

BOARD OF TRUSTEES MEETING
The University of North Carolina at Chapel Hill
November 17, 2016

The Board of Trustees met in regular session on Thursday, November 17, 2016 at The Carolina Inn, Chancellor's Ballroom. Chair Stone convened the meeting at 8:00 a.m.

ROLL CALL

Secretary Duckett called the roll and the following members were present:

Dwight D. Stone, Chair	Kelly Matthews Hopkins
Haywood D. Cochrane, Vice Chair	William A. Keyes IV
Charles G. Duckett, Secretary	Allie Ray McCullen
Jefferson W. Brown	William E. McMahan
W. Lowry Caudill, Past Chair	Hari H. Nath
Donald Williams Curtis	Bradley C. Opere
Julia Sprunt Grumbles	

STATE GOVERNMENT ETHICS ACT

Chair Stone read the following statement:

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.

CONSENT AGENDA

Approval of Minutes and Mail Ballots

On motion of Vice Chair Cochrane and a second by Trustee Keyes, the minutes of the meeting of September 22, 2016 were approved as distributed; as was the ratification of the following mail ballots dated:

- September 26th – Appointments to the UNCCH Foundation and UNC Endowment Fund
- October 5th – Appointment of Scott De Rossi as Dean of the School of Dentistry
- October 24th – Quasi-endowment withdrawal for the Department of Athletics
- November 1st - Personnel actions, actions conferring tenure, and compensation actions
(ATTACHMENTS A-D)

CHAIR'S REMARKS

- Chair Stone began his remarks by thanking those in the audience for attending and referencing today's presentation coming up later in the meeting.
- Chair Stone shared the names of those honored at the William Richardson Davie Awards Dinner:
 - Barbara Hyde of Memphis
 - J.R. (Pitt) Hyde III of Memphis
 - Teresa Artis Neal of Cary
 - Robert Winston III of Raleigh
- The Chair thanked everyone who helped with the dinner and acknowledged Trustees Cochrane, Caudill, Grumbles, and Duckett for their help presenting the awards.
- Chair Stone recognized University Librarian Sarah Michalak who will be retiring after serving in the role for twelve years.
 - Nearly 1/5 of the library's 8 million volumes are now electronic and most academic journals are accessible online thanks to her leadership.
 - The libraries provide critical technology support to innovation and entrepreneurship initiatives around campus, something of particular interest to the Board and Chancellor.
 - Chair Stone then expressed gratitude to Sarah for her many contributions to the University and asked everyone to applaud.
- The Chair then shared comments on the recent presidential election.
- The Chair reiterated the goals for the year:
 - Support Chancellor Folt and her senior leaders, as they formulate and implement a new strategic plan for the University.
 - Tell our story. Carolina improves the lives of people across North Carolina, our nation, and our world.
 - Accelerate, measure, and communicate the growth and economic impact of our innovation and entrepreneurship initiatives.
 - Help Carolina become more efficient and effective in key operational areas, particularly Finance, Administration, Teaching and Research.
- Chair Stone ended by commending Chancellor Folt on her continued leadership.

- The Chair remarked on her impressive and strong leadership team
- Reiterated the board's support of Chancellor Folt.

[A copy of these remarks is located in the Office of the Assistant Secretary and at bot.unc.edu.]

Chair Stone called upon Student Body President Bradley Opere to provide remarks.

STUDENT BODY PRESIDENT'S REMARKS

- Student Body President Bradley Opere shared recent news from student government.
 - Trustee Opere shared info on recent events that occurred on campus:
 - President Obama's campaign visit
 - Homecoming
 - Halloween
 - Trustee Opere then provided an overview of the student fee process, and thanked those who were involved.
 - Trustee Opere ended by sharing upcoming Student Government initiatives including UNC hosting African Universities in March and a "Women in Student Government" event.

[A copy of these remarks is located in the Office of the Assistant Secretary and at bot.unc.edu.]

