

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

The Board of Trustees met in regular session on Wednesday, January 25, 2012, at The Carolina Inn, Hill Ballroom South & Central, at 2:01 p.m. Chair Hargrove presided.

ROLL CALL

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

Wade H. Hargrove, Chair	Steven J. Lerner
Barbara R. Hyde, Vice Chair	Sallie Shuping-Russell
Phillip L. Clay, Secretary	Edward C. Smith
W. Lowry Caudill	John L. Townsend III
Donald Williams Curtis	Felicia A. Washington
J. Alston Gardner	Mary Cooper

Peter T. Grauer was absent.

Chair Hargrove opened the meeting by reading the following statement regarding the State Government Ethics Act:

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

The State Ethics Commission has evaluated the Statements of Economic Interests filed by Trustees Caudill, Clay, Curtis, Gardner, Hargrove, and Washington and found no actual conflict of interest or potential for a conflict of interest that would prohibit their service as trustees. The State Ethics Commission found that Trustees Caudill, Curtis, Gardner, Hargrove, and Washington do have the potential for conflict of interest, however. These trustees have been advised to exercise appropriate caution in the performance of their public duties should issues involving the entities in which they have an economic interest come before the Board or otherwise seek to do business with the University. These trustees are aware of their obligations under the State Ethics Act.

The Buildings and Grounds Committee met as a Committee of the Whole.

BUILDINGS AND GROUNDS COMMITTEE OF THE WHOLE

Committee Chair, Phillip L. Clay called on Bruce Runberg, Associate Vice Chancellor for Facilities Planning and Construction, to present the following action items to the committee:

- **Designer Selection- Main Campus Electric Infrastructure Additions.** Ms. Hyde moved approval to provide new underground, medium voltage electrical (15kV) and telecommunications ductbanks at three separate locations on main campus:

- South Columbia Street Crossing Ductbank
- South Road and Stadium Drive Ductbank
- Ductbank Reconfiguration at UNC Women & Children’s Hospital

The total project budget is \$1.6M with funding by Energy Services receipts. The committee recommended the selection of three firms in the following priority order:

1. RMF Engineering, Inc. Raleigh, NC

2. Affiliated Engineers, Inc.

Chapel Hill, NC

3. United Engineering Group, Inc.

Raleigh, NC

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

Mr. Lerner seconded the motion and it carried.

(ATTACHMENT A)

• **Construction Manager at Risk Selection- Carolina North Infrastructure and Research Building.** Ms. Hyde moved approval to provide the initial development on the Carolina North campus and includes a 225,000 SF building to house interdisciplinary research groups, campus infrastructure and a small central utility plant. The combined project budget is \$72.5M with funding by the University. The committee recommended the selection of three firms in the following priority order:

1. Skanska USA Building, Inc./Horus Construction Services

Durham, NC

2. Lend Lease with Parker Construction Group

Durham, NC

3. DH Griffin /Balfour Beatty

Raleigh, NC

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

Ms. Shuping-Russell seconded the motion and it carried.

(ATTACHMENT B)

The following items were presented for information only; no formal action was required by the committee.

• **Semi-Annual Capital Report.** Mr. Runberg directed the committee to the attachment and asked if there were any questions.

(ATTACHMENT C)

• **Semi-Annual Lease Report.** Mr. Runberg directed the committee to the attachment and asked if there were any questions.

(ATTACHMENT D)

• **Preliminary Design Review- Craige Deck Expansion.** Anna Wu, Director of Facilities Planning, reported that this project constructs three levels to the existing Craige Parking Deck and adds approximately 900 spaces to the deck. The project budget is \$24 M and will be funded by Parking receipts. The Chancellor's Buildings and Grounds Committee reviewed the project at its January 5, 2012 meeting.

(ATTACHMENT E)

• **Carolina North Update.** Anna Wu, Director of Facilities Planning, provided an update to the committee. She spoke about the following:

- **Conservation Easements** – On January 5, 2012, an official request was made to the Town Council with adjustments to the easements. The request was deemed complete. There will be another meeting February 10, 2012.

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/

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

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Townsend, and duly seconded, the minutes of the regular meeting of November 16-17, 2011, were approved as distributed.

On motion of Mr. Townsend, and duly seconded, the minutes of the emergency meeting of December 8, 2011, were approved as distributed.

(ATTACHMENT F)

On motion of Mr. Townsend, and duly seconded, the minutes of the emergency meeting of December 9, 2011, were approved as distributed.

(ATTACHMENT G)

Ratification of Mail Ballots

On motion of Mr. Townsend, and duly seconded, the following mail ballot dated December 5, 2011, was approved as distributed:

- Personnel actions and actions conferring tenure, Compensation Actions, and items for information.

(ATTACHMENT H)

On motion of Mr. Townsend, and duly seconded, the following mail ballot dated December 13, 2011, was approved as distributed:

- Compensation Actions and Personnel corrections.

