

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

The Board of Trustees met in regular session on Wednesday, May 27, 2009, at The Carolina Inn, Chancellor Ballroom West, at 5:02 p.m. Chair Perry presided.

OATH OF OFFICE

The Honorable James Stanford, Orange County Clerk of Superior Court, administered the Oath of Office to Student Body President Jasmin Mariel Jones.

ROLL CALL

Assistant to the Assistant Secretary, Heather Galvan called the roll and the following members were present:

Roger L. Perry, Sr., Chair	Barbara R. Hyde
Karol V. Mason, Vice Chair	Nelson Schwab III
Russell M. Carter, Secretary	Sallie Shuping-Russell
Phillip L. Clay	A. Donald Stallings
Paul Fulton	Robert W. Winston
J. Alston Gardner	Jasmin Jones

John G. B. Ellison, Jr. was absent.

Chair Perry welcomed Ms. Jones to the Board and introduced Keith Lee, the new Student Body President of the Graduate and Professional Schools.

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 Level 1 item, which was previously approved by the committee. Ms. Mason seconded the motion and it carried.

- **Acquisition by Lease- School of Public Health, Epidemiology** to lease approximately 11,987 SF of office space at a location to be determined for the School of Public Health, Department of Epidemiology. The lease term is for a three-year period commencing October 1, 2009, with two one year renewal options. The initial rent will not exceed \$257,720.50 or \$21.50 per SF, not including utilities or janitorial services. The annual rent will increase no more than 3% per annum both in the base lease and the renewal options
(ATTACHMENT A)

The following item was presented for information only (no formal action was requested at this time).

- **Preliminary Design Review - Dean Smith Student Activity Center Addition.** This project adds 3,500 SF and renovates 8,000 SF of existing space to address accessibility,

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gress requirements and 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.

Although this item came before the Board as an information only item, the Board decided to vote on the Design. Mr. Winston moved approval by the Board. Mr. Stallings seconded the motion and it carried.

(ATTACHMENT B)

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.

• **Carolina North Update** - Trustee Winston updated the Board on the status of Carolina North. He reported that we are awaiting approval from the town of Chapel Hill on the Development Agreement. Approval from the Town may come at the Town's June 22, meeting. If the Development Agreement is approved by the Town of Chapel Hill, the Board will call a special meeting in order to approve the Development Agreement on behalf of the University.

RECESS

Chair Perry recessed the Board meeting at 5:22 p.m.

RECONVENE

Chair Perry reconvened the Board meeting at 8:04 a.m. on Thursday, May 28, 2009, at The Carolina Inn, Chancellor Ballroom East and West.

ROLL CALL

Assistant to the Assistant Secretary, Heather Galvan called the roll and all members were present.

CONSENT AGENDA

Approval of Minutes

On motion of Ms. Mason, seconded by Mr. Winston, the minutes of the regular meeting of March 25-26, 2009, were approved as distributed.

Ratification of Mail Ballot

On motion of Ms. Mason, seconded by Mr. Winston, the following mail ballot dated April 9, 2009, was approved as distributed:

- Disposition by Lease to the General Alumni Association of the University of North Carolina at Chapel Hill.

(ATTACHMENT C)

On motion of Ms. Mason, seconded by Mr. Winston, the following mail ballot dated April 13, 2009, was approved as distributed:

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

(ATTACHMENT D)

On motion of Ms. Mason, seconded by Mr. Winston, the following mail ballot dated April 13, 2009, was approved as distributed:

- Contract with Mike Fox.

(ATTACHMENT E)

CHAIR'S REMARKS

Chairman Perry commented on:

- **Commencement.** Chair Perry mentioned how special it was to have Archbishop Emeritus Desmond Tutu speak.

- **Athletic Recognitions.** Chair Perry congratulated the women's lacrosse team for their championship game appearance last weekend. Coach Jenny Levy did an outstanding job this year with another great group of student-athletes. Men's baseball will host an NCAA regional this weekend as a top 8 national seed for the third year in a row. Women's golf finished 7th in the NCAA championship, the team's best finish ever. Sally Austin, the Women's golf coach is stepping down after 16 seasons. We are all still basking in the glow of the men's basketball national title.

- **Trustee Farewell Dinner.** We had a wonderful evening as we toasted and roasted these five trustees who have meant so much to this Board and contributed so much to this University. They are going to be missed, but they will be replaced with competent and capable people who will continue to serve with the same strength and character that these five have. Two of our new trustees are here: Don Curtis and Wade Hargrove. Other new trustees are Felicia Washington, and the Governor's appointees are Eddie Smith and John Townsend.

