

Board of Governors Meeting

Friday, February 13, 2009

Chapel Hill, North Carolina

The Board of Governors met in regular session on February 13, 2009, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m.

INVOCATION

Chairman Gage called upon Ms. Blank to give the invocation.

ROLL CALL

Secretary Sanders called the roll. The following members were present:

Bradley T. Adcock
Brent D. Barringer
Peaches Gunter Blank
R. Steve Bowden
Frank Daniels, Jr.
John W. Davis III
Phillip R. Dixon
T. Greg Doucette
Ray S. Farris
Dudley E. Flood
Hannah D. Gage
Ann B. Goodnight
Clarice Cato Goodyear
H. Frank Grainger
Peter D. Hans
Charles A. Hayes

Adelaide Daniels Key
G. Leroy Lail
Ronald C. Leatherwood
Cheryl Ransom Locklear
Charles H. Mercer, Jr.
Jim W. Phillips, Jr.
Marshall B. Pitts, Jr.
Gladys Ashe Robinson
Irvin (Al) Roseman
Estelle "Bunny" Sanders
William G. Smith
J. Craig Souza
Priscilla P. Taylor
J. Bradley Wilson
David W. Young

The following member were absent:

Laura W. Buffaloe
James E. Holshouser, Jr.

Fred G. Mills

STATE ETHICS ACT

Chairman Gage stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for the meeting, she asked if anyone had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. There were none.

MINUTES

Mr. Grainger moved, seconded by Dr. Taylor, that the minutes from the open session of the January 9, 2009, meeting be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles thanked the members of the Board, the Chancellors, and Vice President Nelson and his staff for the very good work they put forth on the tuition and fees proposal. He credited Chairman Gage for her strong and tireless leadership. For President Bowles' report, please refer to Appendix A.

ADMINISTRATION ACTION ITEMS

Chairman Gage called attention to the Administrative Action Items listed on the agenda. Mr. Leatherwood moved, seconded by Mr. Grainger, that the following Administrative Action Items be approved by consent:

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| a. (B&F) | Authorization of New Capital Improvements Projects, ASU and ECU |
| b. (B&F) | Approval of Disposition of Property, NCCU |
| c. (PA) | Approval of an Amendment to the 2009-10 Legislative Policy Agenda |

REPORT OF THE AUDIT COMMITTEE

Second, Associate Vice President King had developed a plan to review the independence and reporting relationships of the campuses' internal audit directors. Further information will be presented on this plan at the next meeting.

Third, the Committee reviewed audit reports from the North Carolina State Education Assistance Authority (NCSEAA), the UNC Center for Public Television, and the University of North Carolina at Chapel Hill. No audit findings were reported. Information system audits for North Carolina State University, the University of North Carolina at Charlotte, and the University of Carolina at Asheville, were issued with audit findings. Corrective actions had been taken.

Lastly, Mr. Ernie Murphrey, Associate Vice Chancellor for Finance at North Carolina State University, presented a report to the Committee. He encouraged the Committee to evaluate audit issues from a comprehensive system-level perspective and consider a shared service concept for campus internal auditors for both quality assurance and efficient utilization of audit resources.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Lail, Chair of the Committee on Budget and Finance, reported on one item. Since last September, the Committee had thoroughly discussed and reviewed increases in tuition and fees for 2009-10. The President, the Chancellors, and student body representatives had been involved in the discussions throughout the process. A special meeting on tuition and fees was held on January 30, 2009. The average increase in tuition and fees proposed for undergraduate in-state students was 3.9%. At least forty percent of the proceeds from the tuition increases would be used for need-based financial aid. The remainder would be directed to meet the critical needs of the campuses.

On behalf of the Committee, Mr. Lail moved the approval of the Authorization of Tuition for 2009-10 (See Appendix E) and Authorization of Fees for 2009-10 (See Appendix F). The motion carried. Mr. Bowden and Dr. Robinson voted against the proposal.

REPORT OF THE COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

Mr. Dixon, Chair of the Committee on Educational Planning, Policies, and Programs reported on three items.

Mr. Dixon said that the Committee heard a report from the task force commissioned by President Bowles to review graduate medical education in North Carolina. The Committee first considered this plan at its March 2008 meeting.

Next, the Committee heard a report on the Remedial/Developmental Instruction at the University of North Carolina. This program responds to gaps in high school preparation and performance in order to ensure full opportunity for the success of students in college. The Committee indicated that the University should closely monitor this activity and focus on ways to further reduce the need for remediation.

The Committee reviewed the Nursing Enrollment and Degrees Conferred Report. The number of nursing degrees awarded by the University in 2007-08 had increased by 25% over the previous year. UNC nursing students who took the NCLEX-RN exam passed at an average rate of 92%. The nursing programs at UNC Pembroke and Fayetteville State University had not achieved the Board's requirement that 85% of students that take the exam pass. Initiatives were underway to remedy the situation. The Committee would continue to monitor the progress of these programs.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Dr. Taylor, Chair of the Committee on Public Affairs, reported on two items. First, the Committee proposed an amendment to the 2009-10 University Legislative Policy Agenda in support of the establishment of a Graduate Medical Education Board.

The Committee then reviewed the Fiscal Year 2010 Federal Policy Agenda. The Agenda authorizes the President and his staff at General Administration, the campuses, and affiliated organizations, to advocate on behalf of the Board with federal decision-makers on important issues such as financial aid simplification, tax benefits to students, veterans' education benefits, barriers to University research, and intellectual property.

