

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

The Board of Trustees met in regular session on Wednesday, March 25, 2009, at The Carolina Inn, Chancellor Ballroom West, at 5:01 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 R. Hyde
Karol V. Mason, Vice Chair	Sallie Shuping Russell
Russell M. Carter, Secretary	Nelson Schwab III
Phillip L. Clay	A. Donald Stallings
John G. B. Ellison, Jr.	Robert W. Winston
Paul Fulton	J.J. Raynor
J. Alston Gardner	

Chair Perry 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.”

Chair Perry announced that the board will convene in closed session at the end of the committee report to discuss a personnel matter. No action will be taken.

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

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

- **Site Approval- Dean Smith Student Activity Center Addition** to approve a 3,500 SF addition and renovate 8,000 SF of existing space to the Dean Smith Student Activity Center to address accessibility and egress requirements and to improve staff and team space for the Men’s basketball program. The project budget is \$7.5 M and is being developed by the Educational Foundation.

(ATTACHMENT A)

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.

- **Designer Selection— Craig and Ehringhaus Residence Halls Sprinkler Systems** to approve advance planning to design new fire sprinkler systems for Craig and Ehringhaus Residence Halls. The project budget for the study is \$550,000 K with funding from Housing receipts. The committee recommended the selection of the three firms in the following priority order:

- | | |
|-------------------------------|-----------------|
| 1. Harrington Group, Inc. | Charlotte, NC |
| 2. Engineered Design, Inc. | Raleigh, NC |
| 3. Affiliated Engineers, Inc. | Morrisville, NC |

(ATTACHMENT B)

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

• **Construction Manager at Risk Selection—Campus Health Services** to approve advance planning to design a new facility for Campus Health Services currently housed in the James A. Taylor Building. The project budget for advance planning is \$2 M with funding from Campus Health Services. The committee recommended the selection of the three firms in the following priority order:

1. Rodgers Russell Charlotte, NC
2. LeChase Construction Services, LLC Durham, NC
3. DPR Construction, Inc. Morrisville, NC

(ATTACHMENT C)

• **Disposition by Severance—Seismology Lab Building** to approve demolition of the vacant Seismology Lab Building and underground lab containing approximately 1,000 SF, (built in 1969) and located off of Ray Road near University Lake. The building was originally built for and used by the UNC Geology Department but has not been in use since 2000. The Space Committee has determined the building does not meet the needs of any other University department. Demolition is recommended due to the poor condition of the building. The estimated cost of the demolition is \$15,000 including asbestos removal.

(ATTACHMENT D)

• **Acquisition by Lease of Office Space for University Counsel** to approve to continue to lease approximately 3,522 SF of office space at Bank of America, 137 East Franklin Street, Chapel Hill, North Carolina. The lease term is for a six-month period commencing July 1, 2009, at a rent not to exceed \$37,000 or \$21.00 per SF including utilities and janitorial services.

(ATTACHMENT E)

• **Property Disposition by Ground Lease to the Educational Foundation, Inc.—Dean Smith Student Activity Center Renovation and Expansion Project** to approve a lease to The Educational Foundation, Inc. for the Dean Smith Student Activity Center Renovation and Expansion Project, to construct a project designed to upgrade and expand the facility (the “Project”). The ground lease area will encompass two parcels- Parcel A which is approximately 0.69 acres (30,188 SF) and is the renovation and expansion activity area and Parcel B which is approximately 0.19 acres (8,521 SF) for use as a staging area as depicted on the attached map. The Project will consist of a 3,500 SF addition and an 8,000 SF renovation of existing space to address accessibility, egress requirements and to improve the staff and steam space for the Men’s basketball program. The approximate cost of the Project is \$7.5 M.

The following steps describe the process of construction:

- The site is leased by the State of North Carolina on behalf of the University to The Educational Foundation, Inc. (the “Foundation”) for a term lasting through the construction period but no later than the date the University accepts the completed improvements.
- The Foundation contracts with the developer for the design and construction of the Project according to the plans and specifications approved by the Foundation and the University.
- The Foundation constructs the Project using its own resources.

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

- Upon completion of the construction of the Project in accordance with the plans and specifications, the Foundation conveys by way of a gift the Project to the University.