Chairman Perry read the following resolution.

**RESOLUTION OF APPRECIATION
FOR
RUSSELL M. CARTER**

WHEREAS, Rusty Carter is stepping down after two terms on the University of North Carolina at Chapel Hill Board of Trustees, during which he served as Secretary for four years;

WHEREAS, Mr. Carter served as a member of the Compensation Committee and the University Affairs Committee; serving as chair of the University Affairs Committee for four years, where his outstanding leadership set a standard for all future chairs;

WHEREAS, Mr. Carter was a long-time champion of improving graduate student recruitment and resources, helping the Board to understand the value of graduate students to the entire University community;

WHEREAS, Mr. Carter guided a significant reform of the undergraduate advising system; and improved funding sources to allow more investment in the entire athletics program;

WHEREAS, Mr. Carter has been active in promoting the University's interests in various ways, especially as a member of the Morehead Scholarship Selection Committee, the Educational Foundation, the UNC Foundation Board, the School of Journalism and Mass Communication Board of Visitors, and the steering committee of the Carolina First Campaign;

WHEREAS, Mr. Carter enthusiastically assumed additional responsibility when the University called upon him to serve on the search committee that selected Holden Thorp as the University's tenth chancellor;

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WHEREAS, Mr. Carter, a graduate of Carolina and proud parent of three Carolina alumni and one future alumnus, has been recognized for his service with the Graduate School Dean's Award for Significant Contributions to Graduate Education and the General Alumni Association's Distinguished Service Medal;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of North Carolina at Chapel Hill salutes Russell M. Carter for his dedication to his alma mater and his state and thanks him for his service.

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Trustee Carter.

Chairman Perry requested Secretary Carter read the following resolutions.

**RESOLUTION OF APPRECIATION
FOR
KAROL VIRGINIA MASON**

WHEREAS, Karol Mason is stepping down after two terms on the University of North Carolina at Chapel Hill Board of Trustees, during which she provided steady guidance as Board Vice Chair for two of those years;

WHEREAS, Ms. Mason's leadership was a tremendous resource for the Board as she chaired the Audit and Finance Committee and the Conflicts of Interest Committee; served as Vice Chair of the Compensation Committee; and served as a member of its Endowment and Investment Committees;

WHEREAS, Ms. Mason advocated to keep the University affordable and accessible through need-based financial aid and reasonable out-of-state tuition, and sought to keep diversity as a priority in the selection of students, faculty and staff;

WHEREAS, Ms. Mason's cool, calm and straightforward manner was a huge asset to the Board in its deliberations;

WHEREAS, Ms. Mason enthusiastically assumed additional responsibility when the University called upon her to serve as vice chair of the search committee that selected Holden Thorp as the University's tenth chancellor;

WHEREAS, Ms. Mason has further served the University's interests as a member of the Board of Visitors, the Arts and Sciences Foundation, the Investment Fund Board, the UNC Foundation Board and the Carolina First Campaign Minority Alumni Committee, and has been recognized for her achievements with the General Alumni Association's Distinguished Young Alumna Award and the Harvey E. Beech Outstanding Alumni Award;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of North Carolina at Chapel Hill salutes Karol Virginia Mason for her dedication to her alma mater and thanks her for her service.

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Trustee Mason.

**RESOLUTION OF APPRECIATION
FOR
PAUL FULTON**

WHEREAS, Paul Fulton is stepping down after two terms on the University of North Carolina at Chapel Hill Board of Trustees, during which he served as a member of the Compensation Committee, the University Advancement Committee, and the Audit and Finance Committee;

WHEREAS, Mr. Fulton was a watchdog on fiscal matters for the Board, bringing considerable financial expertise to his steadfast leadership as chair of the Audit and Finance Committee for two years and serving on the boards of the UNC Endowment Fund, the UNC Foundation and the Investment Fund;

WHEREAS, Mr. Fulton, through his role in forming the Citizens for Higher Education, was a tireless advocate for higher education and will now further serve this cause as a distinguished member of the UNC Board of Governors;

WHEREAS, Mr. Fulton spoke out forcefully on issues, enhancing board discussions with his extensive experience and real-world perspective;

WHEREAS, Mr. Fulton has been an active and long-time fundraiser for the University, enhancing athletics program support, serving on the National Development Council and the Bicentennial Campaign Committee, and culminating in his co-chairmanship of the Carolina First Campaign Steering Committee, which led the University in its most successful such endeavor to date;

WHEREAS, Mr. Fulton has been recognized for his dedication and service with the General Alumni Association's Distinguished Service Medal and the Board of Trustees' highest honor, the William R. Davie Award;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of North Carolina at Chapel Hill salutes Paul Fulton for his devotion to his alma mater and his state, and thanks him for his service.