(ATTACHMENT I)

CHAIR'S REMARKS

Chair Hargrove mentioned the following:

- **Board orientation and planning session.** Chair Hargrove reported on the board's day-long session focusing on: strategic directions, working together to sustain and build excellence, and moving Carolina forward. Dr. Terry MacTaggart from the Association of Governing Boards facilitated the session.
- **Tuition process and proposals with the Board of Governors**
 - In the time of a difficult economy and scarce public resources, the goal has been to protect the quality and to maintain the tradition of excellence at Chapel Hill and the other public institutions, to restore financial stability to the way universities operate and to maintain accessibility to the state's public institutions of higher learning.
 - For Chapel Hill, President Ross proposed a 9.9% increase for in-state tuition for 2012-2013 school year. That equals \$695 increase per student.
 - 2013-2014 tuition increase would equal \$600.
 - President Ross has also endorsed the Boards proposal of an increase of 6% for out-of-state students.
 - This Board is committed to providing adequate need-based aid (38% for need-based aid for undergraduates).

CHANCELLOR'S REMARKS

Chancellor Thorp reported on the following:

- **Tuition process.** Chancellor Thorp reiterated the chair's support for the President's proposal and referred to Kiplinger's ranking as evidence we have the right approach to tuition, financial aid and affordability at Carolina. Chancellor Thorp commented on the President's State of the Union Address. President Obama praised a group of college presidents and chancellors for doing their part to keep costs down. UNC-Chapel Hill is one of those campuses. Chancellor Thorp attended the meeting in December.

- **Karol Gray, Vice Chancellor for Finance and Administration.** Chancellor Thorp welcomed Vice Chancellor Gray. Vice Chancellor Gray joined the University in December, replacing Vice Chancellor Dick Mann who retired in November.
- **The Carolina Leadership Academy.** Athletics announced that the Carolina Leadership Academy has been renamed The Richard A. Baddour Carolina Leadership Academy.
- **Myron Cohen, Distinguished Professor of Microbiology and Immunology.** Chancellor Thorp recognized Professor Cohen's leadership in an HIV prevention study that the prestigious journal, **Science**, called the 2011 Breakthrough of the Year.
- **Investor's Summit.** Chancellor Thorp commented on the President/Investors Summit in Washington, DC. Co-organizers are the Association of American Universities and the Association of Public and Land Grant Universities. This is another example of the synergy between higher education, great ideas and the investment world.

STUDENT BODY PRESIDENT'S REMARKS

Ms. Cooper spoke about the following:

- Upcoming Student Body President elections
- TedEx UNC Conference
- Carolina Creates
- Tuition
- Updates from Student government- 3 initiatives
 - 1) Fix my Campus
 - 2) First aid in Lifetime Fitness
 - 3) Student Enrichment Fund

[A copy of Ms. Cooper's remarks is located in the Office of the Assistant Secretary.]

REPORT OF THE BUDGET, FINANCE & AUDIT COMMITTEE

Ms. Shuping-Russell, 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).

- **Remarks from Employee Forum Chair.** Jackie Overton reported on the following:
 - **Celebrations-** Dr. Mann's Retirement, welcome to Karol Gray as the new Vice Chancellor for Finance and Administration, Carolina Black Caucus Holiday Social, and the December Social;
 - **Partnerships-** Luncheon for HR Senior Staff and Forum Executive Committee
 - **Update on housekeeping**
 - **Community Garden-** They now have a new logo and are distributing to more and more families. Students had a flash mob in the Pit to raise awareness for the Community Garden and the need for student volunteers. Chef Howard Allen has agreed to host a number of cooking events where he will teach people how to cook the vegetables they are receiving from the garden.

Ms. Overton invited members to the 20th Year Anniversary of the Employee Forum on March 7.

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

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

- **Comprehensive Annual Financial Report for FY 2010-2011.** Dennis Press, University Controller, presented an overview of The University's Comprehensive Annual Financial Report (CAFR) for FY 2010-11. The financial statements received an unqualified audit opinion issued by the State Auditor. Its overall financial condition remains stable. Continued strength in contracts and grants funding and private fundraising as well as improved investment returns and additional tuition revenues provided these important resources.

(ATTACHMENT J)

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/

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

A copy of the Report is located at: www.unc.edu/depts/trustees/

- **Review of First Half FY 2011-2012 Budget Status.** Karol Gray, Vice Chancellor for Finance and Administration, reported on the status of the budget for the first half of the fiscal year. Year to date revenue exceeded budget by \$103.9 million or a 5.6% favorable variance. Regarding expenditures, a favorable variance is typical at this point in time.

