellison and Raynor have spoken to over 500 people, engaging faculty, staff, alumni, students, and administration. They are learning how to make Carolina the best place to teach, learn, and discover between now and 2017. To date, they have twenty big ideas that can really enhance the quality of this campus. Trustee Raynor highlighted some of the biggest priorities:

- Recruit the best students- graduate and undergraduate
- Recruit, retain, and support the best faculty
- Create continuing academic innovation around our curriculum

Anyone interested in knowing more or reading about their progress can visit [www.Bestcarolina.unc.edu](http://www.Bestcarolina.unc.edu). [A copy of the report is filed in the office of the Assistant Secretary.]

### **REPORT ON INVESTMENT FUNDS**

Mr. Jonathon King, President and Chief Executive Officer of the UNC Management Company, Inc., presented this report to the Board:

- UNC Investment Fund Summary.

- 1) Market Value of the Investment Fund at June 30, 2008- \$2.5 Billion- a \$322 Million increase since June 30, 2007.
  - 2) The UNC Investment Fund's performance ranks in the top 10% of college and university endowment funds in the Cambridge Associates Universe for the 1-, 3-, 5- year periods ended June 30, 2008.
- UNC Chapel Hill Foundation Investment Fund Summary.
    - 1) The market value of UNC CH Foundation Investment Fund increased by \$199.8 million in FY 2008.
    - 2) Over the past three fiscal years, the UNC CH Investment Fund has grown by \$1 billion, from \$1.12 billion at June 30, 2005, to \$2.2 billion at June 30, 2008, (after distributing \$228 million to support University Programs over this three year period).

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
 A copy of the presentation is also filed in the Office of the Assistant Secretary.

Chancellor Thorp praised the UNC Management Company team and the Investment Fund Board for their outstanding work. Chair Perry echoed the chancellor's remarks.

#### **EFFECT OF GLOBAL WARMING ON THE STATE AND REGION**

Mr. David Salvesen, Deputy Director, Center for Sustainable Community Design, Institute for the Environment, reported on global climate change and climate change in NC, environment, human health, mitigation and adaptation, and policy recommendations and needs for additional research.

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#### **REPORT OF THE AUDIT AND FINANCE COMMITTEE**

Mr. Fulton moved ratification by the Board of the following two items which were previously approved by the committee. Ms. Mason seconded the motion and each item carried.

- **The University of North Carolina at Chapel Hill Endowment Fund Annual Report for Year Ended June 30, 2008.** Jon King presented results from the Endowment Fund and the Investment Fund annual reports for the year ended June 30, 2008.

(ATTACHMENT K)

- **Withdrawal of Principal from the Meadowmont Endowment.** The Dean of the Kenan-Flagler Business School has requested the transfer of \$300,000 from the principal of the Meadowmont Endowment Fund to the University to be used to pay for various capital improvements.

(ATTACHMENT L)

- **Tuition and Fee Proposals.** Provost Gray-Little presented a summary of the deliberations of the Tuition and Fee Advisory Task Force (TFATF). Provost Gray-Little will present the information at the close of the committee report and will be voted on separately once the presentation is given.

Mr. Fulton, 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).

- **Review of First Quarter Fiscal Year 2008-2009 Budget Status.** Dick Mann presented the first quarter budget status for FY 2008-09 and noted that there were no surprises this point in the fiscal year.

• **2008-2009 Budget Allocations.** Elmira Mangum gave a review of the operating budget planning process for 2008-2009. In her presentation she noted that the campus received \$10.7M in enrollment growth and change funding, 44 new instructional positions, and approximately \$8M in campus based tuition. Carolina also received \$10M in legislative salary increases, of which \$7.2M was for faculty and instructional salaries. Elmira also noted that they have experienced one permanent budget reduction or two expenditure reductions. These reductions amount to a decline of about \$28M in expenditure authority for the campus (of which \$13M is in the academic units).

(ATTACHMENT M)

• **Analysis of Class Size over the Last Ten Years.** Elmira Mangum gave a report of the history of the average and median class sizes for undergraduate students for fall 1998 through fall 2008. As we learned last year, it takes a lot of resources to effectively change the average class size by one student in a student body of this size. In the last ten years, the median (as an indicator of class size) has dropped from 23 to 20 and the mean/average has dropped from 34.8 to 34, this fall. Class size is one of several quality indicators that we hope to continue to highlight and focus attention on as a strategic objective.

• **Compensation Analysis (60%-70% of Peers) and Follow-up on Supplemental Health Insurance.** Brenda Malone presented additional information on how Carolina compares with its peers on compensation, including retirement and health benefits. We have focused a lot on the 80<sup>th</sup> percentile, but Brenda presented data on how we compare at the 60<sup>th</sup> and 70<sup>th</sup> percentiles. These different comparisons help us to better understand the cost to the University if we were to try to close the gap at either of these levels.

• **Report on Fundraising.** Matt Kupec gave an update on fundraising issues and how our efforts are being impacted by the current economic climate. Despite the economy, things look positive.

