

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

The Board of Trustees met in regular session on Thursday, July 25, 2013, at The Carolina Inn, Chancellor Ballroom, at 8:00 a.m. Secretary Clay presided.

OATH OF OFFICE

The Honorable Willis P. Whichard, Former Associate Justice of the North Carolina Supreme Court, administered the Oath of Office to new members of the Board:

Jefferson W. Brown
Charles G. Duckett
Kelly Matthews Hopkins
Dwight D. Stone

New Member: Haywood D. Cochrane, Jr., will be sworn in before the next meeting.

Reappointed member: Donald Williams Curtis, will be re-sworn before the next meeting.

ELECTION OF OFFICERS

Secretary Clay presented the slate of officers to the Board. Mr. Lambden moved approval of the following slate of officers for the term July 2013 to July 2014. The motion was duly seconded and it carried.

W. Lowry Caudill- Chair
J. Alston Gardner- Vice Chair
Sallie Shuping- Russell- Secretary
Erin Schuettepelz- Assistant Secretary

ROLL CALL

Assistant Secretary, Erin Schuettepelz, called the roll and the following members were present:

W. Lowry Caudill, Chair	Charles G. Duckett
J. Alston Gardner, Vice Chair	Peter T. Grauer
Sallie Shuping-Russell, Secretary	Kelly Matthews Hopkins
Jefferson W. Brown	Steven J. Lerner
Phillip L. Clay	Dwight D. Stone
Donald Williams Curtis	Christy Lambden

Haywood D. Cochrane, Jr. was absent.

Chair Caudill 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."

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CONSENT AGENDA

Approval of Minutes

On motion of Mr. Lambden, and duly seconded, the minutes of the regular meeting of May 23, 2013, were approved as distributed.

Ratification of Mail Ballots

On motion of Mr. Lambden, and duly seconded the following mail ballot dated June 17, 2013, was approved as distributed:

- Personnel actions and actions conferring tenure, compensation actions, and items for information.

(ATTACHMENT A)

On motion of Mr. Lambden, and duly seconded, the following mail ballot dated June 19, 2013, was approved as distributed:

- Report of the Visioning Committees.

(ATTACHMENT B)

CHAIR'S REMARKS

Chair Caudill thanked the trustees for their vote of confidence in the slate of officers selected by the Nominating Committee. He mentioned that he is honored to serve as chair this year, along with Vice Chair Alston Gardner and Secretary Sallie Shuping Russell. Chair Caudill then welcomed the new members of the board and mentioned the orientation that took place on Tuesday:

- Jeff Brown of Charlotte
- Haywood Cochrane of Elon
- Chuck Duckett of Winston-Salem
- Kelly Hopkins of Charlotte, and
- Dwight Stone of Greensboro

Chair Caudill then welcomed our new chancellor, Carol Folt. He continued his remarks by highlighting the following four goals:

1. Ensure a smooth and effective transition for Chancellor Folt and the new members of her senior leadership team.
2. Build stronger relationships with the University's key external constituencies.
3. Create a sustainable approach to Enterprise Risk Management for the University.
4. Mature and consolidate our work on innovation and entrepreneurship so we can quantify and effectively communicate that impact in North Carolina and beyond.

Chair Caudill then mentioned the following four standing committees this year:

1. Trustee Lerner is chairing Finance and Infrastructure, which covers a wide range of areas related to funding, IT, facilities and operations.
2. Vice Chair Gardner is chairing University Affairs, which covers academic areas along with the areas serving and supporting students, faculty and staff, diversity and athletics.
3. Trustee Curtis will chair External Relations which covers our external constituencies and partners as well as University Development.
4. Trustee Clay is leading a new committee we are calling Innovation and Impact which will bring together all of our innovation and entrepreneurship activities on campus for the very first time. The goal is to facilitate the innovation activities and maximize their impact on North Carolina.

Two task forces have been created to further support our board goals:

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1. Vice Chair Gardner will chair an External Relations Task Force, which will include trustees, key administrators – including the new vice chancellors for communications and development when they are hired. This group will identify key audiences, develop strategy and execute the resulting plan.

2. Board Secretary Shuping Russell will chair the Enterprise Risk Management Task Force. This task force will create a sustainable approach that will be incorporated into ongoing university operations. They will identify 3-4 strategic opportunities that we must seize so that Carolina remains in the upper echelon of universities in the United State and the world for decades to come. Additionally, they will identify 3-4 operational areas with significant existing or potential risk and provide recommendations for mitigation or elimination of risk. Task Force members will include trustees and administrators, including Provost Dean, Vice Chancellors Crisp, Gray, Strohm and Entwisle.