CHANCELLOR'S REMARKS

- Chancellor Folt began her remarks by thanking Chair Stone and the Board for their continued guidance, as well as Trustee Opere for his comments.
- The Chancellor shared a video on the recently opened Carolina Hall exhibit. She thanked the Board for their leadership as well as the co-chairs for their work.
- Chancellor Folt shared information from University Day including Vice Provost Steve Farmer's keynote address, and the renaming of 21 scholarships and fellowships in honor of UNC pioneers.
- Chancellor Folt highlighted events and news that has happened since the last meeting:
 - 24th Stone Center memorial lecture
 - Phi Beta Kappa inducted 137 new students
 - 3rd annual Tar Heel tribute event to support veterans and active duty military at UNC. Chancellor Folt thanked Vice Chancellor Felicia Washington for her assistance with this event.
 - Over 1,800 meals have been collected in collaboration with UNC-Pembroke to help those in need after Hurricane Matthew.
 - Per Governor McCrory, President Spellings created a Task Force for Hurricane Relief that includes three UNC experts.
 - Dr. Oliver Smithies gave 50 years of hand-written notebooks that have been digitized in Wilson Library Archives.
 - *The Institute of International Education* report ranked UNC 19th among all U.S. higher education for number of students earning credit for studying abroad.
 - Dean Bob Blouin received the American College of Clinical Pharmacy's Paul F. Parker Medal for Distinguished Service.
 - Professor Bo Li received the Packard Fellowship for her work with bacterial genomes.
 - UNC had eight faculty CAREER awards for a combined \$5.9M from the NSF.
- Chancellor Folt then shared information on the University Strategic Framework that will be a 10-year plan to guide the University.
- The Chancellor invited everyone to attend Winter Commencement on December 18th. Paul Cuadros, an award-winning investigative reporter, and School of Media and Journalism professor will be the keynote speaker.
- Chancellor Folt ended her remarks by introducing the presentation.

[A copy of these remarks is located in the Office of the Assistant Secretary and at bot.unc.edu.]

LINEBERGER COMPREHENSIVE CANCER CENTER

Dr. Bill Roper, Dean of the School of Medicine and CEO of UNC Health Care introduced the presenter, Dr. Ned Sharpless, Director of the Lineberger Comprehensive Cancer Center (LCCC) and Wellcome Distinguished Professor in Cancer Research. Dr. Sharpless started by giving a brief history of Lineberger and its areas of focus including research, outreach, and economic development. LCCC receives state support including funds from the University Cancer Research Fund.

Dr. Sharpless then introduced Dr. Nirali Patel to discuss her work with UNCseq and the cancer genome. The UNCseq process creates a circularity of care for patients at LCCC. LCCC has more than 2,700 patients currently enrolled.

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT F)

- Feasibility Study for Herbarium/Research Facility for North Carolina Botanical Garden
The project scope of this feasibility study will provide programming and concept plan for a new herbarium/research building at the North Carolina Botanical Garden (NCBG). The proposed herbarium will house research, classrooms, a large museum collection and staff. The herbarium also provides research, office, and seed processing space for the NCBG Southeast Regional Seed Bank; a library of botany-related books and other materials; and areas for programming and teaching related to plant systematics and plant conservation all of which are open to the public. The study is budgeted at \$250,000 and will be funded by University funds.

This project was advertised on September 14, 2016. Nine (9) proposals were received. Five (5) firms were interviewed on October 25, 2016. Members of the Board of Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

1. Lake | Flato + BHDP San Antonio, TX/Raleigh, NC
2. Clark Nexsen Raleigh, NC
3. Ayers Saint Gross Baltimore, MD

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT G)

- Medical Education Building – Berryhill Vivarium Migration Project
This project will provide advanced planning for the Berryhill Hall vivarium that will be relocated as part of the development of the new Medication Education Building. Advance planning is estimated at \$250,000 and will be funded by the Medical Education Building project.

The project was advertised on September 21, 2016. Three (3) proposals were received. Three (3) firms were interviewed on October 28, 2016. Members of the Board of Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

1. Wagner Architecture Garner, NC
2. HOK Washington, DC
3. Clark Patterson Lee Charlotte, NC

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT H)

- Everett, Lewis, and Stacy HVAC Improvements and Window Replacement
This project will upgrade the existing HVAC systems and provide window replacements for Everett, Lewis, and Stacy Residence Halls. The project budget is \$4,500,000 and will be funded by Housing receipts.

This project was advertised on September 15, 2016. Twelve (12) proposals were received. Four (4) firms were interviewed on October 31, 2016. Members of the Board of Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

1. McKim & Creed Raleigh, NC
2. Engineered Design, Inc. Cary, NC
3. RDK Engineers Durham, NC

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT I)

- Solar and Energy Storage Project
This project will provide a renewable energy system consisting of a ground-mounted, moveable photovoltaic array coupled with a battery storage system. The project will be located at Horace Williams Airport. The project budget is \$1.7M and will be funded by University funds (Energy Services).