(ATTACHMENT F)

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

- **Site Approval— Paul J. Rizzo Conference Center Addition Imaging Research Building** to approve a 90,000 SF building to increase classroom and residential space at the Paul J. Rizzo Conference Center for the Kenan-Flagler Executive Development program. The project budget is \$27 M and is being developed by the Kenan-Flagler Business School Foundation. Site approval will be conditioned on a transfer of the property to the Business School Endowment for development.

(ATTACHMENT G)

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.

Mr. Runberg announced that Anna Wu was named a Fellow of the American Institute of Architecture, a very prestigious selection.

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

- **Preliminary Design Review- Addition to Fetzer Gymnasium for Wrestling.** This project adds 6,500 SF to Fetzer Gymnasium and renovates existing space for the Men's Wrestling program. The project scope also includes open space improvements to the pedestrian corridor from Sports Medicine to South Road. The project budget is \$2.5 M with funding by Athletics.

This item came to the committee as an information only item, but was voted on and carried in committee.

(ATTACHMENT H)

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.

Anna Wu, Director of Facilities Planning, presented the following item for information only (no formal action was requested at this time).

- **Preliminary Design Review— Eve Marie Carson Garden.** This project creates a garden to commemorate Eve Marie Carson and to improve the plaza adjacent to the Campus Y. This project was initiated by Student Affairs with involvement from Student Government and the Blue Ram Café. The garden will be funded through external gifts.

(ATTACHMENT I)

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/
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Mr. Winston, Committee Chair, reported that Jack Evans, Executive Director of Carolina North, updated the Committee on the status of Carolina North.

MOTION TO CONVENE IN CLOSED SESSION

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

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

The Board discussed a personnel matter. No action was taken.

RECONVENE IN OPEN SESSION

Chair Perry reconvened the meeting in open session.

OPEN SESSION

RECESS

Chair Perry recessed the Board meeting at 5:27 p.m.

RECONVENE

Chair Perry reconvened the Board meeting at 8:04 a.m. on Thursday, March 26, 2009, at The Carolina Inn, Chancellor Ballroom East and West.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll and all Board members were present.

CHAIR'S REMARKS

Chairman Perry requested Secretary Carter read the following resolution.

**RESOLUTION OF APPRECIATION
J.J. RAYNOR
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
March 25, 2009**

WHEREAS, J.J. Raynor, as student body president, served her constituents with energy and dedication, reaching out to the entire student body both undergraduate and graduate, and fostering stronger relations between students and trustees;

WHEREAS, J.J. Raynor together with Trustee John Ellison guided the Carolina community through a broad discussion about the University's future, making it a transformative process that will help make Carolina the best place to teach, learn and discover;

WHEREAS, J.J. Raynor in these conversations was deliberative and inclusive, an able listener, and an inspiration for everyone through her enthusiasm, energy and confidence;

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

WHEREAS, J.J. Raynor as a trustee worked to make things better and provided great wisdom and counsel to her fellow Trustees, while keeping always foremost her charge to represent her constituency;

WHEREAS, J.J. Raynor showed an extraordinary sense of openness to different ideas and perspectives and a dedication to learning about all aspects of the University, which allowed her to work collaboratively with the entire University community;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of North Carolina at Chapel Hill congratulates J.J. Raynor on a job extraordinarily well done, and expresses its deepest gratitude for her service and leadership.

On motion of Chair Perry, and duly seconded, the Board approved adoption of the resolution and applauded Student Body President Raynor.

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Schwab, seconded by Mr. Carter, the minutes of the regular meeting of January 21-22, 2009, were approved as distributed.

Ratification of Mail Ballot

On motion of Mr. Schwab, seconded by Mr. Carter, the following mail ballot dated February 16, 2009, was approved as distributed:

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

(ATTACHMENT J)

Chair Perry also mentioned the following items:

- **Success of the men's and women's basketball teams.** He praised Coach Williams and Hatchell on how their teams represent the University. He congratulated the women on a successful season. He wished the men luck in Memphis on Friday. Chair Perry praised Dick Baddour's leadership of the athletics department.