Chancellor Folt will serve ex officio on both task forces.

Chair Caudill concluded his remarks by mentioning that he and Chancellor Folt will be available after the break at 10 am to take questions.

[A copy of Chair Caudill's remarks is located in the Office of the Assistant Secretary.]

STUDENT BODY PRESIDENT'S REMARKS

Mr. Lambden commented on what student government has been doing this summer and gave reports on the following:

- Affordability- A number of students visited the legislature and they are very disappointed about the 12.3% tuition increase for out-of-state students;
- Academics- Students are also very discouraged by the upcoming changes regarding the drop/add period, but we are currently collecting research from many sources to help us understand what the ramifications of the policy may be; and
- Safety- Key leaders in the campus community have been discussing the sexual assault policy. Major goals have been set to tackle this, as well as actions taken to address what can be addressed now. A dedicated task force is working on areas of focus and actions to be taken. Some of these are: prevention, appointment of a Title IX officer, and launching a mobile app that would allow students to send a distress signal if they felt in danger. The task force has also discussed the definition of consent, and they have decided that this should be the focal point of the policy. Also discussed was what support needs to be offered to a complainant, and what the process should look like once a complaint has been registered.
- Orientation- I have been welcoming new students to campus and I have been inspired by the excitement that the class of 2017 has to be a part of the Carolina community.

[A copy of Mr. Lambden's remarks is located in the Office of the Assistant Secretary.]

CHANCELLOR'S REMARKS

Thank you, Chair Caudill Trustee Lambden and all of the trustees for your warm welcome. It is a pleasure getting to know and work with all of you. There is an incredible sense of service and strong dedication to UNC-Chapel Hill by every member of the Board. Your deep commitment to the people of North Carolina will be an enduring model for me. I appreciate the significance of this meeting as the first in a leadership transition for Carolina. As your new chancellor, I am joining a new provost, Jim Dean, a new board chair, and 5 new trustees. It is a privilege to be part of this wonderful and talented group of people, and I am pleased to see that already we have found so many points of shared excitement and focus for our work ahead.

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Provost Dean and I also feel very fortunate because we are joining a seasoned and creative team of vice chancellors, deans and staff, and we are grateful for all they are doing to assist with this leadership transition. Because of all of them and you, my predecessor, the past members of the Board, President Ross and the folks at GA, and many others, I would say that our transition so far has been very smooth. Thank you.

As you all know, this is my first meeting with the full Board of Trustees. It has been terrific so far; I appreciate the efforts by new colleagues to orient all of us about so many facets of this great university. It has been impressive. The depth of interest, experience, knowledge of the board has been also particularly obvious to me. It begins with Chair Lowry Caudill and the other ongoing trustees but extends to all trustees, each of whom has already been extremely important in this leadership transition.

With the remainder of my time today, I'd like to briefly share a bit about how I've been spending my time so far, and a few first impressions, and then a few thoughts about the next few months.

One of the most enjoyable aspects of starting a new position is meeting and talking with so many new people, even before arriving in Chapel Hill on July 1st. I spent a lot of time talking and visiting with many members of the Carolina family- I have met with faculty, staff and students in a number of different venues. I have been to games, met with coaches, walked the campus, went downtown, began to learn the region, visited or talked with a number of Carolina alumni, and did lots of reading and listening. I have been taking a deep dive into a number of issues with my senior administrative team and of course, look forward to many more of these.

One of my favorite visits was with Vice Chancellor Roper when I went over and met a lot of people in the medical school. I had a chance to learn what was going on with that team and that is the type of visit I look to repeat as often as possible. My second day, I spent half a day in Raleigh visiting with key state government and legislative leaders including Governor McCrory. I was really encouraged by those conversations and our shared commitment to advancing North Carolina.

My husband David and I, along with Provost Jim Dean and his family, attended the Town of Chapel Hill's Fourth of July celebration in Kenan Stadium with Mayor Kleinschmidt and his town colleagues. I also met with leaders from some of the region's news media organizations before I took office, with Chancellor Thorp, to talk about transparency and working together effectively in the future. That is very important to me.

