

# **BOARD OF TRUSTEES MEETING**

The University of North Carolina at Chapel Hill

September 27, 1996

The Board of Trustees met in regular session in the Chancellor's Ballroom at The Carolina Inn at 8:30 a.m. Chairman Armfield presided.

## **ROLL CALL**

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

William J. Armfield, IV, Chairman	Charles A. Sanders
William R. Jordan, Vice Chairman	Richard Y. Stevens
Anne W. Cates, Secretary	Cressie H. Thigpen, Jr.
Angela R. Bryant	David J. Whichard, II
James E. S. Hynes	Annette Fairless Wood
Aaron M. Nelson	

The following members were absent:

Walter R. Davis	David E. Pardue, Jr.
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## **MINUTES**

Mr. Thigpen moved approval of the minutes of the regular meeting of the Board on July 26, 1996. Mr. Stevens seconded the motion and it carried unanimously.

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Chairman Armfield asked Mrs. Cates to read the following resolution.

### **RESOLUTION OF APPRECIATION FOR EDITH WIGGINS**

WHEREAS, over the course of her thirty years of service to The University of North Carolina at Chapel Hill, Edith Wiggins has contributed to and presided over an unprecedented expansion of the mission of the Division of Student Affairs;

WHEREAS, the initiatives undertaken during her tenure have placed students at the forefront of Carolina's mission;

WHEREAS, in philosophy and practice she has ensured that student intellectual and academic achievement has become the core focus of Student Affairs' policies and programs;

WHEREAS, her work to educate and inform all Carolina constituents, including the Board of Trustees, has been exemplary; and

WHEREAS, it has been a privilege to work with and learn from such a devoted administrator, teacher, and friend;

NOW, THEREFORE, BE IT RESOLVED THAT the members of the Board of Trustees of The University of North Carolina at Chapel Hill thank Edith Wiggins for her contributions and wish her Godspeed as she begins the next leg of life's immense and wonderful journey.

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Mr. Hynes moved approval and adoption of the resolution. Mr. Whichard seconded the motion and it carried unanimously.

#### **CHAIRMAN'S REPORT**

Chairman Armfield referred to the investment process which has been under scrutiny for the past several months. He said that this process is a very vital part of the University. The process was looked into approximately six to eight months ago to see if there were revisions which could be made to make the process more efficient. At that time, privatization was considered and rejected; however, there were some changes which are hoped to come into effect January 1, 1997. These changes will enable the Investment Office to focus primarily on the investment process. Also looked at were asset allocations and a resolution that will allow affiliated foundations to include or exclude an allocation to hedge funds.

Mr. Armfield stated that the Investment Committee and the Trustees had endeavored to listen to the concerns that had been presented and also to preserve the independence of the Investment Committee and the investment process. He said that in spite of the debate everybody recognizes that the opinions voiced were by

people who have the best interests of the University at heart; and, as a result, the investment process will be more efficient.

### CHANCELLOR'S REPORT

Chancellor Hooker announced the appointment of Sue Kitchen, the new vice chancellor for Student Affairs, and acknowledged the service of Edith Wiggins in this interim position.

The Chancellor reported on the housekeepers' concerns. A large number of issues have been covered, many of which had already been addressed in the past year in the areas such as training and management supervision. There is a reorganization plan for housekeeping which will streamline it and result in some efficiencies and should be well received by the rank-and-file workers in housekeeping.

Chancellor Hooker stated that there is still a concern regarding compensation. He said that during the summer the University had been able to give in-range salary increases to housekeeping personnel in order to address compression and he reiterated that our ability to provide additional compensation is limited by State law and by State personnel policy.

The Chancellor referred to the Academic Enhancement Fee received by the Legislature and briefed the Board on the uses of those funds to date.