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Trustee Fulton.

**RESOLUTION OF APPRECIATION
FOR
NELSON SCHWAB III**

WHEREAS, Nelson Schwab is stepping down after two terms on the University of North Carolina at Chapel Hill Board of Trustees, during which he was an extraordinarily effective leader as chair of the Board for two years;

WHEREAS, Mr. Schwab brought his collegial leadership style and insightful discussions to an additional responsibility when he chaired the Chancellor Search Committee that selected Holden Thorp as the University's tenth chancellor, guiding a process noted for its inclusiveness and timeliness;

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WHEREAS, Mr. Schwab was an influential voice on the Board for fiscal and managerial issues, chairing the board of directors of the UNC Management Company and the UNC Foundation Board and serving on the board of the Investment Fund;

WHEREAS, Mr. Schwab has served the University in many ways, including as a member of the Board of Visitors, the Kenan-Flagler Business School Board of Visitors, and the Carolina First Campaign Steering Committee; and has been recognized for his work with the General Alumni Association's Distinguished Service Medal;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of North Carolina at Chapel Hill, salutes Nelson Schwab for his dedication and leadership and thanks him for his service.

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Trustee Schwab.

**RESOLUTION OF APPRECIATION
FOR
A. DONALD STALLINGS**

WHEREAS, Don Stallings is stepping down after two terms on the University of North Carolina at Chapel Hill Board of Trustees, during which he served as vice chair of the Buildings and Grounds Committee for two years;

WHEREAS, Mr. Stallings was a staunch supporter of the role of athletic excellence in University life and brought his considerable knowledge of university athletics issues to board discussions;

WHEREAS, Mr. Stallings was a steady voice of reason in Board discussions, contributing valuable insights;

WHEREAS, Mr. Stallings enthusiastically assumed additional responsibility when the University called upon him to serve on the search committee that selected Holden Thorp as the University's tenth chancellor;

WHEREAS, Mr. Stallings has been a generous supporter of the University, leading the Educational Foundation as chairman and vice chairman, serving on the Botanical Garden Foundation board, the UNC Athletic Council and the General Alumni Association Board, and has been recognized for his service with the Board of Trustees' highest honor, the William R. Davie Award;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of North Carolina at Chapel Hill salutes A. Donald Stallings for his diligence and his dedication to his alma mater and thanks him for his service.

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Trustee Stallings.

Chairman Perry read the following resolution.

**RESOLUTION
BOARD OF TRUSTEES**

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

WHEREAS, Karol V. Mason, Russell M. Carter, Paul Fulton, Nelson Schwab III, and A. Donald Stallings have served the people of North Carolina and the University of North Carolina at Chapel Hill faithfully and wisely as Trustees of the University; and

WHEREAS, Ms. Mason, Mr. Carter, Mr. Fulton, Mr. Schwab, and Mr. Stallings have ended their service as Trustees;

NOW, THEREFORE, BE IT ENACTED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL THAT

1. Ms. Mason, Mr. Carter, Mr. Fulton, Mr. Schwab, and Mr. Stallings are elected Honorary Trustees of the University of North Carolina at Chapel Hill.
2. Those elected to the position of Honorary Trustee of the University of North Carolina at Chapel Hill shall be invited to attend all regular meetings of the Board.
3. Those elected to the position of Honorary Trustee of the University of North Carolina at Chapel Hill shall become members ex-officio of the Board of Visitors.
4. An Honorary Trustee shall cease to hold that position if he or she again becomes a Trustee.

The Board of Trustees unanimously approved the resolution, followed by a round of applause for Trustee Carter.

REPORT OF THE NOMINATING COMMITTEE

Mr. Schwab, Chair of the Nominating Committee, presented the following proposed slate of officers for the term July 2009 to July 2010.

Robert W. Winston, Chair
Barbara R. Hyde, Vice Chair
Phillip L. Clay, Secretary

The Board will approve the nominations at the July Board meeting. Mr. Clay and Ms. Shuping-Russell also served on the Nominating Committee.