With each day, I feel even more strongly the honor that it is to be here in North Carolina as Chancellor of this very special university, with its first in the nation public university traditions, its pride in its being the university of the people, and the excellence and the fullness of its academic strength. In every setting, people want to know how we can work together to make Carolina even stronger. I hear "How can I help?" more than anything else. The level of warmth and welcome so impressed me at my very first meeting with Wade Hargrove and the search committee, and it continues every day. The love of this place, the loyalty and generosity of Carolina's alumni, and their individual leadership and accomplishments create very powerful and lasting impressions.

There is a very strong sense of the importance of both this place and its immense possibility has been coming through in the many conversations I have been having with faculty, students, staff

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and alumni. The message we have been hearing over the last couple of days is crystal clear: this University is and fully intends to remain a leader in educating students and producing new knowledge that benefits North Carolina and the rest of the world, and it intends to keep that position, to take actions as needed, and to push itself even further to enhance its local and global impact and provide its students outstanding & relevant learning experiences. This community is deeply proud of its legendary pairing of academic excellence with accessibility and affordability, but while people do not want to see those great traditions change, they do want to see Carolina lead in educational innovation, discovery, and also to appear very open to discussing many types of change that could improve the educational and living experiences of students, enhance its inclusivity, and the way the university conducts its operations.

I have not heard or felt a sense of complacency, rather more strongly ambition, and urgency to see things move and progress. That is a gift! I have also found that everyone I speak to wants to be a productive part of the magic of this place (staff, students, faculty, alumni); and they want the high standards they believe have made this place strong throughout its storied history to be the culture that defines them today. The growing culture of innovation and entrepreneurship here, is flourishing thanks in part to the groundbreaking work by the Chancellor's Innovation Circle, led by Chair Lowry Caudill and supported by many of the other current and past trustees. This will do much to keep Carolina at the cutting edge in the decade ahead. You will hear more today from faculty involved. I believe that the extraordinary sense of pride and purpose I have seen so far is both precious and priceless, and this will serve us all very well.

Early thoughts about the next few months: As you can imagine, while people have spoken to me about Carolina's incredible strengths, I am also hearing a lot about opportunities for improvement and innovation. Those conversations have helped inform my early thoughts about the next few months. Moreover, Carolina, like the rest of the great research universities is in a time of rapid transition. We are in a period of exponentially growing knowledge – mastery of any field is a fleeting moment, as new knowledge, discoveries, and global opportunities change our understanding of our fields every day. Technologies, digital and social media, are completely transforming not only how we communicate, but how we learn and what we create. As educators, in the business of creating knowledge and teaching students how to build the future, this is the most exciting time imaginable. In addition, the costs of our work and the needs of our many constituents are also changing, as is the ferociously competitive nature of higher education.

Our world is the marketplace of ideas, and so the talent, every university's greatest asset is its workforce, the brainpower that fuels the work, and it is a competitive world. All of these changes will influence our work together. Carolina needs to be much more proactive in our efforts to communicate with key audiences around the state and nation about the breadth and significance of the work taking place in Chapel Hill. Strengthening our digital capacities and our strategic communications across the entire institution will be a major focus. At the same time, we need to build on the institution's strong record of success in tapping the generosity of loyal alumni and friends in making private gifts to support Carolina's excellence today and in the future. To lead both these strategic communications and development priorities, we are currently searching for two new vice chancellors. I look forward to completing my senior leadership team soon.

Many people also have spoken about the need to rebuild confidence in some of our processes. They have urged me to emphasize Carolina's willingness to address shortcomings where

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identified, and expressed a fervent desire to see Carolina become a national leader in complex and critical areas such as athletics and the academy, student health and safety, and combating sexual assault and misconduct. We are already making progress in these areas, thanks to processes that Chancellor Thorp and others put in place last year. I have talked to Dr. Rawlings recently and expect his report to be completed in the coming weeks. A Sexual Assault Task Force has also been hard at work since the spring semester ended. Led by Christi Hurt, our Interim Title IX Officer, the task force will recommend how to enhance our policies and procedures for handling student-on-student complaints of harassment, sexual misconduct or discrimination. This issue is so important on every campus, not just Carolina.

I still have a lot to learn. In the coming months, Provost Dean and I will delve deeper during visits to every professional school, the College of Arts and Sciences, the Library, the Performing Arts center and other critical institutes and centers. I am already hearing so much about University's research enterprise. There is such strong momentum. New numbers just came in this week for total research funding in fiscal 2013: \$777.8 million, which is up nearly \$11 million from last year. This achievement is a remarkable tribute to the work our faculty are doing to improve people's lives and to make North Carolina a global R&D leader. These funds are a vital source of jobs and a key driver in North Carolina's innovation-based economy.