Chancellor Hooker reported on the issue of intellectual climate and substance abuse. The Task Force on Substance Abuse, under the chairmanship of Dr. Jordan, has been organized and is currently meeting. The Intellectual Climate Task Force, chaired by Professor Pamela Conover, has been meeting and it is hopeful that over the course of the year these two projects will result in some practical suggestions that will enable us to deal with a problem that is most vexing.

Chairman Armfield assured Chancellor Hooker of the full support of the Board of Trustees in furthering a process toward a satisfactory resolution regarding the issue of the housekeepers. Mr. Armfield said that this is a very difficult process and it has gone on

for too long; however, Chancellor Hooker has done a great deal to bring it to a conclusion.

Chairman Armfield remarked concerning the outreach to public schools--that this is a very big part of the Board's charge and responsibility. He said that he would hope that somehow we could take more of a rifle shot at the 20+ high schools whose SATs fall in the low 800s or in the 700s. It seems that even though there is an issue surrounding public education in the State, it pales by comparison in the industrial development, growth in higher education, that a lot of the problem is found in a few schools.

Chancellor Hooker commented regarding that being his first thought when we set out on the technology project--to apply our energy and resource where they could produce the most good. The problem is, as was very quickly discovered, those schools do not have the technology (hardware) to work with; and as generous as the legislature was, they didn't give us enough technology to put in to those schools. They gave us the support for labor to work with the teachers, so we're having to go to the schools that have the technological infrastructure that we can work with. We don't have the funds that would be necessary to focus on those schools where we would have to supply the technology infrastructure and the hardware to work with them.

Dr. Sanders inquired if there were other parts of the University system doing similar things. Chancellor Hooker responded that the answer is yes. All of the schools in the University System have partnerships with local schools. He said that he would imagine that they are involved in similar projects. The Chancellor remarked that he would like to see this as a project driven by the General Administration for all of our institutions and he is hopeful that Charles Coble, the former dean of the School of Education at East Carolina, who is now working on President Spangler's staff, will make this happen.

## STUDENT BODY PRESIDENT'S REPORT

Mr. Nelson began his report by thanking people who have been exceptionally helpful in assisting students. He thanked the Board for the dinner Thursday, September 26, to which various student leaders were invited. He thanked the Chancellor for continuing to focus on students, for the direct television in the Student Union giving the students access to ESPN; and for the Day of Action (campus cleanup day after Hurricane Fran). He also thanked Dr. Richardson and Dr. Floyd for being extremely accessible to the students.

Mr. Nelson commented on the recent memorial service which went extremely well. He said that one of the main focuses has been building community. His sense, as he came in last year, was that we had a bit of a fractured community after a \$400 tuition increase that pitted students against faculty and the staff threw up their hands because they were left out again and didn't receive anything.

Town Council members came to visit the students in the Pit and they would like to see that happen about every two months or so. This gave the students an opportunity to put faces with names and see who was passing fire safety and open container laws, and other matters that occur in the Town of Chapel Hill. It was also beneficial for the members of the Town Council to meet their campus constituents.

Mr. Nelson said that he is very proud of the formation of the Out-of-State Student Association and also the Ambassador Program. Connections have been made with the Board of Visitors, the Alumni Association, and the Parents Association. All of these groups are anxious to work with these two organizations and it is hoped this will be successful for the students, as well as the University.

He also remarked about President Spangler speaking a lot lately about food service on campuses. Mr. Nelson said that he thinks this campus is on the way toward working its problems out. We have developed a Food Service Board of Directors which consists of more students than non-students. These are students

who will dedicate themselves to overseeing food service on this campus, which is something that has been a complaint for a very long time. The renovations at Lenoir and Chase will help significantly.

Mr. Nelson told of his recent 24-hour tour of duty with the Chapel Hill Fire Department and his 12-hour shift at the Chapel Hill Police Department. He said he learned a lot of interesting things on each of these duties and it was a good opportunity to interact with town employees.