- **Bill Harrison– International Strategic Roadmap: Level 3 Agenda Item.** Chair Perry thanked Bill Harrison for coming. He referenced his role in chairing the Global Leadership Circle.

- **Trustees Ellison and Raynor– “The Best Place to Teach Learn and Discover” Report: Level 3 Agenda Item.** Chair Perry acknowledged Trustees Ellison and Raynor for their work on the project. For them it's been a labor of love for this University and its future.

- **Karol Mason** will be leaving her law practice, Alston & Bird, to go Washington, D.C., to serve our nation. She has just accepted a key position in President Obama's administration as Deputy Associate Attorney General in the U.S. Department of Justice.

UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009

- **Paul Fulton** has been appointed to the Board of Governors.
- **Bob Winston** has done outstanding work on Carolina North. Bob is among those of us who have been meeting regularly over the past several months with Mayor Foy and Chapel Hill Town Council members about the zoning and development of Carolina North. I wanted the trustees to know how effective Bob has been in representing the University. He has been closely involved with Carolina North as a trustee for several years now. He is a great champion for this project.

Chair Perry welcomed former trustees, Jean Kitchin and Tim Burnett to the meeting. He also announced that Trustee Gardner's wife had completed her full length documentary film on the college admission process. It is called "In 500 Words or Less." It will premier today at 1:30 in the Freedom Forum Room in Carroll Hall. Anyone is welcome to come.

Chair Perry advised the Board on his appointment of the Nominating Committee to nominate officers for the 2009-2010 year. Trustee Schwab will Chair the committee and Trustees Clay and Shuping-Russell will serve with him. The Nominating Committee will present the proposed slate of nominees at the Board's May meeting and officers will be appointed at the Board's July meeting.

CHANCELLOR'S REMARKS

Chancellor Thorp spoke on the following:

- **Basketball-** Forbes name UNC-CH as the #1 most valuable team. We are President Obama's bracket pick. Inside Higher Ed, a Web site devoted to national higher education news, picked us 1st based on the team's scores on the Academic Progress Rate, which gives points for student-athletes remaining in good academic standing. We've already won the tournament if the criteria were academics.
- **Distinguished Scholarship Winners-** We've gotten great news about four students and one graduate who have won three of the most distinguished scholarships – the Luce, Truman and Udall. The Henry Luce Foundation has selected three UNC winners:
 - Seniors Nicholas Anderson, a Robertson Scholar,
 - Rachel Harper, a biology major, and
 - Jennifer Cimaglia, a Morehead-Cain Scholar.

These scholarships provide students with a year's internship in Asia, with the goal of acquainting future U.S. leaders with Asian colleagues in their fields. Winners are chosen for outstanding academic achievement and leadership ability. The Luce Foundation has only awarded three scholarships to recipients from the same university three other times. There are only eighteen Luce Scholars. We just passed Harvard as number one in the country for producing Luce Scholars – thirty-one so far.

Our newest Truman Scholar is Matthew Garza, a senior economics major and a Morehead-Cain Scholar. The Harry S. Truman Scholarship Foundation provides these awards to juniors headed for careers in public service. Of thirty-one Truman Scholars from UNC since the program began, eighteen have been Morehead-Cain Scholars.

We also have one new Udall Scholar which selected by the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation. The foundation has not yet announced this year's winners, so I'm not at liberty to announce our student's name. This is our thirteenth Udall Scholar.

UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009

• **Bill Harrison and the Global Roadmap: Level 3 Agenda Item-** Chancellor Thorp echoed Chairman Perry's thanks to Bill Harrison. Bill will give the Global Leadership Circle's excellent report outlining a strategic vision to enhance the University's global presence. Chancellor Thorp happily endorses the report, and said we will move forward with the Circle's top recommendation, which is to create a Global Research Institute devoted to critical international issues. Bill's gift pledge of \$1 million will support our future international efforts including this new institute. The institute will advance knowledge in issues where we have strengths as a way to help attract more international scholars to Chapel Hill.

