

BOARD OF TRUSTEES MEETING

The University of North Carolina at Chapel Hill

The Board of Trustees met in regular session in the Faculty Lounge of The Morehead Building on March 28, 2002 at 8:00 a.m. Chairman Burnett presided.

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

ROLL CALL

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

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

The following members were absent:

James E. S. Hynes
Hugh L. McColl, Jr.

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Carter, seconded by Ms. Kitchin, the minutes of the regular meeting of January 24, 2002 were approved as distributed.

Approval of Personnel Items

On motion of Mr. Carter, seconded by Ms. Kitchin, the following personnel items were approved as distributed:

- Personnel Items for Information
(ATTACHMENT A)
- Personnel Items in Academic Affairs
(ATTACHMENT B)
- Personnel Items in Health Affairs
(ATTACHMENT C)

Ratification of Mail Ballots

On motion of Mr. Carter, seconded by Ms. Kitchin, the following mail ballots were approved as distributed:

- Mail Ballot Dated February 20, 2002 (Personnel items for information, Personnel items for action in Academic Affairs, Personnel items for action in Health Affairs, and Personnel items for consultation)
(ATTACHMENT D)
- Mail Ballot Dated February 25, 2002 (Honorary Doctorate Degree Nominee for conferral at Commencement 2002)
(ATTACHMENT E)

CHAIRMAN'S REMARKS

Chairman Burnett began his remarks by congratulating Chancellor Moeser, Provost Shelton, and Dean Palm, as well as the Development Office, on the recent announcement concerning the appointment of Bill Ferris to the faculty. Professor Ferris is the former chairman of the National Endowment for the Humanities and will come to Chapel Hill in July as a history professor and associate director of the Center for the Study of the American South. Chairman Burnett stated that Professor Ferris is our nation's most prominent Southern Studies scholar at this time, and his appointment is a

great coup for the University. The reason for emphasizing Professor Ferris's appointment is that it shows the combination of effort between the faculty, administration, and the University's Carolina First Campaign. The generosity of John Powell from Palo Alto, California, a 1977 graduate of the University, is largely responsible for making Professor Ferris's appointment possible. Funds are now being sought to permanently endow the chair to be held by Professor Ferris.

Chairman Burnett updated the Board on the process of selecting officers for the 2002-2003 Year. The Nominating Committee will canvass the new members of the Board to obtain their opinion and will then present the proposed slate of nominees at the Board's May meeting. Mr. Stevens will chair the Nominating Committee. The other members of the committee are Ms. Kitchin and Mr. Stallings. The officers will be elected at the Board's July meeting.

Chairman Burnett acknowledged receipt of formal requests from the Faculty Council and the Employee Forum asking that the Board of Trustees consider adding a representative from each group to the Board of Trustees. [A copy of each request is filed in the Office of the Assistant Secretary.]

Due to the importance of these requests, Chairman Burnett announced his appointment of an ad hoc committee of the Board of Trustees to study the issue, consult with other universities and other governing bodies, and report back to the Board of Trustees at a future meeting. Mr. Hynes will chair the ad hoc committee. The other members of the committee are Mr. Carter and Mr. Williams.

Chairman Burnett recognized Mr. Young and acknowledged his contribution to the Board during the past year.

Chairman Burnett requested Secretary Kitchin read the following resolution.

**RESOLUTION OF APPRECIATION
FOR
JUSTIN C. YOUNG**

WHEREAS, Justin C. Young served as president of The University of North Carolina at Chapel Hill Student Body in 2001-2002 and in that capacity also contributed to the leadership of this campus as a member of the University's Board of Trustees;

WHEREAS, in response to the unprecedented terrorist attacks on America on September 11, 2001, Justin recognized the urgent need for the campus to come together and spearheaded the September 12 campus gathering of reflection and remembrance on Polk Place, where 10,000 students, staff, faculty members and visitors gathered for a program that steadied our UNC community and advocated tolerance, faith and calm in the face of shattering uncertainty;