In the coming months, my work with the senior administration will be closely aligned with the board's goals, which Lowry just articulated for the coming year:

- ensuring a smooth leadership transition
- building stronger relationships with key University constituencies
- creating a sustainable approach to enterprise risk management, and
- enhancing the excellent work that's already been done on innovation and entrepreneurship.

With Summer School ending tomorrow, I am looking forward to students and faculty returning full of energy and new ideas as we start a new academic year. Trustee Lambden and others will be helping me find many ways to meet and learn from our students. There is no place, nothing like the buzz of Carolina in full swing! My installation takes place on October 12, which is 107 days into my time here, and I plan to take that opportunity to more fully discuss my plans for working with the campus community and you to develop a bold strategy for Carolina in the future.

North Carolina invented public education; together we can reinvent where needed it for the 21st century.

KENAN INSTITUTE FOR PRIVATE ENTERPRISE STRATEGIC PLAN

Joe DeSimone, Director of the Frank Hawkins Kenan Institute of Private Enterprise; Chancellor's Eminent Professor of Chemistry at UNC; and William R. Kenan Jr. Distinguished Professor of Chemical Engineering at NC State University and of Chemistry at UNC, reported the mission of the Institute- "Have a substantial and lasting impact on the business and commercial community of North Carolina, the United States, and, eventually, the international markets as well; encouraging cooperative efforts among private enterprise, academics and government." He then highlighted our ranking with the Milken Institute and venture capital investments. The importance of research universities to our economy is increasingly clear. Dr. DeSimone mentioned the importance of investing in entrepreneurial relationships and highlighted the significance of federal research funding, although it continues to decrease significantly. Convergence is a blueprint for innovation; it is essential that different fields of study (life Sciences, physical sciences, and engineering) come together through collaboration and the integration of approaches that were originally viewed as distinct and potentially

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contradictory. Objectives for the Institute are to increase UNC-CH Entrepreneurship, expand multi-university research translation, and to leverage intellectual capital for NC economic development. Dr. DeSimone then highlighted specific initiatives related to the objectives.

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.

SCHOOL OF PHARMACY STRATEGIC PLAN

Bob Blouin, Dean of the School of Pharmacy, spoke about the strategic plan: how it came about, how it has been implemented, and the successes the school has seen as a result of the plan being implemented. He mentioned that the strategic plan is directly linked to the development plan and has been hugely successful in fund raising. Carolina now has world-class classrooms and faculty.

OVERVIEW OF CAMPUS SAFETY

Jeff McCracken, Director of Public Safety and Chief of Police, gave an update regarding the campus safety department, training for employees, emergency responses, the recent campus safety drill, and transportation. He also highlighted the emergency operations plan.

REPORT OF THE FINANCE & INFRASTRUCTURE COMMITTEE

Committee Chair, Steven J. Lerner, reported to the Board that the committee heard a brief report on the Organizational Structure Overview for the committee. The following units provided a brief overview of their respective organizational charts in the following order:

- Division of Finance and Administration (Karol Gray)
- University Advancement (Julia Grumbles)
- Information Technology Services (Chris Kiert, Vice Chancellor)
- Internal Audit (Phyllis Petree, Director)
- Provost Office (Dwayne Pinkney, Vice Provost for Finance & Academic Planning)
- Athletics Operations (Bubba Cunningham, Director of Athletics)

Dr. Lerner, Committee Chair, moved ratification by the Board of the following items which were brought forth as a motion formerly approved by the committee.

• **Approval of Allocations from the Endowment's Distribution for the Investment Fund.** Karol Kain Gray, Vice Chancellor for Finance and Administration, presented for approval the transfer to the University of the Endowment's Distribution. The Board of Governors requires that the Trustees approve transfer of Endowment income to the useful possession of the institution. The Board of Trustees of the Endowment Fund has already approved, by mail ballot, the proposed transfer for University expenditure during the 2013-2014 fiscal year. Exhibit 1 is a table showing the amounts to be transferred as well as a page of explanatory notes. Exhibit 2 provides a flowchart of the approval process as background information.

The motion was duly seconded and it carried.