This project was advertised on September 30, 2016. Five (5) proposals were received. Three (3) firms were interviewed on November 7, 2016. Members of the Board of

Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

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|----|-------------------|-------------|
| 1. | Innovative Design | Raleigh, NC |
| 2. | Dewberry | Raleigh, NC |
| 3. | McKim & Creed | Raleigh, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT J)

Construction Manager at Risk

1. UNC Mountain Area Health Education Center (MAHEC)

This project will construct approximately 36,000 square feet at the MAHEC campus in Asheville, NC. The building will house a surgical simulation lab, clinical space for the MAHEC Psychiatry Residency and classroom and office space for the School of Medicine, Center for Health Professions Education and School of Public Health programs. The project budget is \$8,000,000 with funding from site appropriations.

This project was advertised on August 19, 2016. Six (6) proposals were received. Four (4) firms were interviewed on October 24, 2016. Members of the Board of Trustees did not participate in the interviews. The committee recommended the selection of the three firms in the following priority order:

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|----|--------------------------|---------------|
| 1. | Vannoy Construction | Asheville, NC |
| 2. | Barnhill Contracting Co. | Charlotte, NC |
| 3. | Goforth Builders | Asheville, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

(ATTACHMENT K)

Property Acquisition and Ground Lease

1. Student Housing for Nutrition Research Institute – Kannapolis, NC

This request is for approval to purchase five residences (former mill homes) proximate to the NC Research Campus in Kannapolis to be used for short-term housing needs of graduate students and post-doctoral trainees studying at the Nutrition Research Institute (NRI). Graduate students and postdoctoral trainees are critical to the long-term success of the NRI. The NRI currently needs affordable housing for up to ten students and for that housing to be within walking distance of the NC Research Campus.

The five mill homes identified for purchase meet the above criteria and are located just one-half mile from the NC Research Campus on a route easily traversed by foot. The homes are situated on five neighboring tax parcels at 301, 302, 303, 305 & 306 Walnut Street, in Kannapolis, totaling +/- 1 acre and averaging ~ 0.20 acres or 8,850 SF each. They include four 2-bedroom homes (+/- 1,200 SF each) and one 3-bedroom home (+/- 1,400 SF), for a total of eleven bedrooms. The current property owner, Atlantic American Properties has agreed to renovate the homes prior to purchase per design plans approved by UNC-CH and the State Construction Office. These renovations will allow the NRI to house up to eleven students by adding a second bathroom to each home and making one fully ADA compliant. The State Construction Office conducted Facilities Condition Assessment Program (FCAP) reports on each home detailing needed repairs and will monitor the renovation work in cooperation with county inspectors and UNC-CH's Engineering Services Division. The agreed upon sales price reflects the above improvements and is the same as the State's appraised value of \$492,500, despite the owner's higher appraisal of \$585,000. Closing costs are estimated at approximately \$5,000.

This purchase will be funded with State appropriated funds. In the 2014-15 State budget appropriation, the Nutrition Research Institute received a one-time State allocation of \$500,000, which has been earmarked for the purpose of acquiring student housing. On December 9, 2014 the UNC-CH budget committee approved a request from the NRI to transfer these funds to Finance & Administration (F&A) funds until such time as housing could be acquired.

(ATTACHMENT L)

2. Porthole Alley Improvement Project Property Rights: Closure of Public Alleyways; Acquisition of Property by Deed; and Disposition of Property by Easement

As part of the University's plan to improve the Porthole Alley area and to generally improve pedestrian and bicycle safety in the area, two public rights-of-way will be closed to most vehicular traffic and a new alley entrance via South Columbia Street will be developed by the University. The public rights-of-way to be closed are traditionally known as Old

Fraternity Row (extending north/south) and Porthole Alley (extending east/west), as shown on Exhibit A below. Upon closure, the University will assume the maintenance responsibilities associated with the alleys previously performed by the Town of Chapel Hill. In accordance with N.C. Gen. Stat. § 160A-299(f), the Town will reserve easements in the alleyways for public purposes that include access for pedestrians, access for emergency vehicles and the location of utilities.