He remarked concerning Point-to-Point and making it more responsive to students, especially during the evening hours so we can have a safer campus. He thanked all at the University who have worked on safety. The call boxes are exceptional and everywhere on campus; the lighting in the corridors is wonderful and the students are very happy that this is now a lighter and safer campus. He fears that the students will feel too safe however and begin to leave their doors open at night and not pay attention to their own personal safety and walk alone. Safety precautions still need to be taken.

He thanked Edith Wiggins and said that her dedication to serving students was exceptional and always her number one concern.

He advised the Board that in October the Student Government would be issuing an October Report, an update on where his administration has gone in six months and where it expects to go during the next six months. He said that accountability is critical, that they be accountable to the students, and the only way to do this is through publishing the activities of Student Government.

He also mentioned a Human Relations Summit in November, bringing together groups from across campus. It is hoped this will be groups which traditionally don't attend such a meeting. Greek Awareness Week will be the third week in October and a lot of good events have been planned for that week, including a National Young Women's Day of Action, which is being organized nationwide. UNC-CH will participate in this on October 24. A lot of really amazing speakers will be brought to campus. National Voter Registration Day

for Youth will be on October 2. There will be forums on federal financial aid and how students will be affected by that, as well as a performing arts series coming up, and another service project is being planned.

Concerning information technology, Mr. Nelson remarked that he is excited about the four high-rise residence halls being wired and up and running by the Spring Semester 1997.

Mr. Nelson commented concerning a Student Advisory Board to the Board of Trustees. This would consist of a group of students who could meet regularly among themselves and discuss the issues that should be presented to the Board of Trustees. Any member of the Board could call any one of these students and get a take on what is going on (a perspective outside of his own), as well as students who could relay information to the Board to help bring the Trustees and the students closer together. That would be a tremendous opportunity and something that, if at all possible, should be formed. The dinner with the various student leaders, various administration members, and the Board on Thursday, September 26, went very well. The interaction among the group was fantastic and he hopes that can be continued in the future.

Mr. Nelson offered a final thank you to Board member Anne Cates. He remarked that he had not been at a meeting in a long time where she was not also in attendance and he appreciates her being at those meetings.

Chairman Armfield said that he thinks it would be a good idea to have a Student Advisory Board to the Board of Trustees and asked Mr. Nelson to provide the Board with an outline of his specific thoughts on this matter.

#### **ACC GOVERNING BOARD CERTIFICATION**

Ms. Susan Ehringhaus presented this matter to the Board. Mrs. Cates moved that the ACC Governing Board Certification Form be adopted as presented. The motion was duly seconded and carried unanimously.

(ATTACHMENT A)

## **REPORT OF THE STUDENT AFFAIRS COMMITTEE**

Mr. Whichard presented the following items previously presented to the Committee.

### **Student Stressors and Special Stresses Related to Athletes**

Dean Schroeder and other members of his staff reported to the Committee on stressors that affect the student body and how they affect various students and the program that the University carries out on a daily, annual basis to help the students cope with these stressors. This was a very interesting and timely program and they are doing an excellent job. This has an impact on what the Substance Abuse Task Force and the Intellectual Climate Task Force will be doing and the Committee hopes to continue receiving information from the staff on these matters.

## **REPORT OF THE FINANCE AND BUSINESS COMMITTEE**

The following items were presented for information only:

1. Investment Presentation by Mr. Steve Berger of Cambridge Associates, Inc. A copy of this report is on file in the Office of the Assistant Secretary.

The following Resolution was read by Ms. Wood.