(ATTACHMENT C)

• **The University of North Carolina at Chapel Hill Foundation, Inc. ("Foundation") Policies and Procedures Update.** Julia Grumbles, Interim Vice Chancellor for University Advancement, presented for review and approval the Foundation's travel and expense policies and procedures. The Foundation's Board of Directors approved these revisions to the Policies and Procedures Manual.

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The motion was duly seconded and it carried.

(ATTACHMENT D)

• **Annual Audit Certification Letter Process.** Phyllis Petree, Director of Internal Audit, presented the Annual Audit Certification Letter to the Committee for approval and signatures. This letter satisfies a UNC Board of Governors requirement for the Budget, Finance, and Audit Committee to certify in writing that its members:

- Formally approved the annual internal audit plan (done in September 2012);
- Received at least four reports relative to internal audit matters from the Director of Internal Audit (presentations made in July and September 2012 and January, and May 2013);
- Received and reports with corrective action plans from projects with significant reportable conditions. There were none but Board members receive copies of all internal audit reports;
- Reviewed or discussed results from audits and reviews performed by the North Carolina Office of the State Auditor; and
- Reviewed audits and management letters for University Associated Entities.

Mr. Lambden seconded the motion and it carried.

(ATTACHMENT E)

• **Revised Internal Audit Charter.** Phyllis Petree also presented revisions to the Internal Audit Charter for approval. The changes reflect the revised name of the Finance and Infrastructure Committee and obtain signatures of the new Chancellor and Chairperson of the Finance and Infrastructure Committee.

The motion was duly seconded and it carried.

(ATTACHMENT F)

• **Designer Selection- Hill Hall Auditorium Renovation and Addition.** A gift from The William R. Kenan, Jr. Charitable Trust has initiated a project to renovate Hill Hall to restore the rotunda and lobby, and transform the auditorium into a first-rate concert hall. The project will address the deferred maintenance items which include: HVAC, life safety code and accessibility issues. An addition of approximately 10,500 SF to the auditorium will provide needed back stage area with green rooms, practice rooms, offices and storage. Total project budget is \$15M. The William R. Kenan, Jr. Charitable Trust is providing \$5M to the University subject to 2:1 matching funds. The University will provide \$5M and the College of Arts and Sciences will secure \$5M through private gifts. The following three firms are recommended in the following priority order:

- | | |
|---------------------------------|----------------|
| 1. Quinn Evans, Architects | Washington, DC |
| 2. Ann Beha Architects | Boston, MA |
| 3. Pfeiffer Partners Architects | New York, NY |

The firms were selected for their past performance on similar projects, strength of their consultant team, knowledge and experience designing and renovating performing arts venues, and experience with campus projects.

Mr. Lambden seconded the motion and it carried.

(ATTACHMENT G)

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

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

• **Designer Selection- Power Generation and Chiller Plant Capacity Addition.** This feasibility study will develop the project scope, schedule and cost for a new steam turbine driven chiller plant with a nominal 10,000 ton capacity and new electrical generation of undetermined capacity at the site of the Manning Steam Plant. The budget for the study is \$500k and will be funded by Energy Services receipts. The following three firms are recommended in the following priority order:

- | | |
|----------------------------------|-------------------|
| 1. Sebesta Blomberg & Associates | Durham, NC |
| 2. Affiliated Engineers, Inc. | Durham, NC |
| 3. Sega, Inc. | Overland Park, KS |

The firms were selected for the past performance on similar projects, team structure and in depth knowledge of campus energy.

Mr. Lambden seconded the motion and it carried.
(ATTACHMENT H)

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.

• **Construction Manager at Risk Selection- Mary Ellen Jones Building Renovation.** With the completion of the Imaging Research Building, the School of Medicine has the ability to take six floors offline to provide a comprehensive renovation to this 1978 research building. The project will renovate the floors for new research laboratory space, address code deficiencies and deferred maintenance items, replace and enlarge exterior windows and restore precast panels. The project budget is \$77.4M and will be funded by University funds. The following three firms are recommended in the following priority order:

- | | |
|---|-------------|
| 1. Choate Construction Company | Raleigh, NC |
| 2. Brasfield & Gorrie - Metcon, A Joint Venture | Raleigh, NC |
| 3. LeChase Construction and H.J. Russell & Co. | Durham, NC |

The firms were selected for the strength of the proposed staff, understanding of the project and experience on similar projects.