• **Mellon Grant Announcement-** The University received a new \$4.5 million grant from the Andrew W. Mellon Foundation that will strengthen graduate education in the departments of English and comparative literature, history, philosophy, and religious studies in the College of Arts and Sciences. The grant will be supplemented by \$2.76 million – including \$2 million to be raised in private funds – from the College to create the Mellon Graduate Fellowship Program. The program will provide sustainable funding for twelve graduate fellowships in a five-year pilot phase and fifteen fellowships every five years afterward. The program will share the fellowships evenly among the four departments. Each five-year fellowship will be valued at \$33,000 annually and include tuition, fees and health insurance. Other features will include teaching assignments timed so that students can focus on their courses and dissertations in their first and fifth years. We haven't competed well with other major universities for top students in the past because they could offer such packages. This program will help make us more competitive in some core liberal arts departments. Congratulations to the College and our development colleagues for this accomplishment.

• **Budget Update-** Vice Chancellor Mann briefed members of the Audit and Finance Committee yesterday about the latest developments. Chancellor Thorp instructed the campus last week to make cuts equivalent to a five percent recurring cut in out state budget. We will have to eliminate some filled positions. We have established an Employee Assistance Fund to provide assistance to those whose are displaced, providing counseling and providing other services to our employees as we work through this. Our decisions will be driven by our academic priorities in teaching and research. We canceled a number of searches for faculty this year and we cannot maintain the academic reputation if we are not able to search for faculty again next year. We are going to have to make some adjustments that will allow us to do this and we are committed to making discretionary cuts as we move forward. The outlook for avoiding additional one-time or recurring cuts this spring or next fiscal year is uncertain.

• **Peggy Jablonski-** Vice Chancellor Peggy Jablonski plans to step down in May 2010. Peggy has accomplished a great deal here. She has made great strides in fostering student learning and development. She has brought on-line the Student and Academic Services Buildings, Rams Head Center, and Ram Village Apartments and had outstanding success in her partnerships throughout the campus and local communities. She has had fund raising success with the Campus Y, Career Services expansion, and Stallings-Evans Sports Medicine Center. The provost and I will name a search committee.

Chancellor Thorp concluded his remarks by announcing that Student Body President Raynor has received the Fulbright Scholarship to study in Malaysia.

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

STUDENT BODY PRESIDENT'S REMARKS

Ms. Raynor, Student Body President, gave her final report. She spoke about public excellence and strong academics. (A copy of Ms. Raynor's remarks is filed in the Office of the Assistant Secretary.)

STRATEGIC ROADMAP FOR INTERNATIONALIZING UNC

William B. Harrison, Chairman and CEO (retired) of JP Morgan Chase, spoke about the purpose of the global roadmap, the process, the people involved, the vision, and the importance to North Carolina of the road-mapping and internationalizing process. He also spoke about the global roadmap and guiding principals, key challenges/weaknesses, and key strengths.

Mr. Harrison also mentioned seven best practices that are important to becoming a leading global university: international faculty depth, percentage of international students, endowment fund, international outpost partnerships exchange programs, global think tanks, distinctive areas of expertise, and overall brand awareness and reputation.

Mr. Harrison gave the trustees a set of recommendations that includes: a Global Research Institute, faculty expertise/preparing students, international partnerships, global communications, global infrastructure, and global North Carolina. He also discussed the resources required and next steps for UNC.

Mr. Fulton moved to formally support and endorse the recommendations of the report. Mr. Ellison seconded the motion and it carried.

(ATTACHMENT K)

This attachment is a bound report and can be found in the Office of the Assistant Secretary. 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.

THE BEST PLACE TO TEACH, LEARN, AND DISCOVER REPORT

Trustees Ellison and Raynor gave a report on the best way for Carolina to teach, learn, and discover in the year 2017. Trustee Ellison referenced a report from General Administration that says in 2017, there are going to be 80,000 additional students seeking admission to the sixteen constituent campuses that make up the UNC System. There will be 30,000 high school graduates in 2017 in the state of North Carolina. Dr. Alan Mabe, Vice President for Academic Planning and University-School Programs, came up with the projections for 2017. Trustee Ellison reported that Dr. Mabe took each campus and the ten counties that each campus draws from and looked at how the population is growing in those counties. He studied birth rates and immigration in those counties and then projected what the demand for that school would be in 2017. The second method he used was based on census records. The third method he used was taking the high school projections done by high schools as to how many graduates they would have in 2017 verses today. He averaged those three models and said this is how many students will want to attend the University with this many graduates. He came up with 80,000 for 2017. With that 80,000 there would be demand at NC State for 44,000 students and demand at UNC-CH for 35,000 students. Trustees Ellison and Raynor used the 35,000 number for the sake of their project, which translates into a 4,000-5,000 student increase in 2017.