CHANCELLOR'S REMARKS

Chancellor Thorp spoke about:

- **White House Visit/Men's Basketball-** It was an honor for the team, Coach Williams and his staff, as well as the University to visit the White House and President Obama. It's a great tradition that I hope continues for men's basketball and our other teams.
- **Dean Appointment Recommendations-** Later, in closed session, the full board will consider an important personnel recommendation for a new dean that Provost Gray-Little and I have made for your consideration. In the College of Arts and Sciences, we have recommended our own Karen Gil, currently the Lee G. Pedersen Distinguished Professor of Psychology and professor of psychiatry, to become dean. The provost and I believe Karen is ideally suited for this job with her background as a faculty member, researcher and longtime administrator in the College. She would take over for Bruce Carney, who has done an excellent job in the interim role over the past year. I'm also pleased to announce that we've just received a commitment from our selection for a new dean in the School of

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Nursing, pending trustee approval. For your later mail ballot consideration, we'll recommend Kristen Swanson, the current chair of family and child nursing at the University of Washington. She holds the medical center's term professorship in nursing leadership and is a nationally recognized researcher. She would succeed Linda Cronenwett, who has given the University a decade of devoted service in that role.

• **Budget Update-** Last week, the House Appropriations Subcommittee on Education released its preliminary budget proposal for 2009-11, which included a \$337 million cut for the UNC system. General Administration calculates the net funding reduction for that cut at 11.1 percent. President Bowles has articulated his concerns: that while that cut level is still less than in other states like Florida the effect would be severe and long-lasting, especially for our students' access and for the quality of the education we can provide. The proposal includes a tuition increase for every student, less funding for need-based financial aid and a cap on enrollment at current levels. In one positive development this week showing the effectiveness of President Bowles' response, the House education leaders have changed the tuition proposal from a flat \$256 increase for every student to 8 percent or \$200, whichever is higher, on all of the UNC campuses. Our students would pay the full \$200. Given the magnitude of the cuts, it's not surprising to us that tuition is one of the areas being considered as a potential revenue source. We're all emphasizing that the House is the next step in this five-part process. President Bowles and the Board of Governors shared the UNC system budget request with the General Assembly.

Governor Perdue and the Senate released their budget plans, which contained differences. After the House budget proposal is finalized, the Senate and House will appoint members of a joint conference committee to negotiate over a final state budget package. We continue to prepare for the possibility of additional cuts beyond the 5 percent level -- equivalent to state appropriations -- that we've planned for on campus in fiscal 2009-2010. Members of the House and Senate conference committee will face some very difficult choices for state government and our University system during their negotiations. We are monitoring the situation closely alongside President Bowles and General Administration.

• **Christopher Armitage-** Now, I want to recognize Professor of English Christopher Armitage, one of our most outstanding faculty members. During Commencement, he received the Board of Governors Award for Excellence in Teaching, which goes to an outstanding tenured faculty member to underscore the importance of teaching and to reward great teaching. Professor Armitage was nominated by a committee on our campus and selected by the Board of Governors' Committee on Personnel and Tenure. He has taught over 20 different English courses and specializes in 17th and 20th century English and Canadian literature. He has degrees from three different universities from three different countries- England, Canada, and the United States. Born in England, he has maintained deep connections to his native country by conducting summer study programs at Oxford University. We're honored that Professor Armitage could join us today. I'm yielding a portion of my time so that he can address the board.

Professor Armitage spoke briefly to the Board and thanked them for their support.

• **Academic Planning Update-** Provost Gray-Little gave an update on our academic planning efforts. She reported that it has been difficult this year because of the budget cuts.

STUDENT BODY PRESIDENT'S REMARKS

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Ms. Jones began by saying that she was honored to have the privilege and the opportunity to address the Board. She encouraged the Board to continue to make decisions that will reflect the core values that this university will always uphold, allowing us to continue promoting the greatness of this place. She mentioned that her administration has three goals:

- 1) Community,
- 2) Collaboration, and
- 3) Outreach amongst the entire university and town.

The greater picture behind these themes is to begin to refocus on building a tighter community on this campus. We take pride that Carolina creates the feeling of community for all of our Tarheels, but as we continue forward with our growth and achievements, we must always keep this in mind and practice it. I look forward to this administration being an integral part in making Carolina a great place to be for all Tarheels.

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

THE STATE OF IT AT CAROLINA

Larry Conrad, Vice Chancellor for Information Technology, presented this report to the Board. He spoke about the State of IT at Carolina, the scope of IT at Carolina, ITS organization, the IT strategic plan, opportunities for campus units, governance/outreach, peer institution central IT funding, top challenges, Connect Carolina, security challenges, capital funding challenges, services challenges, and central IT funding levels.