Upon adoption of an order by the Chapel Hill Town Council to close the right of ways, the State and other adjoining property owners are entitled to take title to the portion of the alleys lying between the centerline of the alleys and the boundaries of their respective lots. In addition to the State/University, the following persons or entities own property that adjoins Porthole Alley (the east/west alleyway): (i) Riddle Commercial Properties, Inc. (ii) Alexander's of Chapel Hill, Inc., (iii) H. Charles House, III and wife, Mary O. House, (iv) Elizabeth D. Banner, Trustee pursuant to the Will of Ollie Scott Durham, (v) John P. Dorton and Mary Jacqueline Haslam, tenants in common, and (vi) MJ Development Group, LLC. The Board of Trustees of the Endowment Fund of the University of North Carolina at Chapel Hill owns property that adjoins Old Fraternity Row (the north/south alleyway). These other adjoining property owners have tentatively agreed to convey their existing access rights (if any) in both alleys and a portion of the interest they are entitled to receive in the closed alleys in exchange for easement agreement(s) from the State/University allowing for their vehicular use of Porthole Alley and a new alley entrance via South Columbia Street.

Thus, at the conclusion of this process, the State/University will be vested with fee simple title to Old Fraternity Row and a portion of Porthole Alley, subject to public use easements to be reserved by the Town of Chapel Hill and private use easements in Porthole Alley, or portions thereof, and the new alley entrance via South Columbia Street for the benefit of the non State-owned adjoining lands.

(ATTACHMENT M)

Annual Endowment Fund Report

- UNC Investment Fund struggled in FY 2016, generating a -2.0% loss for the year.
- \$79.4 million was distributed from the Endowment fund for spending in 2016 (5.8% of the fund's beginning market value).
- For FY 2017, a 0.7% increase in the annual distribution rate has been authorized by The Chapel Hill Foundation Investment Fund Board. This increase is consistent with the spending policy target threshold of increasing the rate by CPI each year.

(ATTACHMENT N)

A motion was made from committee to approve the above actions. The motion was seconded by Trustee Curtis, and passed.

Tuition and Fee Recommendations

- The task force reached consensus for approval for student fees totaling \$5,201.10 including general, student activity, application, special, and miscellaneous fees.
- The instrument management fee for the School of Dentistry was not approved and recommended for 2018-2019.
- The undergraduate business program enhancement fees were not approved.
- For the 2016-2017 school year there will be a \$10.11 increase (0.52%) for both undergraduate and graduate students.
- For 2017-2018 school year there will be a \$32.62 increase (1.67%) for undergraduates and a \$22.62 increase (1.17%) for graduate students.
- Other increases included school based and campus based tuitions.

(ATTACHMENT O)

A motion was made from committee to approve the tuition and fee recommendations except for the Kenan-Flagler Business School enhancement fee. It was seconded by Secretary Duckett, and passed.

Vice Chair Cochrane continued and shared the items for information only:

- FY16 UNC Investment Fund Performance Update given by Jon King, CEO of UNC Management Company
- Development Report given by David Routh, Vice Chancellor for University Development
- Carolina Research Venture Fund Overview given by Sallie Shuping-Russell, Chair

A full review of the committee meeting are in the committee minutes in the Office of the Assistant Secretary.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Secretary Duckett presented the report from the University Affairs Committee. The following items were presented to the committee for information:

- Faculty Update given by Bruce Cairns, Chair
- Graduate and Professional Student Federation Update by Anginelle Alabanza, Chief of Staff
- Employee Forum Update given by Charles Streeter, Chair
- Secretary Duckett shared information on the Carolina Hall exhibit that the Board visited the day before.

A full review of the committee meeting are in the committee minutes in the Office of the Assistant Secretary.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Duckett, and seconded by Vice Chair Cochrane, 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).

RECONVENE MEETING IN OPEN SESSION

Chair Stone made a motion to reconvene the meeting in open session; it was seconded and passed.

OPEN SESSION

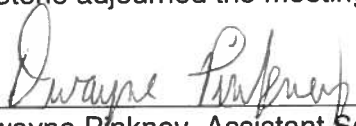
REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Secretary Duckett referred the members to the personnel matters submitted for review. A motion to approve the actions was made from committee; it was duly seconded, and passed. Chair Stone stated that the personnel and salary actions voted on in open session had been distributed.

(ATTACHMENT P)

ADJOURNMENT

There being no further business to come before the Board, Chair Stone called for a motion to adjourn. The motion was made by Trustee McCullen, seconded by Trustee Curtis and passed. Chair Stone adjourned the meeting at 1:30 p.m.



Dwayne Pinkney, Assistant Secretary