

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

The Board of Trustees met in regular session on Wednesday, July 26, 2006 at The Carolina Inn, Chancellor's Ballroom West, at 5:00 p.m. Chair Schwab presided.

ROLL CALL

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

Nelson Schwab III, Chair	Barbara R. Hyde
Jean Almand Kitchin, Vice Chair	Karol V. Mason
Russell M. Carter, Secretary	Roger L. Perry, Sr.
Timothy B. Burnett	A. Donald Stallings
James Allred	Richard T. Williams
John G. B. Ellison, Jr.	
Paul Fulton, Jr.	

The following member was absent:
Robert W. Winston

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Mr. Perry, Committee Chair, moved ratification by the Board of the following Level 1 items, which were previously approved by the committee. The board seconded the motion and it carried.

- Designer Selection of the following three firms in priority order listed for the Master Plan and Advance Planning for Improvements to Division of Laboratory Animal Medicine (DLAM) Facilities. The project evaluates conditions of existing DLAM facilities and develops a master plan for renovation. Advance planning for projects is also included.

1. Lord Aeck Sargent	Chapel Hill, NC
2. Flad & Associates	Raleigh, NC
3. The FWA Group/Hillier	Durham, NC

(ATTACHMENT A)

- Designer selection of the following three firms in priority order as listed for Bynum Hall Lower Level Renovation. The project renovates the lower level of Bynum Hall for the Office of the University Counsel and provides a new elevator and accessible restrooms on the lower level.

1. Small Kane Architects	Raleigh, NC
2. Gurlitz Architectural Group, PA	Durham, NC
3. Wash Hatem Nelson Architects, PA	Charlotte, NC

(ATTACHMENT B)

- Acquisition by Lease of Office and Meeting Space for the Cecil Sheps Center for Health Services Research Center and Institute of Medicine. This request is for approval of office and meeting space at a location to be determined not to exceed 4,400 SF.

(ATTACHMENT C)

- Acquisition by lease of Office and Clinic Space for School of Medicine, Children's Communication Disorder Program. This request is for approval to acquire by lease office and clinical space not to exceed 3,700 SF.
(ATTACHMENT D)
- Lease of Land to the Educational Foundation, Inc. The purpose of this action is to authorize a ground lease for the Educational Foundation, Inc., for the Finley Golf Course Clubhouse Improvements Project.
(ATTACHMENT E)

Preliminary Design Reviews

Ms. Anna Wu, Director of Facilities Planning and Construction, presented two preliminary designs. These items require no action of the board at this time.

- Preliminary Design Review - Boshamer Stadium Addition and Site Improvements

Ms. Wu presented the project at Boshamer Stadium, highlighting improvement of both the stadium as a whole and the general site. The efforts are to maintain the circulation of the stadium, as well as provide a better support space for the student athletes, the coaches, and the facilities. Improvements to the facility include:

- Archways leading into the stadium
- Three parking lots that will remain although a new batting tunnel has been proposed for the uppermost parking concourse.
- Restrooms and concessions will be added on both the first and third base side.
- Hall of honor on the third base side
- Press level will include 6 suites and coaching offices
- Improved weight rooms and locker rooms

Questions were raised by Chair Schwab about the view coming down Ridge Road. Trustee Carter and Chair Schwab made comments on the inclusion of vegetation and trees into the design. Ms. Wu said they will look into it.

Trustee Mason questioned the timing on the project. Ms. Wu noted that the timing depended on the funding for the \$14 million project. Pledges and commitments have been made.

Ms. Wu went over the improvements that are to be made to Ridge Road including leaving the magnolias, moving the bend, a new fence, and improvements to pedestrian crossing.

(ATTACHMENT F)

- Morehead Planetarium and Science Center Rehabilitation and Addition

Ms. Wu presented the new additions to Morehead Planetarium. Initial improvements are to provide a 10,000 sq ft. addition to the building to provide a front door from Franklin Street. Some adjustments will be made to the floor plans on each level inside the building with the main focus on cleaning up the circulation on the ground level. The sundial is to be moved so the parking lot can be refigured and a new front lawn can be created from the building all the way out to Franklin Street. One parking space will be gained. More pedestrian options will be available leading up to the building.

(ATTACHMENT G)

The committee will meet again for approval in September.