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 for approval by the Board of the following items which were brought forth as a motion formerly approved by the committee.

• **Extended Territorial Jurisdiction for University Police Officers.** Jeff McCracken, Director and Chief of Police, requested that the Board of Trustees approve an agreement to extend the Territorial Jurisdiction of the University of North Carolina at Chapel Hill Department of Public Safety. The agreement will allow UNC-CH Public Safety Officers to do the following:

- ♦ Exercise all law enforcement powers anywhere within the Town of Chapel Hill while participating in joint operations or training with the Chapel Hill Police Department so long as those activities are approved by both the Chief of the Chapel Hill Police Department and the Director of UNC-CH Public Safety.
- ♦ Exercise all law enforcement powers relating to criminal offenses (excluding traffic offenses) that occur in the officer's presence, while on duty and within the identified area of the Chapel Hill downtown business district.
- ♦ Exercise all law enforcement powers on, and be the primary police service provider for, the Granville Towers portion (towers and associated parking) of the University Square property to be purchased by the UNC Chapel Hill Foundation, Inc. this summer.

The motion was duly seconded and it carried.

(ATTACHMENT F)

• **Revision to Ordinance Regulating Traffic and Parking.** Jeff McCracken, Director and Chief of Police, reported on a further change to the Ordinance Regulating Traffic and Parking related to two-wheel vehicle operation on sidewalks. The motion was duly seconded and it carried.

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(ATTACHMENT G)

• **Withdrawal from the Student Stores Scholarship Endowment Fund.** Richard Mann requested that the Board of Trustees approve the transfer of \$500,000 from the Student Stores Scholarship Endowment Fund due to direct allocations being less than in previous years. The withdrawal will provide partial funding for undergraduate and graduate awards in 2009-10 and will also supplement the available direct allocation from Student Stores. The transfer of \$500,000 from the Student Stores Scholarship Endowment Fund is contingent on obtaining the consent of the Board of Trustees of the Endowment Fund. Ms. Shuping-Russell seconded the motion and it carried.

(ATTACHMENT H)

• **Board of Visitors Charter Update.** Matt Kupec, Vice Chancellor for University Advancement, presented the recommended changes to the Board of Visitors Charter. The motion was duly seconded and it carried.

(ATTACHMENT I)

• **Board of Visitors Elections.** Mr. Fulton moved ratification by the Board of the following 45 people to the Board of Visitors Class of 2013 and the ratification of Michael Kennedy as Chair and Linda Tarrson as Vice Chair of the Board of Visitors. The motion was duly seconded and it carried.

Charles Marc Abbey	Anna Urban Maynard
Kelly M. Alexander Jr.	Margaret Thompson McCain
Michael Kevin Alford	George Thomas McLamb III
Elayne Glover Bennett	Emmett English McLean
James-Keith Brown	John Douglas Merritt Jr.
Terri Brown Burroughs	James Gerard Pagnani
William Henderson Cameron	Pamela Denise Parker
Winborne Shaffer Chandler	James Marion Parrott V
Barbara Holland Chapman	Kimberly Glenn Phillips
Ralph Howard Duckett	Walker Lynch Poole
Lisa Armsrees Gillespie	Jane Bethell Preyer
James S. Gold	Gustavus Adolphus Puryear IV
Ann Parker Hyman Gottwald	Deborah Day Roach
Marc Edward Gustafson	William Henry Robinson II
Robert H. Hackney Jr.	Ricky Charles Silver
Cynthia Johnson Henderson	Dana Edward Simpson
William Thomas Hobbs II	Sterling Ashley Spainhour Jr.
Margaret Jane Hynes	C. Brian Speas
Susan Stafford Kelly	Jason Finley Staincek
Joseph Thomas Lamb Jr.	Catherine Crumpton Stokes
William Paine Logan	Thomas Claiborne Watkins
Carolyn White London	Thomas Frederick Webb
Rand Riviere Mason	Deborah Cherrie Wilder

(ATTACHMENT J)

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 Chair.** Tommy Griffin emphasized support for Holden's leadership and working together on campus.