WHEREAS, in giving voice to the students he represented in the debate over the tuition increase, Justin co-chaired the Task Force on Tuition and never wavered from his principles – and did so always with dignity and coolness, even at trying moments;

WHEREAS, Justin worked in partnership with the president of the Graduate and Professional Student Federation to increase the visibility of those students before the Board of Trustees;

WHEREAS, Justin upheld the honored tradition of giving students a forceful voice in decisions affecting the future of the University;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of The University of North Carolina at Chapel Hill congratulates Justin C. Young on a job well done and expresses its deepest appreciation for his outstanding work on behalf of the University, its student body, and once and future Tar Heels.

Mr. Williams moved approval of the Resolution of Appreciation for Justin C. Young. Mr. Stallings seconded the motion and it carried.

Chairman Burnett introduced Student Body President-elect Jennifer Daum who will receive the oath of office at the Board's May meeting.

CHANCELLOR'S REMARKS

Chancellor Moeser added his personal word of appreciation to Mr. Young and his colleagues in student government who have been a force on campus. He thanked Mr. Young for his service and wished him well.

Chancellor Moeser commented on the following:

- The current status of the State's budget. He stated that Governor Easley has written to each chancellor in the University System pledging to do all he can to shield instruction from budgetary cuts. Taking into account the reductions and reversions that have already occurred this year and in previous years, the Chancellor feels that the Chapel Hill Campus will not be able to shield instruction beyond two percent. He further stated that there would be monumental reductions affecting every aspect of service delivery at the University, as well as all universities in the State.
- Facilities and Administration (F&A) cost reimbursements. He commented that it is absolutely essential that F&A funds be retained in order to continue to move the University forward. He cited as examples funding from the National Institutes of Health and the National Science Foundation. These funds are brought in to the University by the faculty: \$237 million in 2001 from the National Institutes of Health, up from \$207 million in 2000; and \$254 million from the National Science Foundation. A loss of these funds would cripple research and destroy the momentum to date.
- Affordable housing in Chapel Hill and Orange County, a necessity in recruiting faculty.
- Admissions update. Applications are up, as well as the quality of the applicants who are more competitive and talented. Over 17,400 applications were received this year; about 5,900 students were accepted, and 3,500 are expected to be admitted to the University. As of March 1, the average SAT of admitted applicants was 1308; last year it was 1291. Last year's average GPA was 4.1; this year it's at least 4.2.

Chancellor Moeser concluded his report by stressing the importance of keeping hope alive during the tough times ahead at the University. He remains optimistic about the University's future and urges the Carolina family to maintain a long-term perspective. There are budget crises in every state, and we aren't losing momentum compared with our peers. UNC-Chapel Hill is one of America's greatest universities and will become even better in the future.

STUDENT BODY PRESIDENT'S REMARKS

Mr. Young expressed his appreciation in serving on the Board during the past year and reviewed the activities of his term as student body president. He concluded with a quotation from Kurt Hahn concerning education: "I regard it as a foremost task of education to ensure the survival of these qualities: an enterprising curiosity, an undefeatable spirit, tenacity, and pursuit, readiness for sensible self-denial, and above all, compassion". He compared this quotation to his past year as student body president and the events associated with his tenure.

Mr. Young also recognized Ms. Jennifer Daum, the new student body president.

BUILDINGS AND GROUNDS COMMITTEE

Mr. Pardue, chair of the Buildings and Grounds Committee, introduced the agenda to the Board.

Design Review of the Medical Sciences Research Building/Renovation and Addition

Mr. Pardue moved approval of the design of the renovation and addition to the Medical Sciences Research Building. Mr. Stevens and Mr. Schwab seconded the motion and it carried.

(ATTACHMENT F)

Designer Selection for Renovation to 440 West Franklin Street

Mr. Pardue moved approval of the selection of Stantec Architecture, Inc., Raleigh, North Carolina for design of the renovation to 440 West Franklin Street. Mr. Schwab and Ms. Kitchin seconded the motion and it carried.