### **RESOLUTION**

WHEREAS, subject to applicable provisions of State law and to such terms and conditions as may be prescribed from time to time by the Board of Governors, the Board of Trustees is responsible for the preservation, maintenance, and management of all properties which constitute the endowment of The University of North Carolina at Chapel Hill;

WHEREAS, it is the responsibility of the Board of Trustees of The University of North Carolina at Chapel Hill to appoint the members of the Board of Trustees of the Endowment Fund of The University of North Carolina at Chapel Hill;

WHEREAS, according to the Bylaws of The University of North Carolina at Chapel Hill Foundation, Inc., the Board of Trustees of The University of North Carolina at Chapel Hill appoints certain of its Directors and certain of its Directors serve ex officio: and

WHEREAS, the Board of Trustees of The University of North Carolina at Chapel Hill deems it appropriate to provide the Trustees of the Endowment Fund of The University of North Carolina at Chapel Hill and those Directors of The University of North Carolina at Chapel Hill Foundation, Inc., that it appoints and that serve ex officio with guidelines to be followed in making asset allocation decisions for the Endowment and Foundation;

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of The University of North Carolina at Chapel Hill hereby directs the Trustees of the Endowment Fund of The University of North Carolina at Chapel Hill and the Directors of The University of North Carolina at Chapel Hill Foundation, Inc. that it appoints and that serve ex officio, on an annual basis, to determine the asset allocation range for hedge funds for the top twenty-five public universities in the United States, according to size of endowment, and to establish an asset allocation percentage for the Endowment Fund of The University of North Carolina at Chapel Hill and for The University of North Carolina at Chapel Hill Foundation, Inc. for hedge funds within that range, but in no case shall the percentage exceed 7.5%.

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Ms. Wood moved, seconded by Mr. Stevens, approval and adoption of the Resolution. The motion carried unanimously.

Chairman Armfield remarked that Ms. Wood suggested that on an annual basis at the September 26 Finance and Business Committee meeting that the Trustees have a similar review by Cambridge Associates, Inc., as well as the Investment Office, at which the Investment Committee is present, so that the Trustees will be apprised not only on performance but as to how we relate to our peer institutions.

2. Communication Technology Status Report. A copy of this report is on file in the Office of the Assistant Secretary.
3. Trademark Licensing Report. Ms. Wood moved, seconded by Mr. Whichard, that this report be accepted as presented. The motion carried unanimously.

(ATTACHMENT B)

Ms. Wood reported that there were concerns expressed regarding the lack of closure on the issue of whether it is more economically advantageous to build or lease properties. Ms. Wood appointed a committee which will be chaired by Mr. Stevens,

assisted by Mr. Pardue and Mr. Armfield, to recommend a policy on options to purchase which would include, or at least possibly involve, the Endowment Fund.

Ms. Wood also said that interest had been expressed by Board members in knowing more about how budget allocations are made and how building priorities are set. Ms. Wood asked Chancellor Hooker that the Board members be given some information that would help them understand more of the process, not wanting to micromanage, but just to be more aware of priorities on campus.

Ms. Wood stated that Mr. Thigpen, Ms. Bryant, and Mr. Stevens were appointed to study ways minority firms can become more competitive in the bidding process. Mr. Gordon Rutherford was asked to compile a report outlining inclusion over the past five years of those firms.

**Approval of Design of an Addition to the UNC Press Warehouse**

Ms. Wood moved to approve the design of an Addition to the UNC Press Warehouse. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT C)

**Approval of Design of an Addition to Lenoir Hall**

Ms. Wood moved to approve the design of the entrance addition to Lenoir Hall. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT D)

**Selection of an Architect for Design of an Addition to the Frank Porter Graham Student Union**

Ms. Wood moved to approve the selection of Clearscapes, PA, Raleigh, NC, as architects for the project to renovate and add to the Frank Porter Graham Student Union. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT E)

**Selection of a Site for a Building for the Department of Transportation and Parking**

Ms. Wood moved to approve a site on the south side of Airport Drive opposite the Giles F. Horney Building as a site for a new building for the Department of Transportation and Parking. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT F)

**Approval of Final Plans and Specifications for an Addition to the Institute of Marine Sciences, Morehead City**

Ms. Wood moved to approve the final plans and specifications for an addition to the Institute of Marine Sciences, Morehead City. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT G)

