

BOARD OF TRUSTEES MEETING
The University of North Carolina at Chapel Hill
September 27, 2018

The Board of Trustees met in regular session on Thursday, September 27, 2018 at The Carolina Inn, Chancellor's Ballroom. Chair Cochrane convened the meeting at 8:00 a.m.

ROLL CALL

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

Haywood D. Cochrane, Chair	Allie Ray McCullen
Charles G. Duckett, Vice Chair	W. Edwin McMahan
Julia Sprunt Grumbles, Secretary	Dwight D. Stone
W. Lowry Caudill, Past Chair	Richard Y. Stevens
Kelly Matthews Hopkins	Savannah Putnam
William A. Keyes IV	

Trustees Brown and Nath were not in attendance.

STATE GOVERNMENT ETHICS ACT

Chair Cochrane 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 Chair Cochrane and a second by Trustee Keyes, the minutes of the meeting of July 19, 2018 and the special meeting of August 28, 2018 were approved as distributed; as was the ratification of the following mail ballots dated:

- September 4 – elections and quasi-endowment withdrawals
- September 5 – naming matter

(ATTACHMENTS A-B)

CHAIR'S REMARKS

- Chair Cochrane thanked those in the audience for attending, and referenced the agenda for the meeting.
- Thanked Secretary Grumbles for representing the board at the fall meeting of the Board of Visitors.
- The Chair acknowledged the recent naming of the field hockey stadium after Coach Karen Shelton.
- Chair Cochrane shared two recent rankings around accessibility and affordability.
- The Chair referenced Vice Chair Duckett's presentation from the University Affairs Committee around the three resolutions that were passed at the May 2015 meeting.
- Chair Cochrane thanked BOG Chair Harry Smith and President Margaret Spellings for the opportunity to develop a plan for the "disposition and preservation" of the Confederate Monument.
- The Chair then concluded his remarks by calling upon Trustee Putnam.

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

STUDENT BODY PRESIDENT'S REMARKS

- Trustee Putnam shared highlights from the undergraduate exec branch:
 - RedZone sexual assault campaign
 - Get out the vote efforts are in full swing
 - The Mental Health Task Force is starting up and engaging groups across campus
- Trustee Putnam then shared updates from the graduate and professional student federation:
 - GPSF is beginning to roll out their Diversity, Equity, and Inclusion Task Force
 - Advancing sustainability efforts around the freezer challenge
 - GPSF donated items for hurricane relief efforts in eastern NC
 - GPSF is also working on voter registration efforts

[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 Cochrane and the board for their continued support.
- The Chancellor introduced new UNC Ombuds Dawn Osborne-Adams
- Chancellor Folt thanked the board for their continued support of developing a plan for the Confederate Monument.
- Chancellor Folt continued and shared updates and accomplishments that have occurred since the July meeting including Hurricane Florence relief efforts.
- Chancellor Folt ended her remarks by introducing the presentations.

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

ENABLING TECHNOLOGY

Chancellor Folt introduced Kevin Guskiewicz, Dean of the College of Arts and Sciences. Dean Guskiewicz introduced Dr. Gary Bishop, Professor and Associate Chair for Academic Affairs in the Department of Computer Science, to share a presentation on his programs – Tar Heel Reader and Maze Day. Dr. Bishop also brought along Nikita Billman, class of 2021, to share some of her research around rett syndrome. To conclude their presentation, they entertained questions from the board.

This presentation can be found on bot.unc.edu and on file in the Office of the Assistant Secretary.

PHILLIPS AMBASSADORS

Chancellor Folt introduced Dr. Ron Strauss, Executive Vice Provost. Dr. Strauss introduced Dr. Morgan Pitelka, Director of the Carolina Asia Center and Professor of Asian Studies and History, to talk about the Phillips Ambassadors Scholarship Program.

Dr. Pitelka discussed how the program came to be, as well as the structure. He brought along two students – TJ Turner, Jaein Yoon – to discuss their experiences abroad with the program. To conclude their presentation, they entertained questions from the board.

STUDENT SUCCESS HUB

Chancellor Folt introduced Steve Farmer, Vice Provost for Enrollment and Undergraduate Admissions to share information about the new Student Success Hub for Florence Recovery. Mr. Farmer brought along Senior Associate Dean of Students and Director of the Office of the Dean of Students Desirée Rieckenberg to provide an update on the hub. This hub will serve as a single point of contact for students who need help with any number of issues that would hold them from being able to return to campus due to hurricane damage. To conclude their presentation, they entertained questions from the board.