Mr. Fulton moved ratification by the Board of the following item which was previously approved by the committee. The motion was duly seconded and carried.

• **Tuition and Fee Proposals.** Based on the deliberations of the Task Force, the Chancellor is recommending the following increases in fees for 2009-2010:

- Undergraduates - \$74.67, for a total of \$1,766.41- a 4.4% increase
- Graduates - \$74.67, for a total of \$1,754.61- a 4.4% increase

Based on the deliberations of the Task Force, the Chancellor is recommending the following increases in tuition for 2009-2010:

- Resident undergraduates - \$240
- Nonresident undergraduates - \$1,150
- Nonresident graduates - \$400
- Resident graduates - \$400

Based on the deliberations of the Task Force, the Chancellor is recommending the following increases in school-based tuition for 2009-2010:

- Kenan-Flagler Business School for MAC and MBA
  - Resident- \$600
  - Nonresident- \$1600
- Pharmacy
  - Resident - \$589
  - Nonresident - \$1406

Chairman Perry thanked Trustees Ellison and Mason for serving on the Tuition and Fee Advisory Task Force again. He commended members of the task force, chaired by Provost Gray-Little and Trustee Raynor, for their work. He acknowledged the sensitivity of balancing raising the price of a Carolina education to maintain quality and covering the rising cost of higher education at the same time we face a global economic crisis.

Trustee Carter asked for a list of fees to be provided to the Board.

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

### **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).

- **Provost Bernadette Gray-Little reported** that searches for the Dean of the College of Arts and Sciences and the Dean of the School of Information and Library Sciences are underway.

Mr. Gardner moved ratification of the following item which was previously approved by the committee. The motion was duly seconded and it carried.

- **Mission Statement Review.** As a follow-up to UNC Tomorrow's Phase II, Provost Gray-Little brought Carolina's Mission Statement for review and revision.

The Board approved the mission statement with the stipulation that a short phrase on access will be added.

(ATTACHMENT N)

- **Update on ERP Planning.** Larry Conrad provided an update on ERP planning. It is finally coming closer to fruition. In six months, admissions will be the first department to go on-line. They are beginning testing now.

A copy of the PowerPoint presentation is located at: [www.unc.edu/depts/trustees/](http://www.unc.edu/depts/trustees/)  
A copy of the presentation is also filed in the Office of the Assistant Secretary.

- **Review of Campus Safety.** Chief McCracken gave a brief overview of our public safety efforts. We have a nationally accredited police department on campus of fifty-two sworn officers. They have installed an emergency warning system and a very clear emergency plan. We also have a new program called RAVE Guardian which works as a time limited alarm or panic alarm.

Chief Curran from Chapel Hill Police Department also spoke to the committee. Both departments work together to be most effective in maintaining safety.

- **Graduate Student Safety.** Steve Matson, Dean of the Graduate School, by request of the University Affairs committee, polled 937 graduate students on-line, about safety. He received very specific comments and recommendations that have been passed on to Chief McCracken. The most common responses included after-hours transportation, lighting, and parking.

### **MOTION TO CONVENE IN CLOSED SESSION**

On motion of Secretary Carter, seconded by Ms. Mason, 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. Mr. Fulton, Committee Chair, moved ratification, and seconded by Ms. Mason, the motion carried. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

##### **Report of the Committee on Honorary Degrees & Special Awards**

Joe Ferrell, Secretary of the Faculty, presented nominees for Distinguished Alumna/Alumnus Awards to be presented on University Day, October 12, 2009, and an Honorary Degree to be conferred at May Commencement 2009. All nominees were previously presented to the Audit & Finance Committee and approved by the committee. Mr. Fulton, Committee Chair, moved ratification. The motion was duly seconded and it carried. [A copy of the Report of the Committee on Honorary Degrees & Special Awards is filed in the Office of the Assistant Secretary.]

##### **Honorary Degree Candidate Selection**

Matt Kupec presented candidates for an Honorary Degree to be conferred at May Commencement 2010. The trustees discussed the candidates and will present their nominee to the Committee on Honorary Degrees & Special Awards.

#### **REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated November 10, 2008, for the Board's consideration. The actions will be voted on in open session.

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

#### **LEGAL ADVICE**

Vice Chancellor and 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 matters.

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

Chair Perry reconvened the meeting in open session.

#### **OPEN SESSION**

#### **REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE**

Mr. Gardner, Committee Chair, moved approval by the Board of the following personnel actions dated November 10, 2008, which were discussed earlier in closed session. The motion was duly seconded and the motion carried.

- The personnel changes for information did not require action by the Board.

(ATTACHMENT O)

- Personnel changes in Academic Affairs.  
(ATTACHMENT P)
- Personnel changes in Health Affairs.  
(ATTACHMENT Q)
- Tenured Personnel Actions.  
(ATTACHMENT R)
- Out of Cycle Salary Increase.  
(ATTACHMENT S)

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

**ADJOURNMENT**

There being no further business to come before the Board, the meeting adjourned at 11:49 a.m.

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Assistant Secretary