They then reported on the context and the goal of taking on this project, as well as the new reality of living in this budget crisis. They talked about the Carolina community input, areas

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

of recommendation, undergraduate recruitment, graduate recruitment, faculty retention and recruitment, and improving the academic experience of Carolina.

The trustees had great comments about the work that has been done by Trustees Ellison and Raynor.

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.

A copy of the report is located in the Office of the Assistant Secretary.

CAROLINA COVENANT UPDATE

Shirley Ort, Associate Provost and Director of Scholarships & Student Aid, gave an update on the Carolina Covenant. She spoke about our promise to students, how the Covenant works, characteristics of Covenant scholars, how Carolina supports Covenant Scholars, financial aid awarded to Covenant scholars, community embrace, and programming and mentoring.

Lynn Williford, Assistant Provost of Academic Affairs in Institutional Research, reported on indicators of student success, assessing Covenant scholars' progress, evaluation design, retention factors, retention, graduation rates, academic achievement, and research and evaluation.

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.

REPORT OF THE UNIVERSITY ADVANCEMENT COMMITTEE

Roger Perry, Committee Chair, called on Matt Kupec to present the committee's report on the following item, which was presented previously to the committee for information only (no formal action was requested at that time).

- **Fiscal Year updates, strategic planning and other issues-** Matt Kupec, Vice Chancellor for University Advancement, reported that we are nineteenth among the top thirty institutions for total private support from 2001-2008. We are only down 8% in cash receipts from last year. We are almost at the \$2 million mark. We will drop from \$300 M to \$250 M. Over the course of this fiscal year, only two other campuses who are in campaign (and Carolina is not) are in front of us. On the marketing side, there will be new TV commercials to market the value proposition of Carolina.

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.

REPORT OF THE AUDIT AND FINANCE COMMITTEE

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

- **Approval of the Ordinance Regulating Traffic and Parking.** Carolyn Elfland, Associate Vice Chancellor for Campus Services, presented the Ordinance Regulating Traffic and Parking which would take effect August 15, 2009. No changes are requested in the currently approved permit and hourly pay price increases scheduled to go into effect on August 15, 2009. Other changes to the Ordinance include adding provisions for automated pay stations, increasing the prices that can be charged for special event parking, and prohibiting two-wheel motorized vehicles on sidewalks.

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

The committee asked for some reconsideration on prohibiting two-wheel motorized vehicles on sidewalks. With that in mind, the committee asked that the ordinance be approved with the change in mind.

(ATTACHMENT L)

Mr. Fulton 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 Vice Chair- Brenda Denzler.** She provided an update on the Forum's survey concerning the personal impact of layoffs and furloughs on faculty, staff and students. (A copy of Ms. Denzler's remarks is located in the Office of the Assistant Secretary.)

- **Budget Picture 2008-09 and 2009-10.** Richard Mann, Vice Chancellor for Finance and Administration, provided the committee with an update on 08-09 and 09-10 budget reduction actions on the campus. The University has reduced its 08-09 budget by 7% on a non-recurring basis as requested by the Governor. Many of these reductions involved one time funds and/or use of vacancy savings on a one time basis.

2009-2010- Chancellor Thorp has asked the campus to reduce its 09-10 operating budget by 5% on a recurring basis. In order to assure that the full savings can be realized in 09-10, some reductions will have to occur prior to the end of this fiscal year. Vice Chancellor Mann also explained the challenges in making permanent budget reductions under current circumstances. Some of these challenges include fund restrictions, loss of Endowment value, protecting core academic programs, and the preponderance of salaries in the state portion of the budget.