Semi-Annual Capital Improvement Report

Trustee Perry reported that the committee received a report on Semi-Annual Capital Improvements. The report showed that we continue to reap profits at a very rapid rate. There is only \$30 million left in the program to put into contracts.

(ATTACHMENT H)

Semi-Annual Lease Report

Trustee Perry reported that the Committee received the Semi-Annual Lease Report.

(ATTACHMENT I)

Carolina North Update

Trustee Perry reported that Carolina North is showing progress and there have been new conversations between all parties. An environmental assessment company has been retained to review the property. A consultant has been hired to review the infrastructure of the building. Continued assessment will go through March and per the Board's suggestion for the next meeting, a plan will be submitted for October of next year.

Trustee Perry concluded the committee's presentation.

RECESS

Chair Schwab recessed the Board meeting at 5:40 p.m.

RECONVENE

Chair Schwab reconvened the Board meeting at 8:05 a.m. on Thursday, July 27, at The Carolina Inn, Hill Ballroom.

ROLL CALL

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

Nelson Schwab, III, Chair	Barbara R. Hyde
Jean Almand Kitchin, Vice Chair	Karol V. Mason
Russell M. Carter, Secretary	Roger L. Perry, Sr.
James S. Allred	A. Donald Stallings
Timothy B. Burnett	Richard T. Williams
John G. B. Ellison, Jr.	

The following member was absent: Robert W. Winston
Paul Fulton, Jr. joined the meeting already in session.

ELECTION OF OFFICERS

Trustee Perry, Chair of the Nominating Committee, presented the following proposed names for re-election:

Nelson Schwab III, Chair
Jean Almand Kitchin, Vice Chair
Russell M. Carter, Secretary
Brenda W. Kirby, Assistant Secretary

The Board unanimously approved the slate of officers.

CONSENT AGENDA

Approval of May 24-25 Minutes and Ratification of June Minutes

On motion of Mr. Williams, seconded by Mr. Burnett, the minutes of the regular meeting of May 24-25, 2006 were approved as distributed.

Ratification of Mail Ballots

On motion of Mr. Williams, seconded by Mr. Burnett, the following mail ballots, dated June 6 and June 14, were approved as distributed.

- Dean, School of Law, John Charles Boger
(ATTACHMENT J)

- Personnel changes for information, personnel changes in Academic Affairs, personnel changes in Health Affairs, and tenured personnel actions.
(ATTACHMENT K)

CHAIR'S REMARKS

Chair Schwab began his remarks by thanking Chancellor Moeser for arranging the BOT retreat and the excellent speakers. He thanked the board for their time and stated that the retreat fostered positive conversation on the needs of the University and the system. It provided an opportunity to identify ways to work to serve the university and the state and to provide a better education for the state. This board is committed to those goals and takes them seriously.

Chair Schwab noted three areas and asked Chancellor Moeser to formulate an action plan and report back to the board in November.

- Possible areas within the State Legislature where relief might be sought which would benefit the system and campuses:
 - Human Resources-benefits and classifications
 - Procurement
 - Renovations, and Repair and Maintenance
- Determine appropriate growth rates for the University
- Concentrate on a four year graduation rate. Goal is to identify and meet this goal in a three year period.

Chair Schwab reminded the board of the five priority areas he identified in his report to the board last July and stated that he would continue to concentrate his efforts and those of the board on these areas.

- 1-High quality undergraduate experience
- 2-Faculty Retention
- 3-Research Competitiveness
- 4-Athletic Excellence
- 5-Funding

Chair Schwab acknowledged the strong support for Carolina, the university system and education in general in the newly approved budget. He thanked all trustees for their advocacy efforts. He referenced that enrollment growth is now in the continuation budget, which is a great asset to our campus.

Chair Schwab thanked the current committee chairs for a great year and announced that they will continue for the coming year.

CHANCELLOR'S REMARKS

Chancellor Moeser thanked the board for wonderful discussions at the retreat. He reiterated that Dr. Robert Berdahl, president of AAU, Mr. Leonard Sandridge, Executive Vice President and Chief Operating Officer, University of Virginia; and Professor Ed Ayers, Dean of the College of Arts and Sciences, University of Virginia, provided insight into their experiences in higher education. A great deal is learned from great leaders from other universities. We learn from things others do successfully and we should copy things which will work for UNC Chapel Hill and the system. We learned that we have things that are unique to this university that we should be proud of, which we are.