(ATTACHMENT G)

Designer Selection for the Replacement of the Medical School Wings

Mr. Pardue moved approval of the selection of Bohlin Cywinski Jackson, Pittsburgh, Pennsylvania for design of the replacement of the Medical School Wings. Mr. Schwab seconded the motion and it carried.

(ATTACHMENT H)

Designer Selection for the Campus Communications Infrastructure

Mr. Pardue moved approval of the selection of Lockwood Greene, Spartanburg, South Carolina for design of the Campus Communications Infrastructure. Mr. Schwab seconded the motion and it carried.

(ATTACHMENT I)

Designer Selection for the Research Resource Facility

Mr. Pardue moved approval of the selection of Woolpert, LLP, Charlotte, North Carolina for design of the Research Resource Facility. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT J)

Site Approval for the Research Resource Facility

Mr. Pardue moved approval of the site for the Research Resource Facility. The site is within the existing compound, which is on State Road 1956 in Bingham Township, Orange County. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT K)

Site Approval for the Thermal Storage Building

Mr. Pardue moved approval of the site for the Thermal Storage Building. The site is located on Mason Farm Road, south of the Health Affairs Parking Decks and east of the new Bioinformatics Building. Mr. Stallings seconded the motion and it carried.

(ATTACHMENT L)

Site Approval for the Friday Center Park and Ride Lot

Mr. Pardue moved approval of the site for the Friday Center Park and Ride Lot. The site is between the Friday Center and Highway 54, west of Friday Center Drive. Mr. Schwab seconded the motion and it carried.

(ATTACHMENT M)

Site Approval for the Video Scoreboard in Kenan Stadium

Mr. Pardue moved approval of the site for the Video Scoreboard in Kenan Stadium. The site is at the south end of Kenan Stadium behind the UNC logo and in front of Kenan Field House. Mr. Stallings and Mr. Stevens seconded the motion and it carried.

(ATTACHMENT N)

Acquisition by Lease of Lab Space for School of Dentistry, Dental Lab

Mr. Pardue moved approval to lease approximately 4,293 square feet of lab space at Fayetteville Office Park II, Suites 105 and 106, 6208 Fayetteville Road, Durham, North Carolina from Strategic Properties, LLC for the School of Dentistry, Dental Lab, at an initial annual rental rate of \$81,567, or \$19 per square foot. The lease term is for a five-year period commencing July 1, 2002, or as soon as possession is taken. There is an annual 3.5% increase in years two to five. There is one five-year renewal option with annual 3.5% increases. Water and sewer are included. Electrical and janitorial services are not included. Mr. Schwab seconded the motion and it carried.

(ATTACHMENT O)

Acquisition by Lease of Office Space for Center for Developmental Science

Mr. Pardue moved approval to lease approximately 10,719 square feet of office space at 100 East Franklin Street, Chapel Hill, North Carolina from Riddle Commercial Properties, Inc. for the Center for Developmental Science at an initial annual rental rate of \$175,000, or \$16.33 per square foot. The lease term is a five-year period commencing June 1, 2002. There is an annual CPI increase not to exceed 4% for years two to five. There is one three-year renewal option with annual CPI increases not to exceed 4%. Utilities and janitorial services are included. Ms. Kitchin seconded the motion and it carried.

(ATTACHMENT P)

Winmore Proposal for Horace Williams Satellite

Vice Chancellor Nancy Suttentfield, Finance and Administration, presented a brief overview of the proposal and introduced Mr. Doug Furstenberg, a consultant for Stonebridge Associates, Inc., a Baltimore-based, privately held real estate investment and management firm. Stonebridge Associates, Inc. provides real estate investment management services for a portfolio that includes commercial, residential, and land development projects. Other nonprofit clients of Stonebridge include Duke University, University of Rochester, and the University of Virginia, as well as the Jefferson Health System. Mr. Furstenberg presented a detailed overview of the concept of the project, as well as the business details of the project. Following the presentation, there was lengthy discussion concerning the project.