**Acquisition by Lease of Space for the School of Medicine Physical Therapy, Motion Analysis Lab**

Ms. Wood moved to approve to acquire by lease approximately 3,375 square feet of office and lab space at 100 E. Franklin St., lower level, from Riddle Commercial Properties for the School of Medicine, Physical Therapy Motion Analysis Lab for a term of five years at an initial annual cost not to exceed \$50,625 including utilities and janitorial services, with an annual cost beginning in the third year not to exceed \$52,650 including utilities and janitorial services, with an annual cost beginning in the fifth year of the lease not to exceed \$54,675 including utilities and janitorial services and with one three-year renewal option at an annual cost not to exceed \$56,700 including utilities and janitorial services. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT H)

**Annual Report of the Endowment Fund**

Mr. Wayne Jones, treasurer, reported that the Endowment Fund as of June 30, 1996 totaled \$300.2 million, which is an increase of \$41.6 million over last year. There were additions to the Fund of \$12.1 million with \$13.6 million paid out in expenditures.

(ATTACHMENT I)

**Proposed Road Change in the Area of the Smith Center**

Ms. Wood moved to approve construction of a two-lane road connecting the parking lot in front of the Smith Center with Manning Drive. Mr. Whichard seconded the motion and it carried unanimously.

(ATTACHMENT J)

**REPORT OF THE ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE**

Chairman Bryant reported on the Law School video presentation "Loyalty on Trial" which was presented by Dean Judith Wegner.

Ms. Bryant also reported that Dean Wegner had presented information to the Committee concerning the other major projects the Law School has been involved with in terms of public service in the State. These projects include (1) the Festival of Learning, which is a major educational project for lawyers in the State; (2) the first ever banking institute for providing continuing legal education in the area of banking in the State; and (3) a sentencing study project connecting law students, professors, and judges in the State looking at the sentencing procedures in our State, their impact, and the legal implications of their impact.

Dean Wegner also talked about the continuing challenges of the Law School in terms of its national rating with regard to our being a public university; the tuition issue in terms of what it contributes to the resources; and our inability to compete on a total resource analysis with the private law schools in the State in terms of ratings. The University has, under Dean Wegner's leadership, advanced in terms of private giving of alumni and others to the Law

School. The building is under construction with both private giving and the appropriation from the legislature. Extensive efforts are being made to enhance our placement performance, which is another indicator that is used in the U.S. News & World Report rankings. A university such as ours, which does encourage extensive participation by students in public service, has difficulty competing with schools whose graduates often as a priority go into higher paying, private sector employment. Thus, it is important to have someone such as Dean Wegner who can lead in a way that enhances our ratings and keeps people who look at that satisfied, and also will fulfill the tradition of our Law School with regard to those who will go into more public oriented service than perhaps more lucrative, private type service.

#### **DEVELOPMENT**

Mr. Kupec presented a report regarding the level of activity and current contributions in the Development Office. He referred to a news release concerning the University's School of Journalism and Mass Communication receiving a Park Foundation grant in the amount of \$5.5 million to create Park Fellowships in the school. A copy of the report and the news release are on file in the Office of the Assistant Secretary.

#### **MOTION TO GO INTO CLOSED SESSION**

Mrs. Cates moved that the Board go into closed session to (1) prevent the disclosure of privileged information under Section 126.22 and following of the North Carolina General Statutes or regulations; (2) prevent the premature disclosure of an honorary award or scholarship; (3) consult with our attorney to consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action; (4) establish or instruct the staff or agent concerning the negotiation of the price and terms of a contract concerning the acquisition of real property by purchase, option, exchange, or lease; (5) establish or instruct the staff or agent concerning the negotiation of the amount of compensation or other terms of an employment contract; and (6) consider the qualifications, competence, performance, conditions of appointment of a public

officer or employee or prospective public officer or employee. The following persons were instructed to remain for the closed session: Members of the Board, Chancellor Hooker, Elson Floyd, Dick Richardson, Susan Ehringhaus, Wayne Jones, Matt Kupec, Brenda Kirby, and Marsha Ferrin. Dr. Sanders seconded the motion and it carried unanimously.