REPORT OF THE EXTERNAL RELATIONS COMMITTEE

Trustee Stevens presented a review of the External Relations Committee meeting. There were no action items for this committee in open session. Trustee Stevens then shared the items presented for information:

- Board of Visitors update by Doug Rothwell, Past Chair
- Public Affairs update given by Kelly Dockham, Director of Federal Affairs
- Communications update given by Joel Curran, Vice Chancellor for Communications

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

REPORT OF THE FINANCE, INFRASTRUCTURE & AUDIT COMMITTEE

Trustee Stone presented the report from the Finance, Infrastructure and Audit Committee. The following items were presented to the committee for action:

Amendment to the Ordinance Regulating Traffic and Parking

Brad Ives, Associate Vice Chancellor for Campus Enterprises and UNC Chief Sustainability Officer, proposed two article revisions to the ordinance regulating traffic and parking.

1. Article III. Parking

Section 3-18. Motorized Two-Wheeled Vehicle Parking

- Policy specifies that at all times persons may only park motorized two-wheeled vehicles on campus in designated parking areas with a valid permit.

2. Article V. Traffic

Section 5-3. Sidewalks and Landscape; Section 5-4. Speed Limits

- Policy specifies that no person other than on-duty law enforcement officers may operate or park a motorized two-wheeled vehicle on a campus sidewalk.

(ATTACHMENT C)

2018-19 Revised Audit Plan

Phyllis Petree, Chief Audit Officer, presented the revised 2018/19 Internal Audit work schedule for review and approval. An unexpected vacancy and the resulting loss of available hours made a change to the plan necessary.

(ATTACHMENT D)

Anna Wu, Associate Vice Chancellor for Facilities Services presented the following items for action:

Designer Approval

1. School of Dentistry Vacuum Piping Replacement

This project will design the replacement of the dental vacuum piping including hazardous materials abatement, as well as design for bulk amalgam separators in Brauer, Tarson and Koury. The project budget is estimated at \$4.95 million and with funding from F&A. The project was advertised on June 29, 2018. Five (5) proposals were received. Three (3) firms were interviewed on August 3, 2018. 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. Skinner, Farlow, Kirwan Raleigh, NC
- 2. MHA Works Durham, NC
- 3. AEI Chapel Hill, NC

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

(ATTACHMENT E)

A copy of this presentation is located in the Office of the Assistant Secretary and at bot.unc.edu.

Construction Manager at Risk Selection

1. Translational Research Building

This project will provide a new, 160,000 square foot Translational Research Building (TRB) to replace multiple old facilities and allow UNC to compete with top biomedical academic research institutions across the country. The project includes the renovation of existing facilities to accommodate a temporary surgery that will be displaced by the construction of the new Medical Education Building. The temporary facilities will be repurposed for flexible procedure spaces once the permanent surgery is located in the new TRB.

The project budget is estimated at \$156,520,000 and will be funded through F&A. The request for CM proposals was advertised on July 18, 2018. Three (3) proposals were received. Three (3) firms were interviewed on September 18, 2018. 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. DPR Raleigh, NC
- 2. LeChase/Holt Durham, NC
- 3. Balfour Beatty/PEG Morrisville, NC

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

(ATTACHMENT F)

Gordon Merklein, Associate Vice Chancellor for University Real Estate Operations presented the following items for action:

Property Disposition by Ground Lease

In 2016, Section 37.1 of NCGA Session Law 2016-94 appropriated \$8 million for the UNC School of Medicine/Western School of Medicine to build an approximately 36,000-square-foot health care clinic and education building. The property was conveyed to UNC, subject to restrictions that limited its use to health and medical education programs. Completion of the building is expected in late fall 2018, at which time the building and grounds will be ground leased to the Mountain Area Health Education Center (MAHEC) for 30 years under terms that will be submitted to the Governor and Council of State for approval. The medical education building will be operated by a consortium consisting of UNC-Chapel Hill, UNC-Asheville (School of Public Health Campus), Western Carolina University, MAHEC and Mission Hospital.

(ATTACHMENT G)

Property Disposition by Demolition

This request is to raze two state-owned properties located at University Lake. The first of the two buildings rests on land that is leased to Orange Water and Sewer Authority (OWASA). This building is currently used as a storage facility by OWASA and was previously the Lake

Warden's Office. OWASA will fund the demolition of this building and replace it as part of several improvements they are completing at University Lake.