Mr. Pardue moved approval of the sale of the approximately 62-acre Horace Williams satellite tract to Winmore Land Management, LLC (or its designee) on the following terms:

- A purchase price of \$1,250,000 in the form of a promissory note bearing interest at 7% (for approximately 7 years) secured by a purchase money deed of trust plus 30% of the gross sales revenues in excess of \$15 million from lot sales for the entire 129 acre development.
- The seller's agreement to set aside 50-60 single family homes priced under \$175,000 for purchase by the employees of UNC, UNC Healthcare System and Town of Carrboro.

- Consultation with the University on plans for the development.

Mr. Pardue further moved approval of the acceptance of a gift of land from Winmore Land Management, LLC, improved with limited grading and site work including access to roads and utilities, on which at least 96 employer/employee housing units in the Winmore development may be constructed and rented to University faculty and staff, to the extent possible.

Mr. Williams seconded the motion and it carried with the following exceptions. Mr. Stallings abstained from voting and Mr. Stevens and Mr. Young voted against the motion.

(ATTACHMENT Q)

Approval of a Land Lease to The University of North Carolina at Chapel Hill Educational Foundation, Inc. for Construction of a Video Screen Wall at Kenan Stadium

Mr. Pardue moved approval to lease to The University of North Carolina at Chapel Hill Educational Foundation, Inc. for \$1.00 and other good and valuable consideration approximately 40,000 square feet of land area located at the southeast end of Kenan Stadium on the campus of The University of North Carolina at Chapel Hill for the purpose of evaluating the demolition and replacement of Kenan Field House and the Pope Building and constructing a video screen wall on the site for lease to the University for a lease term extending for up to eight years. The University will own all improvements to the property, including the video screen wall. Mr. Stallings and Mr. Stevens seconded the motion and it carried.

(ATTACHMENT R)

Preliminary Design Review of the Video Scoreboard at Kenan Stadium

This item was presented for information only. No formal action was required.

(ATTACHMENT S)

Preliminary Design Review of the Burnett Womack Clinical Sciences Building Renovation

This item was presented for information only. No formal action was required.

(ATTACHMENT T)

Preliminary Design Review of the Science Complex, Phase I

This item was presented for information only. No formal action was required.

(ATTACHMENT U)

AUDIT, BUSINESS AND FINANCE COMMITTEE

Mr. Schwab, vice chair of the Audit, Business and Finance Committee, introduced the agenda to the Board.

Ordinance Regulating Traffic and Parking effective August 15, 2002

Vice Chancellor Sutfenfield presented an overview of parking and transportation on campus. She distributed two handouts: "Proposed UNC Parking and Transportation Changes" and "2001-2002 Parking and Transit Budget". [A copy of each is filed in the Office of the Assistant Secretary.]

Ms. Carolyn Elfland, associate vice chancellor of Campus Services, assisted in the presentation.

Mr. Young read a letter from Mr. Daniel Herman of the Graduate & Professional Student Federation recommending the rejection of the proposal concerning night parking. [A copy of the letter is filed in the Office of the Assistant Secretary.]

University Police Chief Derek Poarch commented on campus safety, as well as the proposed night parking plan and its possible effects on the campus.

Mr. Stevens moved that the plan be sent back to the Chancellor for further review and asked that a recommendation be presented to the Board at its May meeting, or sooner, without a night parking employee and student fee included. Ms. Kitchin and Mr. Young seconded the motion. Mr. Pardue stated that he did not support the motion. The following Trustees voted in favor of the motion: Mr. Carter, Ms. Kitchin, Mr. Stallings, Mr. Stevens, Mr. Williams, and Mr. Young. The motion carried. A further poll of the Trustees was not taken.

(ATTACHMENT V)

STUDENT AFFAIRS COMMITTEE

Ms. Kitchin, chair of the Student Affairs Committee, reported on the committee's meeting that was held on March 27.

There was discussion at the committee meeting concerning whether a requirement should be imposed for adult supervision among the Greek groups, specifically the fraternities, or whether they would do it on their own. Ms. Kitchin stated that tremendously positive progress has been made in a mature embracement of that responsibility with the guidance of the Student Affairs Administration.