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• **Internal Audit Report.** Phyllis Petree, Director of Internal Audit, presented a summary of audit projects completed or in progress between December 8, 2008, and April 26, 2009. Reports from audits of two major operating areas – Recharge Center Operations and Student Stores – will be issued by the end of the fiscal year. Management is already taking steps to address any items noted in these audits. Some audit projects scheduled for this fiscal year have been deferred to fiscal year 2009-2010. These projects were delayed because more time was needed than anticipated for unplanned reviews and advisory projects requested by management.

The 2009 EAGLE internal control review and certification is in process. This year the review will include a few additional financial statement items as well as updates to items reviewed in 2008. The review of operating processing is substantially complete and no significant control weaknesses have been noted.

(ATTACHMENT K)

• **Update on Budget and Bain Study.** Vice Chancellor Mann provided an update on the Budget and Bain Study.

Budget- The North Carolina House recently unveiled its preliminary plans for the 2009-2011 biennial budget. The House budget is much more stark than the earlier budgets of the Governor and the Senate. The House budget will reflect actual revenue figures that were not available for the previous two versions of the budget. At this time, the House budget reflects no additional revenue. Based on the latest estimates, the 2009-10 budget deficit is now approaching \$5 billion.

The House Subcommittees plan to complete their work and vote out their respective subcommittee reports by Thursday, June 4. The House would then consider a budget bill and report the following week on its chamber floor.

Bain Study- The study will be completed this month. A final report will be submitted to the Board of Trustees at the July meeting and for public release.

Chancellor Thorp announced that Bain & Company will provide a “10,000-mile checkup” in 2010 on a pro bono basis.

• **Development Update-** Matt Kupec presented the following report to the committee: There are \$254,516,569 in new commitments in FY09, an average of \$24.2M per month. Since the March 25, 2009, Trustee meeting, we have secured \$38,927,041. There are \$143,391,949 proposals in the pipeline. We are on track to raise \$250,000,000 in cash in FY09. FY09 National Benchmark (commitments received in FY 2009). Our average monthly commitments range from \$3M to \$32M.

Mean: \$12.5M / month

Carolina: \$24.2M / month

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).

• **Faculty Chair Remarks** by Joe Templeton. In his last address to the committee. He reviewed his Trustee role since 2006 and thanked the Trustees for their work, especially to the five who are leaving. Mr. Templeton spoke of the importance of recruitment of

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undergraduates, graduates, and faculty. He then announced that McCay Coble will be the new Faculty Council Chair beginning July 1.

• **School of Medicine, Faculty Compensation Plans** – Etta Pisano, Associate Dean, reported to the committee about modifications to the School of Medicine’s Basic Science Faculty Compensation Plan and Clinical Faculty Compensation Plan. The Plans, as revised, will cover all faculty, including fixed term faculty and tenured and tenure-track faculty. It will provide for a minimum base faculty salary and variable components based on productivity. Chairs will need to set performance targets. It is not an “abrogation of tenure.” Trustee Clay explored the complicated nature of performance standards and how they are measured and derived. Trustee Jones asked about consistency across departments. Chair Gardner asked about training and recommended commercial/ entrepreneurial aspects of research be recognized.

(ATTACHMENT L)

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.

• **Center for Faculty Excellence** by Ruth Walden. She reported that the center will start July 1 and will focus on excellence in research, teaching and leadership. They are building a national model, giving support to faculty at all career stages and are partners with all campus units.

• **Leadership Development** by Senior Associate Dean Jay Swaminathan, Kenan-Flagler Business School. He reported that they have started a 360 degree feedback for all leaders in the organization and are holding team building sessions, as well as one and a half day in-house programs of training. They are implementing a leadership day, simulations, coaches, and leadership immersion programs.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Carter, 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

William Richardson Davie Award Nominations

Paul Fulton, Committee Chair, presented the names that were discussed at the Audit and Finance Committee concerning the Davie Award. The Board then selected and approved four candidates for the William Richardson Davie Award which will be presented on November 18, 2009. [A copy of the Davie Award 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 May 18, 2009, for the Board’s consideration. The actions will be voted on in open session.

(ATTACHMENTS M-N-O-P-Q)

LEGAL ADVICE

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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 and legal 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 May 18, 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 M)

- Personnel changes in Academic Affairs.
(ATTACHMENT N)

- Personnel changes in Health Affairs.
(ATTACHMENT O)

- Tenured Personnel Actions.
(ATTACHMENT P)

- Payments to Participants of the North Carolina Local Government Service Corps.
(ATTACHMENT Q)

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

ADJOURNMENT

There being no further business to come before the Board, Chair Perry adjourned the meeting at 11:35 a.m.

Assistant Secretary