On behalf of the Committee, Dr. Taylor moved the recommendation to approve the Fiscal Year 2010 Federal Policy Agenda. The motion carried. (See Appendix G)

Vice President Rhinehardt provided information to the Committee about the Federal Stimulus package. The bill contained positive provisions for public higher education and the higher educational community at-large. Final passage of the bill was expected very soon.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Mercer, Chair of the Committee on University Governance, reported on one action item and one item for information. There are three terms beginning July 1, 2009, on the University of North Carolina Press Board of Governors.

On behalf of the Committee, Mr. Mercer moved the appointment of Professor James Johnson and the reappointment of Professors William Andrews and James Peacock to serve on the University of North Carolina Press Board of Governors. The motion carried.

Next, North Carolina Statute 116-31, *Membership of the Board of Trustees*, was amended in 2007 which impacts Section 400 A. (5) of *The Code*. In order to bring *The Code* in compliance with the statute, the Committee received and approved a proposed amendment to Section 400 A. (5) of *The Code*. It will be brought to the Board for consideration at the next meeting.

CHAIRMAN'S REPORT

Chairman Gage recognized a special guest of Mr. Wilson's – Mr. Christian Kucab, who attended the meeting with his parents. Mr. Kucab had recently graduated from Appalachian

State University and had scored a perfect score on his LSAT exam. Chairman Gage indicated that this was a remarkable achievement and wished him well.

Chairman Gage announced the appointment of Mr. Leatherwood to chair the 2009 Committee on the Awards for Excellence in Public Service. The appointed committee members were Mr. Daniels, Mr. Hayes, Dr. Locklear, and Mrs. Sanders. She further announced that Ms. Blank will serve as the chair of the 2009 University Award Committee. The University Award Committee members will include Dr. Key, Mr. Mills, Mr. Smith, and Dr. Taylor. She also said that Dr. Buffaloe would continue her service on the Principal Fellows Commission.

Chairman Gage said that although the Board had completed the task of setting tuition and fees, there was much work ahead. She indicated that during these difficult economic times, the Board will need to play an active role in minimizing budget reductions. She said it was important that the Board continue to communicate with legislators and talk about the role that the University serves in advancing the State. She then stated that the University should continue to collaborate with the community colleges, expand online programming, and eliminate unnecessary duplication across the system. She spoke about higher education reaching the ‘tipping point’ where momentum for change becomes unstoppable and that this point was occurring in higher education today. She indicated that the landscape of higher education will be transformed and that the Board is, in essence, redesigning the future of the University.

On motion by the Secretary Sanders and duly seconded, the Board voted to convene in closed session to consult with the University’s attorney to consider and give instructions concerning a judicial action titled Crossley v. Western Carolina University; to establish or instruct the staff or agent considering the negotiations of the amount of compensation or other terms of employment contract; to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee; to hear or investigate a complaint, charge, or grievance by or against a public officer or employee, pursuant to North Carolina G.S. Sections 143-318.11 (a)(3), (a)(5), and (a)(6). The motion carried.

The Board of Governors went into closed session at 10:00 a.m. and returned to open session at 10:20 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Flood reported that the Committee heard a request from the University of North Carolina at Charlotte for a change in title for the position of Associate Provost of Information Technology and Chief Information Officer. The title would be changed to Vice Chancellor for Information Technology and Chief Information Officer. This would move the classification to a Tier II Senior Academic Administrative Officer position.

On behalf of the Committee, Dr. Flood moved approval of the recommendation. The motion carried.

The Committee had reviewed a proposed policy for employees at General Administration on "Compensatory Time Off for Employees Subject to the Fair Labor Standards Act." This policy would allow managers to grant compensatory time off from work in lieu of overtime pay for eligible employees. The policy would be presented to the Board for a vote in March.

Lastly, Dr. Flood stated that the Committee received the Summary Personnel Report on items delegated to the President and all personnel actions approved by the President since its last meeting. (See Appendix H).

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Dr. Taylor, Chair of the Committee on Public Affairs, asked Vice President Rhinehardt to provide a brief overview of the State Stabilization and Modernization Fund Report which had recently been approved by the United States Congress. Vice President Rhinehardt said that The American Recovery and Reinvestment Act of 2009 included a summary with a list of the critical investment areas and the amount of each area where dollars had been allocated.

In closing, Chairman Gage reminded the Board that the next Board of Governors meeting will be held on March 20, 2009, at the Spangler Center. The meeting adjourned at 10:30 a.m.

APPENDICES

(All Appendices are a part of the official record of the meeting)

APPENDIX A	President Bowles' Report	Posted Online
APPENDIX B	Authorization of New Capital Improvements Projects at Appalachian State University and East Carolina University	Posted Online
APPENDIX C	Approval of Disposition of Property at North Carolina Central University	Posted Online
APPENDIX D	Approval of an Amendment to the 2009-10 Legislative Policy Agenda	Posted Online
APPENDIX E	Authorization of Tuition for 2009-10	Posted Online
APPENDIX F	Authorization of Fees for 2009-10	Posted Online
APPENDIX G	Fiscal Year 2010 Federal Policy Agenda	Posted Online
APPENDIX H	President's Summary Personnel Report	Posted Online