Chancellor Moeser cleared up the *News and Observer* article on the claim that UNC Chapel Hill is trying to gain autonomy from the system. The Chancellor made clear that the presentations by the guest speaker are ideas that can be applied to the whole UNC system, not just at Chapel Hill.

The Chancellor introduced the new deans for the School of Law, School of Journalism, and the Interim Dean of the College of Arts and Sciences, Jack Boger, Jean Folkerts, and Madeline Levine.

The Chancellor recognized the following individuals and their accomplishments:

- Mr. Phil Singer of the Drinking Water Research Center in the School of Public Health. Mr. Singer was recently honored by the National Water Research Institute with its Athalie Richardson Irvine Clarke Prize.
- Mr. Archie Ervine, Associate Provost for Diversity and Multicultural Affairs. Mr. Ervine was recently honored by the Employee Forum with its Three-Legged Stool Award, which recognizes contributions by employees who work to promote cooperation and collaboration among faculty, staff, and students.
- Mike Fox, coach of UNC's baseball team. Mr. Fox was recognized for helping UNC Athletics place in the Director's Cup as well as finishing second in the College World Series. The team set a school record for single-season victories, regular season wins, home wins, and ACC victories.

The Chancellor praised Governor Easley, our legislative leaders, the General Assembly, and President Bowles on the state budget. He referenced the following:

- The faculty will receive a 6% salary increase
- The staff will receive a 5.5% increase
- Appropriations to plan genomics sciences building (\$25 million toward a total project cost of \$145 million)
- Joint dentistry project with East Carolina (new program in Greenville, \$7 million)
- Repair and Renovation to system (\$102 million)
- Destiny, AHEC Expansion, and programs and capital planning for the UNC Health Care System.

Priorities for the next legislative session have been identified:

- Faculty Excellence – merit raises to reach 67th percentile of our peers
- Research budget for graduate student remissions, libraries, and research centers
- Economic development and engagement through programs such as the Kenan-Flagler Business Advisory Program and the School of Government's Community and Economic Development Program
- Involvement in K-12 education through increased school partnerships, more math-science teachers, and a continuation of the Destiny science bus
- Involvement in professional workforce issues
- Increase health workforce by addressing current health issues and by launching a global health institute
- Establish academic programs such as study abroad and information technology
- Seek support for fund raising efforts

Research Funding Gains – Chancellor Moeser reported that research funding is up nearly 2.4 percent. \$593 million has been received as of today, which is up from \$579 million the previous year.

Chancellor Moeser announced that Jack Evans, Hettleman Professor of Business, was appointed Executive Director of Carolina North for an initial two year term. He will take on the overall responsibility for leading and planning and implementation of Carolina North.

STUDENT BODY PRESIDENT'S REMARKS

- The Student Body President began by speaking about the C-TOPS and TSOP orientation sessions this summer for first year and transfer students. He spoke about the information shared at these sessions and described the important role these orientation sessions play in sharing information about Carolina with families of students. He also spoke about work being done by the Parent's Council to plan a more comprehensive Family Weekend this year. That family weekend will take place October 27-29.
- Allred then shared new safety plans being discussed with Chief Poarch of the Department of Public Safety and Chief Jarvies of the Chapel Hill Police Department. He described collaborations being built between the town and students to improve lighting, patrols, and other safety measures near campus.
- Allred shared details of the new printing system being implemented at all ITS Print labs. Students will now use their OneCards to monitor the amount of paper they use each semester, and each student will be limited to 500 pages in the fall semester. This will ensure that all printing is covered by the existing student fee for technology and also help promote sustainable environmental practices at Carolina.
- Allred described an Art's festival being planned by UNC's student government in conjunction with work being done at Duke University. The festival will showcase student performers from both campuses and will be held during Family Weekend.
- Finally, Allred shared details about Carolina United, an upcoming diversity conference designed to promote better dialogue around the issues of race, class, gender, religion, and political identity. The conference will couple discussions of these topics with workshops designed to promote strong leadership on campus. Leaders from the student body and from across the community will attend.

NEW GENERAL EDUCATION CURRICULUM

Interim Dean of the College of Arts and Sciences, Madeline Levine, and Senior Associate Dean for Undergraduate Education, Bobbi Owen, presented the new undergraduate general education curriculum.