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/
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- **Consulting Study.** Study funded by an anonymous donor. Goal – help UNC reduce its operating cost structure through more efficient/effective operations. Constraints:

- Compliance with regulations, statutes, and policies
- Academic quality must be maintained
- UNC at Chapel Hill's reputation preserved
- Sustain sound internal control and compliance
- Costs must be evaluated against relative value and return

The Oversight Committee will be interacting with consultants. Timetable is five months – the report should be available by July 2009.

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/
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- **Financial Operations Benchmark Study:** Roger Patterson, Associate Vice Chancellor for Finance, presented on the benchmark study of Finance operations conducted by a consulting firm, The Hackett Group. The Hackett Group is considered a leader in benchmarking studies in the corporate world with over 2,700 of the world's leading companies included in their database (97% of the Dow Jones Industrials and 73% of the Fortune 100).

UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009

This study compared the Finance operations at UNC-Chapel Hill to those of UVA, as well as the peer group median and the world-class median. Both UNC and UVA were judged by the Hackett Group as falling in the world class quadrant. The presentation included a summary of the strengths and weaknesses within UNC's financial operations. The major difference between UVA and UNC was the greater use of transaction staff at UNC compared with UVA which had fewer transaction staff and more staff performing financial analyses. We believe our aging and soon to be replaced ERP Systems account for much of this difference.

A copy of the PowerPoint presentation is located at: www.unc.edu/depts/trustees/
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• **Update on Debt.** Brian Smith, Director of Treasury and Risk Management Services, presented an update on the status of University debt. The University uses two historical and projected ratio measures for the University's two debt policy ratios – "Expendable Resources to Debt" (a balance sheet or cushion indicator) and "Debt Service to Operation" (a measure of debt service with respect to budget, or a proxy measure for cash flow). Based upon negative investment returns, the University will likely experience a decline in its "Expendable Resources to Debt" ratio measure that may result in the measure being outside of the policy threshold. Other peer institutions will likely experience deterioration in their "Expendable Resources to Debt" ratio measures based upon similar experience with investment returns. UNC is one of only seven public institutions carrying the Aa1 or Aaa long-term bond rating. With debt having been a planned funding source in the University's capital improvement program, the University has developed a high leverage profile compared to its public University peers in the combined Aaa/Aa1 long-term bond rating category. The University's last bond rating was issued with a "stable" outlook. The University meets with the bond rating agencies approximately every year to provide updates on the University and its capital program. The next meeting will probably occur in the late summer or early fall of 2009.

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.

• **Report on Board of Visitors-** BOV Chair, Jeff Allred, reported on the accomplishments of the board this year. A group of members have been working on a Best Practices Task Force that looked at boards similar to theirs at 10 other institutions, including Clemson, Duke, Harvard, MIT, N.C. State and Virginia. In an attempt to get ahead of the curve on the Best Practices report, Chair Jeff Allred and Vice Chair Michael Kennedy, began some projects that are already showing results.

- *Student Recruitment-* the first teams were set up in Raleigh, Charlotte, Winston-Salem and Atlanta. Students are saying that no other university is doing this for them. Already, we are hearing that this program is making a difference in helping secure top academic recruits for Carolina.
- *State Relations-* the Board of Visitors is also setting up a state relations team to help support the University's legislative efforts.
- *Best Practices-* the Best Practices Task Force plans to continue its work in an ongoing evaluation of the Board of Visitors, holding member exit interviews and regularly checking in with University officials to make sure the Board is supporting the University successfully.

(A copy of Mr. Allred's remarks is located 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 Remarks by Bernadette Gray-Little.** Provost Gray-Little updated us on searches underway for leadership positions. The Dean of the College of Arts and Sciences has reached the interview stage. Four candidates have been identified. The School of Nursing is also in the interview stage. The University Registrar search is just beginning. Provost Gray-Little also reported that undergraduate applications are up seven percent, and graduate school applications are up a similar percent. Federal contracts and grant revenues are up. We are likely to benefit further from the stimulus bill.

• **Faculty Chair Remarks by Joe Templeton.** Prof. Templeton talked primarily about budget cuts and recognized Chancellor Thorp for his transparency and leadership. He also celebrated Eve Carson's life, referring to March as "Eve's Month."