- **Outlook for Balance of Fiscal Year 2011-12 and Fiscal Year 2012-2013**

- **State Outlook**

- Although collections are currently higher than anticipated, analysts are still cautious about the forecast for the remaining fiscal year.
- Most importantly, there are two known structural budget shortfall items that the General Assembly will have to address in 2012-13:
 - Medicaid shortfall of \$250 million
 - Loss of federal dollars for public schools at \$258 million

- **Internal Audit Report.** Phyllis Petree, Director of Internal Audit, presented a summary of internal audit projects completed or in progress between April 11 and August 28, 2011. One project, an audit of fiscal activities and processes in the School of Dentistry, has been added to 2012 audit schedule. This project was requested by the new Dean of the School.

(ATTACHMENT K)

- **Development Report.** Matt Kupec, Vice Chancellor for University Advancement, provided an update on Development. His report included the following highlights:

FY 2012 Progress Report

	<u>1/23/12</u>	<u>1/23/11</u>	<u>% change</u>
○ New commitments	\$163,483,792	\$161,357,117	1%
	*Averaging \$25.15 M per month.		
	*On pace to secure \$300 M in new commitments.		
○ Gifts Received	\$142,088,836	\$149,944,231	-5%
Individuals	77,058,796	77,543,279	0%
Organizations	65,030,040	72,400,952	10%
○ Donors	44,996	48,066	-6%
○ Pipeline	\$222,540,764 proposals in the pipeline		

REPORT OF THE ACADEMIC AFFAIRS/STUDENT AFFAIRS JOINT COMMITTEE

Mr. Gardner, Academic Affairs 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 Remarks.** Provost Carney spoke about the appointment of a new director in the Center of Faculty Excellence, an update on the promotion and tenure process, and the Academic Plan. There will be a theme this year called "Water in Our World."

- **Faculty Chair Remarks by Jan Boxill.** Faculty Chair Jan Boxill provided a brief report on matters of importance to the faculty and the life of the University including: the Academic Plan and the Honor System. She highlighted a new technology called "Turn It In" that allows students to be more original in their writings and it weeds out plagiarism. [A copy of Ms. Boxill's report is located in the Office of the Assistant Secretary.]

- **Science Breakthrough of the year 2011: Who, What, Where, Why, and HOW?** Myron Cohen, Director of the HIV/Infectious Disease Center and Distinguished Professor, Microbiology and Immunology, spoke to the Board about a breakthrough regarding HIV. His research found that if properly treated, a person with HIV will not spread the disease to his/her sexual partners. His breakthrough was voted the most important scientific breakthrough in the world. It will have a direct impact on 35 million lives in the world.

(ATTACHMENT L)

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

Ms. Hyde, Student Affairs 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).

- **Campus Health Services.** Dr. Mary Covington, Executive Director of CHS, and Dr. Allen O'Barr, Director of Counseling and Wellness Services, reported on the services they offer to our students. 62% of eligible students on campus use the services offered.

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

- **Carolina Union Activities Board & Carolina Union Board of Directors.** The Carolina Union continues to be a center for the students and helps build community and provides a gathering place for a diverse population, as well as provides unique opportunities for all students.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Clay, and seconded by Mr. Townsend, 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 BUDGET, FINANCE & AUDIT COMMITTEE

Report of the Naming Committee

Ms. Shuping-Russell presented naming recommendations which were previously presented to the Budget, Finance & Audit Committee and approved by the committee. Ms. Shuping-Russell, Committee Chair, moved ratification. Ms. Hyde 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 the Committee on Honorary Degrees & Special Awards

Ms. Shuping-Russell presented a nominee for an Honorary Degree to be conferred at May Commencement 2012. He will be the Commencement Speaker. Ms. Shuping-Russell moved ratification of the motion. Ms. Hyde seconded the motion and it carried.

The Board voted to withdraw its current nominee for an Honorary Degree for May 2013 and presented an alternate candidate for approval. On motion of Ms. Shuping Russell, and seconded by Ms. Hyde, the motion carried.

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated January 17, 2012, for the Board's consideration. The actions will be voted on in open session.
(ATTACHMENTS M-N-O)

LEGAL ADVICE

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

EXECUTIVE CLOSED SESSION

Chair Hargrove convened the Board in Executive Closed Session to discuss personnel matters.

DEEP EXECUTIVE CLOSED SESSION

Chair Hargrove convened the Board in Deep Executive Closed Session to discuss personnel matters.

RECONVENE MEETING IN OPEN SESSION

Chair Hargrove reconvened the meeting in open session.

OPEN SESSION

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, moved approval by the Board of the following personnel actions dated January 17, 2012, which were discussed earlier in closed session. Dr. Lerner seconded the motion and it carried.

- Personnel Actions and Actions Conferring Tenure.
(ATTACHMENT M)

- Compensation Actions.
(ATTACHMENT N)

- For Information.
(ATTACHMENT O)

ADJOURNMENT

There being no further business to come before the Board, Chair Hargrove adjourned the meeting at 5:57 p.m.

Assistant Secretary