The new curriculum comes from concerns raised in 1995 about relevancy, fragmentation, need for experiential education, small-group seminars, and global education. The Intellectual Climate Task Force (1996 – 1998) recommended the following:

- First Year Seminars
- Undergraduate Research
- Summer Reading Program
- Service and community based learning
- Improved advising systems
- And a review of the General Education Curriculum

All of these recommendations were fulfilled.

The new curriculum is based on:

- Foundations
 - English Composition and Rhetoric, plus Foreign Language
 - Quantitative Reasoning
 - Lifetime Fitness
- Approaches
 - 2 courses (at least 1 with lab component) in Physical and Life Sciences
 - 3 courses (from at least 2 different departments) in Social and Behavioral Sciences
 - 1 course in Philosophical/Moral Reasoning
 - 1 course in Visual, Performing, and Literary Arts
- Connections (0 additional hours)
 - Foundation or Spatial/Cultural Connections

The new curriculum is to meet two major goals:

1. A more coherent and integrated experience
2. To draw more meaningful connections between the classroom and the outside world

New students will begin to follow the new requirements this fall. Entering first year students are registering under the new curriculum. Students will be tracked from the beginning to evaluate the effectiveness of the curriculum. At least 400 students will be tracked from day one to graduation and beyond. Surveys and focus groups will also be used to collect and compare data between the old and new curriculum. Everyone who has been reviewing the new curriculum feels good about the direction in which it is going.

Chairman Schwab thanked the presenters and ensures a follow up.

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

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

REPORT OF THE AUDIT & FINANCE COMMITTEE

Ms. Mason, Committee Chair, presented the committee's report on the following item:

- Approval to transfer to the University of the Endowment's Distribution from the investment fund during the 2006-2007 fiscal year.

Ms. Mason moved ratification by the Board of the above item. The motion was duly seconded and carried.

(ATTACHMENT L)

The second action item was on the following:

- Modification of the Wagstaff Endowment to provide unrestricted income to the North Carolina, Southern Historical, and Southern Folklife Collections, with a preference, whenever possible, for those uses specified in Mrs. Wagstaff's will.

Ms. Mason moved ratification by the Board of the above item. The motion was duly seconded and carried.

(ATTACHMENT M)

The following items were presented previously to the committee for information only (no formal action was requested at that time).

- Ms. Mason indicated that the University has ratings of AA1 and AA+ from the rating agencies, which is just one level below the top ratings.
- Brian Smith, Director of Treasury Operations, reported to the committee on the University's debt management. The University currently has \$895 million in debt but the majority has indicated revenue to pay for it. Debt ratios have a benchmark of 1.5 coverage. Right now the University sits at 1.61. The University is still above the benchmark. Most of the debt is fixed and we continue to use short term debt program to take advantage of lower interest rates.
- Mr. Dwayne Pinkney indicated that fiscal year 2005-2006 was the first year in several years where there were no budget reductions to allocate. The carry-forward of around \$2.24 million, and research dollars came in at \$593 million, compared to the before \$579 million.
- Ernie Patterson came to the committee on behalf of the Employee Forum. He was happy to announce the faculty and staff were pleased with the pay increase. The Employee Forum is also happy that the University is implementing recommendations set by the Chancellor's Task Force for a Better Workplace. The Forum continues to advocate continuing education for faculty and staff.
- Mr. Fulton gave a report on the Carolina First Campaign. We just finished the seventh year of the campaign and the campaign brought in over \$287 million. This was the second largest year of commitments. Mr. Fulton commented that commitments and fundraising do not need to end when the campaign ends, but should continue on. The Board recognized Matt Kupec for his work on the campaign.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, 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).