The motion was duly seconded and it carried.
(ATTACHMENT I)

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.

• **Acquisition by Lease of the Office Space for the Institute for the Environment.** This request is for approval to lease approximately 9,085 square feet of office space at 137 East Franklin Street, Suites 601 & 602, for the Institute for the Environment. The lease term is for two years commencing August 1, 2013 with two (2) one-year renewal option periods. The initial annual rent cost will be \$198,507.25, or \$21.85 per square foot, including utilities and janitorial service. Rent will increase 2.5% per annum beginning the second year.

Mr. Lambden seconded the motion and it carried.
(ATTACHMENT J)

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- **Acquisition by Lease of Office Space for School of Public Health, Department of Biostatistics.** This request is for approval to lease approximately 17,218 square feet of office space at 137 East Franklin Street, Suites 203,300, 400, 402,403,405, for the Department of Biostatistics within the School of Public Health. The lease term is for thirty months commencing July 1, 2013 with four (4) six-month renewal option periods. The initial annual rent cost will be \$395,497.46, or \$22.97 per square foot including utilities and janitorial service. Rent will increase 2.5% per annum at the beginning of the second year.

Mr. Lambden seconded the motion and it carried.

(ATTACHMENT K)

The following item came to the committee for action, but the committee recommended it come back to the Board after a more detailed risk assessment is done. No action was taken on this item.

- **Property Disposition by Ground Lease to the Town of Carrboro.** This request is for approval to authorize a ground lease of an amount to be determined by survey to the Town of Carrboro for the purpose of constructing a greenway on University property. This lease will facilitate the construction of a new public greenway by the Town of Carrboro, a portion of which will be located on University property adjacent to Homestead Rd. The greenway construction will be funded through NCDOT and administered by the Town of Carrboro. The Ground Lease will terminate at the conclusion of the construction of the greenway and the greenway will be gifted to the University.

(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.

The committee heard the following reports, for information only (no formal action was requested at that time), but these items were not reported to the Full Board.

- **Financial Update.**

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.

- **Energy Savings Performance Contract.**

(ATTACHMENT M)

- **Semi-Annual Capital Report.**

(ATTACHMENT N)

- **Semi-Annual Leasing Report.**

(ATTACHMENT O)

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.

- **Development Report.**

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.

UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, thanked those who participated in the New Trustee Orientation on Tuesday and Wednesday. He then presented the following items for information only (no formal action was requested at that time).

- **Employee Forum Chair's Remarks.** Charles Streeter, the new Employee Forum Chair, gave a great report and summarized the things the Forum has done recently. He also mentioned the hard work put in by employees during the recent flood in Chapel Hill that greatly affected the campus. The committee asked Mr. Streeter to invite them to the next committee meeting so the trustees could publicly thank them for the great sacrifice they made.

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.

- **Faculty Chair's Remarks.** Professor Jan Boxill, Faculty Chair, talked about a range of issues. One of the most significant is the dissatisfaction with the Honor System, by the faculty. They have been working diligently over the last six to nine months to make some reforms there. She has been trying to engage the faculty to work more collaboratively with the students. Judith Wegner will lead the effort. [A copy of Professor Boxill's remarks is located 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 following items were presented for action by the committee, but due to the lack of a quorum, the vote was postponed until this meeting. The Full Board took action on the following 2 items. Dr. Clay moved approval of the following 2 items. Mr. Lambden seconded the motion and each item carried.

- **The University of North Carolina at Chapel Hill Incentive Compensation Plan for the Vice Chancellor for Development.** Pursuant to Section V.12 of the University's Policy on Non-Salary and Deferred Compensation for Faculty and EPA Non-Faculty Employees, approved by the Board of Trustees (BOT) in June 2013, the Chancellor seeks approval of an Incentive Compensation Plan for the University position of Vice Chancellor for Development. It is essential that the Chancellor be positioned to offer a competitive total compensation package to the successful candidate that includes base salary (not to exceed the UNC General Administration salary maximum for the position, currently \$395,874), along with the opportunity to receive additional annual non-base incentive compensation. This proposed Incentive Compensation Plan is a necessary and important recruitment and retention tool to attract the highest order development and fundraising talent to this critical senior officer position.