The committee heard comments from members of the Student Affairs Administration, Greek Council student leaders, and several alumni advisors.

Ms. Kitchin introduced and recognized Ms. Rebecca Williford, student body secretary-elect.

Vice Chancellor Sue Kitchen, Student Affairs, described a First Destination Survey of May 2001 Bachelor's Degree Recipients of the University, which is published by University Career Services. The survey is prepared annually and shows information such as graduates' employment status, salary, further education, job satisfaction, and location. [A copy of the survey is filed in the Office of the Assistant Secretary.]

ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Stevens, chair of the Academic Affairs and Personnel Committee, introduced the agenda to the Board.

Facilities and Administrative Funds - Status Report

Robert Shelton, executive vice chancellor and provost, reported that facilities and administrative funds are critical to Carolina's future as a research university. He then introduced Tony Waldrop, vice chancellor for Research and Graduate Studies, for the presentation. [A copy of the presentation is filed in the Office of the Assistant Secretary.]

DEVELOPMENT COMMITTEE

Development Update

Mr. Fulton, chair of the Development Committee, presented a report regarding the level of activity and current contributions in the Office of University Advancement. He stated that the public announcement for the goal of the Carolina First Campaign has now been deferred to University Day, October 12, 2002.

**INSTITUTIONAL PLAN FOR MANAGEMENT FLEXIBILITY TO APPOINT AND
FIX COMPENSATION**

Ms. Susan Ehringhaus, vice chancellor and general counsel, presented the proposed plan to the Board for its approval for submission of the plan to the Board of Governors. Mr. Stevens moved approval, seconded by Mr. Schwab, and it carried.

(ATTACHMENT W)

MOTION TO CONVENE IN CLOSED SESSION

On motion of Ms. Kitchin, 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 to prevent the disclosure of privileged information under The Family Education Rights and Privacy Act of the United States); and also pursuant to Section 143-318.11 (a) (2), (3), (5), and (6).

CLOSED SESSION

DEVELOPMENT COMMITTEE

Report of the Honorary Degrees and Special Awards Committee

Secretary of the Faculty Joe Ferrell presented five nominees for honorary degrees to be presented at Commencement 2003. Mr. Pardue moved approval of the five nominees. Ms. Kitchin seconded the motion and it carried. [A copy of the Report of the Honorary Degrees and Special Awards Committee is filed in the Office of the Assistant Secretary.]

Board of Visitors Nominations

Mr. Kupec presented the slate and information concerning nominations for the Class of 2006.

Report of the Naming Committee

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

BUILDINGS AND GROUNDS COMMITTEE

Mr. Pardue, chair of the Buildings and Grounds Committee, introduced the agenda to the Board.

Acquisition of Property

Mr. Pardue moved that the Board not approve acquisition of the property. Mr. Schwab seconded the motion and it carried.

REPORT OF STUDENT APPEAL HEARING

Ms. Kitchin moved that the Board uphold the decision by the Provost on behalf of the Chancellor to expel the student from the University. Ms. Mason seconded the motion and it carried. [A copy of the report is filed in the Office of the Assistant Secretary.]

LEGAL ADVICE

Ms. Ehringhaus advised the Board regarding several legal matters.

CONSENT AGENDA/PERSONNEL ITEMS FOR CONSULTATION

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

(ATTACHMENT X)

EXECUTIVE CLOSED SESSION

Chairman Burnett convened the Board in executive closed session.

DEEP EXECUTIVE CLOSED SESSION

Chairman Burnett convened the Board in deep executive closed session.

MOTION TO RECONVENE IN OPEN SESSION

Mr. Schwab moved, seconded by Mr. Stallings, that the Board reconvene in open session. The motion carried.

OPEN SESSION

ADJOURNMENT

There being no further business to come before the Board, Chairman Burnett adjourned the meeting at 2:00 p.m.

Assistant Secretary