- Academic Plan – Annual Update
- Provost Gray-Little provided an update on the Academic Plan, highlighting the following:

- Creating a strong academic experience for undergraduate and graduate students through smaller class sizes, etc.
- First year retention rate remains high at 97% in 2004, compared to AAU's mean of 89%
- The four year graduation rate for freshmen entering in 2001 was 71%
- UNC continues to receive high rankings in *US News & World Report* and in other rankings including *Forbes* and *Kiplinger's*. In *Kiplinger's* we are ranked as best value for high quality education.
- Four interdisciplinary initiatives were highlighted: (1) the Parr Center for Ethics; (2) the Carolina Performing Arts Academic Integration Program; (3) the changes in the School of Medicine promotion and tenure policy; and (4) the Translational Medicine Initiative
- Faculty recruitment and development continues to be a high priority, with increases in funded leaves and new start-up packages.
- Strides are still being made in diversifying students and faculty. The Diversity Assessment Plan will be presented at the next meeting.
- The Public Service Scholar Program, which began in 2004, has grown from 78 to 742 students. These students devote much of their time to community service and are recognized on their diplomas upon graduation.
- On the international front, we received federal funding for a new Title VI Center for African Studies. We achieved our three major international goals for this year, which were to (1) secure funds to complete the Global Education Center, (2) to launch the undergraduate joint-degree program with the National University of Singapore, and (3) retain our status as one of the top public research universities in terms of undergraduates sent abroad.

(ATTACHMENT N)

- Steve Allred presented an update on faculty retention. There are 46 tenured faculty members. We retained 52% of the faculty who received outside offers and won 57% of the retention battles in the College of Arts and Sciences. Faculty stayed because of support, accommodation of family needs, and love of Carolina.

(ATTACHMENT O)

- Peggy Jablonski, Vice Chancellor for Student Affairs, updated the committee on the judicial system, where progress has been made on conduct and trials/hearings. The Honor Court dealt with 181 cases last school year (73 conduct and 109 with academic cheating). Hazing cases were down from 12 in 2003-2004 to 1 this past year.
- The committee also received an update on the upcoming Greek System's rush process.
- Mr. Carter brought attention to the shortage in the advising department (15-25 positions) and the importance of improving staff numbers and funding. This is a critical component to implementing the goal of 4 year graduation rates.

REPORT OF THE CONFLICT OF INTEREST COMMITTEE

Ms. Karol Mason, Committee Chair, presented the committee's report.

The Conflict of Interest Committee met to consider whether Mr. Winston's interest in providing advice to the University related to the Carolina Inn would present a conflict of interest. Ms. Mason reported that the committee concluded that there is no real or apparent conflict of interest.

In 1993, the University leased the Carolina Inn to Double Tree Hotels. In 1994, the Carolina Inn was closed and renovated, and re-opened in 1995. In the past 10 years, there have been significant changes in the hotel market in Chapel Hill. HVS International, a hospitality consulting firm, has been engaged to work with Double Tree to explore the feasibility of incorporating Whitehead Residence Hall into the Carolina Inn. Mr. Winston would like to use his knowledge of the hospitality industry to assist Carolyn Efland and her team in assessing the information to be provided by HVF.

Mr. Winston will receive no compensation for providing this advice to the University. The information he will be providing is not confidential, and will not provide any financial benefit to Mr. Winston or his businesses.

The committee concluded that there is no conflict of interest under the North Carolina statutes or the Board of Governors' policies regarding conflicts of interest. The committee concluded that there is no actual or apparent conflict of interest in Mr. Winston advising the University as it assesses the feasibility of incorporating Whitehead Residence Hall into the Carolina Inn.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Mr. Carter, and seconded by Mr. Williams, 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

Ms. Mason, Committee Chair, presented naming recommendations which were previously presented to the Audit & Finance Committee and approved by the committee.

Ms. Mason moved ratification by the Board of the naming recommendations. The motion was duly seconded and carried. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

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

(Attachments Q-R-S)

Mr. Schwab moved ratification by the Board of the approvals. The motion was duly seconded and carried. [A copy of the report is filed in the Office of the Assistant Secretary.]

LEGAL ADVICE

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

DEEP EXECUTIVE CLOSED SESSION

Chair Schwab convened the Board in Deep Executive Closed Session to discuss a personal matter.

RECOVENE MEETING IN OPEN SESSION

Chair Schwab reconvened the meeting in open session at 12:55 p.m.

OPEN SESSION

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, Committee Chair, moved approval by the Board of the following personnel actions dated July 17, 2006, which were discussed in closed session. The motion was duly seconded and carried.

- The personnel changes for information did not require action by the Board.
(Attachment P)
- Personnel changes in Academic Affairs.
(Attachment Q)
- Personnel changes in Health Affairs.
(Attachment R)
- Tenured personnel actions.
(Attachment S)

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

ADJOURNMENT

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

Assistant Secretary