• **Federal Legislative Agenda by Karen Regan,** Director of Federal Affairs. Ms. Regan provided an overview of the mission and activities of her office in Washington, D.C. While secured federal funding and research dollars take part in what she does, she is also very involved in getting our faculty involved in credible activities and providing their expertise on a wide range of issues. She reported that the American Recovery and Reinvestment Act (Stimulus Bill) resulted in significant improvements in funding for NIH, NSF, and Energy. These are areas that will likely benefit us, for we are well positioned by virtue of the grants that we have already applied for (which have already undergone peer review).

Dr. Tony Waldrop added that our federal contracts and grants are currently up eleven percent over last year. Dr. Waldrop thinks we will do very well in this process.

• **Faculty Leadership Development in Health Affairs by Jeffrey Houpt,** Professor of Psychiatry. Dr. Houpt has been leading an effort on leadership development. His goal is to ensure the success of health professionals as managers and leaders. He talked about the difference in skill sets between professors and managers and there is almost no overlap whatsoever. His challenge is to take this pool of people and help them develop their leadership skills and management capabilities. The focus of the program is on management skills, politics of leadership, values of leadership, and the emotional intelligence of leadership. His lessons learned:

- "Culture is King"- know your context; use real case studies
- Teach in small groups
- Program is competitive

The program started two years ago and has been completed by fifty-four individuals thus far.

(ATTACHMENT M)

• **Graduate Student Funding by Steve Matson.** Dean Matson provided an overview of graduate and professional students and their support. The financial environment for graduate students is really distinct. Funding sources and patterns vary considerably. Graduate students receive more in grants and stipends; professional students receive more in work-study and loans.

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

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

• **Identity Theft Prevention Program- The Red Flags Rule by Leslie Strohm**, Vice Chancellor and General Counsel and Attorney Pat Crawford. Ms. Strohm and Ms. Crawford reported that pursuant to the Fair and Accurate Credit Transactions Act of 2003, the Federal Trade Commission has issued regulations that apply to the University and require it to develop and implement an Identity Theft Prevention Program. These regulations are commonly referred to as the Red Flags Rule. The focus of the Identity Theft Prevention Program is to identify patterns and practices, i.e., red flags that, if undetected, could lead to identity theft or misuse of sensitive personal information. The committee approved the Office of the University Counsel's recommendations.

(ATTACHMENT N)

MOTION TO CONVENE IN CLOSED SESSION

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

CLOSED SESSION

REPORT OF THE AUDIT & FINANCE COMMITTEE

Report of the Naming Committee

Matt Kupec presented naming recommendations which were previously presented to the Audit & Finance Committee and approved by the committee. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

Mr. Fulton moved ratification by the Board of the naming recommendations. The motion carried.

Report of the Committee on Honorary Degrees & Special Awards

Paul Fulton, Committee Chair, presented the names to the Board. Mr. Fulton moved approval for ratification by the Board of the nominees for an Honorary Degree to be conferred at May Commencement 2010. The motion carried.

Board of Visitors Nominations

Matt Kupec presented the slate and information concerning nominations for the class of 2013. Mr. Fulton moved approval for ratification by the Board of the nominees for serving on the Board of Visitors. The motion carried. [A copy of the Board of Visitors nomination information is filed in the Office of the Assistant Secretary.]

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated March 16, 2009, for the Board's consideration. The actions will be voted on in open session.

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

LEGAL ADVICE

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

**UNC-Chapel Hill Board of Trustees
Full Board Minutes
March 25-26, 2009**

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

“Workers and Students” protesters came in and listed their demands. Chair Perry addressed the protesters and answered some of their questions, but declined to address their demands at this time.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, moved approval by the Board of the following personnel actions dated March 16, 2009, which were discussed earlier in closed session. The motion was duly seconded and it 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)
- Contract with Athletic Director.
(ATTACHMENT T)

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

Mr. Fulton moved that the Board add a regularly scheduled meeting on April 15, 2009. Mr. Gardner seconded the motion and it carried.

ADJOURNMENT

There being no further business to come before the Board, Chair Perry adjourned the meeting at 1:00 p.m.

Assistant Secretary