The second building is at 115 University Lake and was commonly referred to as the Lake Warden's residence. This is a one-story, 1750-square-foot residence, built in 1954, then leased to OWASA for 30 years for the Lake Warden's residence. OWASA no longer uses the structure and has returned it to UNC-Chapel Hill's control. We have completed an initial assessment and determined that the building would require approximately \$40,000 in capital upgrades in order to retain in our single-family rental portfolio. The building has no strategic value to UNC-CH. Cost of demolition will be shared between OWASA and UNC-CH Real Estate Operations funds.

(ATTACHMENT H)

Property Disposition by Sublease

On July 19, 2018, the Board of Trustees authorized the lease of space for the Office of Innovation, Entrepreneurship and Economic Development in support of a new wet-lab accelerator facility. As noted in that item, this space will be built-out and operated in strategic alignment with a third-party life-sciences operating company. UNC-Chapel Hill is in the final stages of negotiating with this third-party operating company to execute a sublease and a Memorandum of Understanding that sets the terms for how the incubator will be managed.

In brief, UNC-CH will sublease 33,000 square feet of space on the sixth floor of Carolina Square to the operating company. In exchange, the operating company will provide \$5 million to upfit the space and will manage the incubator. This management will include selecting, in concert with UNC-CH, companies for residence in the incubator, providing ongoing business consultation to these early-stage companies, and exposing these early-stage companies to potential commercialization opportunities through partnerships with private capital. UNC-CH will benefit based on occupancy levels in the incubator and, potentially, from the growth of the early-stage companies using UNC-CH licensed intellectual property.

The proposed terms of the sublease are as follows:

SUBLESSOR:	State of North Carolina, UNC-Chapel Hill
SUBLESSEE:	Subtenant currently negotiating under a non-disclosure agreement
LOCATION:	Carolina Square, 123 West Franklin, Chapel Hill, N.C.
LEASE AMOUNT:	\$1 annually
DESCRIPTION:	33,000 square feet of new space
LEASE TERM:	10 years, no renewal options
TENANT IMPROVEMENT ALLOWANCE:	Subtenant is contributing \$5 million to the build out of the space
LEASE EXPIRATION:	TBD – dependent upon closing of final negotiations

While the sublease amount will be \$1.00 annually, UNC will receive rent recovery from the operating partner based on rental revenue generated by life science startup companies using the incubator. Based on projections, Fair Market Value for occupancy of space is expected to be realized over the term of the sublease.

(ATTACHMENT I)

Self-Liquidating Debt Resolution

Brian Smith, Senior Assistant Vice Chancellor and Treasurer, recommended for approval the resolution authorizing the issuance of special obligation bonds for self-liquidating projects recently approved by the North Carolina General Assembly.

(ATTACHMENT J)

A motion came from committee to approve all the above actions. Vice Chair Duckett seconded, and it passed.

Trustee Stone continued and shared the items for information only:

- Debt and liquidity presentation given by Brian Smith, Senior Assistant Vice Chancellor and Treasurer
- Internal audit report FY17-18 given by Phyllis Petree, Chief Audit Officer (ATTACHMENT K)
- Development report given by David Routh, Vice Chancellor for University Development

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

REPORT FROM THE STRATEGIC FRAMEWORK COMMITTEE

Trustee Grumbles presented a review of the Strategic Framework Committee meeting. There were no action items for this committee in either open session. The following items were

presented to the committee for information:

- Creativity Hub: heterogeneity of obesity given by Penny Gordon-Larsen, Professor and Associate Chair for Research in the Department of Nutrition
- Student Startup Pitch: Phyta given by Eliza Harrison and Lucy Best

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

Vice Chair Duckett presented the report from the University Affairs Committee. There were no action items for this committee in open session. The following items were presented to the committee for information:

- Faculty update given by Leslie Parise, Chair
- Employee Forum update given by Shayna Hill, Chair
- Admissions update given by Steve Farmer, Vice Provost for Enrollment and Undergraduate Admissions

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 Grumbles, and seconded by Vice Chair Duckett, 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), (6), (7), and (9).

RECONVENE MEETING IN OPEN SESSION

Secretary Grumbles made a motion to return to open session. Trustee Stone seconded, and it passed.

OPEN SESSION

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Chair Cochrane referred the members to the personnel matters submitted for review. Vice Chair Duckett made a motion from committee to approve, Trustee Keyes seconded and it passed.

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

(ATTACHMENTS L-M)

ADJOURNMENT

There being no further business to come before the Board, Chair Cochrane called for a motion to adjourn. Trustee Stone made the motion; Trustee Caudill seconded and it passed. Chair Cochrane adjourned the meeting at 11:57 am.



Clayton Somers, Assistant Secretary