## **CLOSED SESSION**

### **REPORT OF THE FINANCE AND BUSINESS COMMITTEE**

#### **Ratification of Mail Ballot**

Mr. Nelson moved to ratify the mail ballot dated September 17, 1996 concerning the purchase of property located at 1500 Mason Farm Road, Chapel Hill. Dr. Jordan seconded the motion and it carried unanimously.

(ATTACHMENT K)

### **REPORT OF THE ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE**

#### **Personnel Matters for Information**

Ms. Bryant presented personnel matters for information not requiring action by the Board.

(ATTACHMENT L)

#### **Personnel Matters for Consultation**

Mrs. Cates moved approval to authorize the Chancellor to forward to the President and the Board of Governors, the personnel report and recommendations presented for consultation. The motion was seconded by Ms. Wood and it carried unanimously.

(ATTACHMENT M)

#### **Personnel Matter for Action in Academic Affairs**

Ms. Bryant presented the following personnel change in Academic Affairs: Appointment.

(ATTACHMENT N)

**Personnel Matters for Action in Health Affairs**

Ms. Bryant presented the following personnel changes in Health Affairs: Appointments, Reappointment at Same Rank, Departmental Transfers, and a Correction.

(ATTACHMENT O)

**Recommendations for Exception to Employment Policies Annual Leave Provisions**

Ms. Bryant presented the exceptions from the EPA Non Faculty Leave Provisions.

(ATTACHMENT P)

**DEVELOPMENT**

Mr. Kupec presented the report of the Naming Committee regarding the School of Medicine. Mrs. Cates moved, seconded by Dr. Sanders, approval of the report as presented. The motion carried unanimously. A copy of the report is on file in the Office of the Assistant Secretary.

**LEGAL ADVICE**

Ms. Susan Ehringhaus advised the Board on a legal matter.

Chairman Armfield dismissed everyone in the room except the Members of the Board, Ms. Ehringhaus, Brenda Kirby, and Marsha Ferrin.

**CHANCELLOR'S COMPENSATION**

Mr. Whichard presented information concerning the Chancellor's compensation as discussed with him by the Search Committee at the time of his recruitment. Mr. Whichard moved, seconded by Mr. Thigpen, that the Chancellor be compensated in accordance with the commitment made to him at the time of his recruitment. The motion carried unanimously.

**MOTION TO RECONVENE IN OPEN SESSION**

Ms. Wood moved to reconvene in open session. Mr. Thigpen seconded the motion and it carried unanimously.

**OPEN SESSION**

**REPORT OF THE ACADEMIC AFFAIRS AND PERSONNEL  
COMMITTEE**

Ms. Bryant moved approval of the personnel change in Academic Affairs. Mr. Thigpen seconded the motion and it carried unanimously.

(ATTACHMENT N)

Ms. Bryant moved approval of personnel changes in Health Affairs. Mr. Thigpen seconded the motion and it carried unanimously.

(ATTACHMENT O)

Ms. Bryant moved approval of recommendations for exception to Employment Policies Annual Leave Provisions. Mr. Thigpen seconded the motion and it carried unanimously.

(ATTACHMENT P)

Ms. Bryant announced that the appendices containing the personnel matters voted on in open session had been distributed to the Press.

**RATIFICATION OF THE MAIL BALLOT**

Ms. Bryant moved to ratify the mail ballot dated August 15, 1996. Mr. Thigpen seconded the motion and it carried unanimously.

(ATTACHMENT Q)

**STUDENT APPEAL PANEL**

Chairman Armfield reported that, at the request of the student, the Student Appeal Panel had been postponed and will be rescheduled at a later date.

**CAMPUS TOUR**

Chairman Armfield reminded the Board of the campus tour for those who were participating in the tour.

**ADJOURNMENT**

There being no further business to come before the Board, Chairman Armfield adjourned the meeting at 10:50 a.m.

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Assistant Secretary