(ATTACHMENT P)

- **The University of North Carolina at Chapel Hill Educational Assistance Program for Kenan-Flagler Business School Non-Faculty Staff.** The Kenan-Flagler Business School (KFBS) seeks approval of an educational assistance program for selected EPA Non-Faculty Staff employees within the School who demonstrate outstanding job performance and demonstrate significant future leadership potential. This program reimburses tuition for a masters-level degree program offered by the School with the intention of attracting and/or retaining staff who demonstrate the potential to assume increasingly responsible leadership roles within KFBS, and to make substantial contributions to the School's mission. This program is being submitted for Board of Trustees (BOT) approval to ensure its continued availability in

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compliance with recent revisions to the University's Policy on Non-Salary and Deferred Compensation for Faculty and EPA Non-Faculty Employees, which were effective on June 1, 2013. Specifically, Section V.13. of this Policy requires BOT approval for employer-provided benefits in excess of current IRS limits for qualified educational assistance, which as of calendar year 2013 is \$5,250. Above this level, educational benefits are treated as taxable income to the employee and therefore subject to BOT approval as non-salary compensation under the aforementioned Policy.

(ATTACHMENT Q)

The following items were presented in committee, but not reported to the full board:

- **Vice Chancellor's Remarks.**

- **GPSF Remarks.**

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.

EXTERNAL RELATIONS COMMITTEE

Mr. Curtis, Committee Chair, presented the following items for information only (no formal action was requested at that time).

- **Legislative Update.** Jennifer Willis, Director of State Relations, gave a brief update. The outlook is positive, but a number of reductions are being taken. We won't know the full impact until everything passes.

- **Development Update.** Julia Grumbles provided an update on Development.

<u>FY 2013 Year End Report</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>% change</u>
○ Gifts Received	\$270,743,984	\$287,419,666	-5.8%
○ Pipeline	\$370,885,414 proposals in the pipeline		

<u>Current Snapshot</u>	<u>July FY13</u>	<u>July FY12</u>	<u>% change</u>
○ Pipeline	\$370,885,414	\$280,488,199	22%

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.

- **UNC Horizons: Current Successes and Future Vision.** John Thorp, McAllister Distinguished Professor; Division Chief of Women's Primary Healthcare; and Vice Chair of Research of Obstetrics and Gynecology, and Hendree Jones, the newly appointed Executive Director of Horizons, gave a report.

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.

INNOVATION & IMPACT COMMITTEE

Dr. Clay, Committee Chair, reported the areas that have been assigned to the committee: research, entrepreneurship, technology transfer licensing and economic development. The Innovation Roadmap highlights some of challenges we face in this area. Research funding continues to be a challenge. Finally, industrial relations- we have an opportunity to expand our industrial relations and we are looking for ways to maximize those opportunities. The committee also discussed the importance of the upcoming campaign and the role it will play in

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making/keeping UNC a leader in research and innovation. The committee closed with a discussion on the infrastructure needed for innovation to happen.

The following items were presented to the committee, for information only (no formal action was requested at that time), but were not reported at the Full Board meeting.

- **Remarks from the Vice Chancellor of Research.**

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.

- **Remarks from the Special Assistant to the Chancellor for Innovation and Entrepreneurship.**

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.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Shuping-Russell, 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 FINANCE & INFRASTRUCTURE COMMITTEE

Report of the Naming Committee

Dr. Lerner, Committee Chair, presented naming recommendations which were previously presented to the Finance & Infrastructure Committee and approved by the committee. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

Dr. Lerner moved ratification by the Board of the naming recommendations. The motion carried.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Gardner, Committee Chair, presented the personnel and salary approvals dated July 15, 2013, for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS R-S-T)

LEGAL ADVICE

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

DEEP CLOSED SESSION

Chair Caudill convened the Board in Executive Closed Session to discuss personnel and legal matters.

RECONVENE MEETING IN OPEN SESSION

Chair Caudill reconvened the meeting in open session.

OPEN SESSION

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

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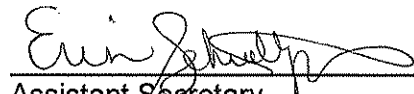
Mr. Gardner, Committee Chair, moved approval by the Board of the following personnel actions dated July 15, 2013, which were discussed earlier in closed session. The motion was duly seconded and it carried.

- Personnel Actions and Actions Conferring Tenure.
(ATTACHMENT R)
- Compensation Actions.
(ATTACHMENT S)
- For Information.
(ATTACHMENT T)

Chair Caudill 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 Caudill adjourned the meeting at 1:06 p.m.



Assistant Secretary