

## **Board of Governors Meeting**

**Friday, November 14, 2008**

**Chapel Hill, North Carolina**

The Board of Governors met in regular session on November 14, 2008, 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 Dr. Locklear to give the invocation.

### **ROLL CALL**

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

Bradley T. Adcock	Adelaide Daniels Key
Brent D. Barringer	G. Leroy Lail
Peaches Gunter Blank	Ronald C. Leatherwood
R. Steve Bowden	Cheryl Ransom Locklear
Laura W. Buffaloe	Charles H. Mercer, Jr.
Frank Daniels, Jr.	Fred G. Mills
John W. Davis III	Jim W. Phillips, Jr.
Phillip R. Dixon	Marshall B. Pitts, Jr.
T. Greg Doucette	Gladys Ashe Robinson
Ray S. Farris	Irvin (Al) Roseman
Dudley E. Flood	Estelle "Bunny" Sanders
Hannah D. Gage	William G. Smith
Ann B. Goodnight	J. Craig Souza
Clarice Cato Goodyear	Priscilla P. Taylor
H. Frank Grainger	J. Bradley Wilson
Peter D. Hans	David W. Young
Charles A. Hayes	

The following member was absent:

James E. Holshouser, Jr.

## **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 Secretary Sanders, that the minutes from the open session of the October 17, 2008, meeting be approved. The motion carried.

## **PRESIDENT'S REPORT**

President Bowles thanked the Board for hosting the University Award Dinner and said that it was an honor and privilege to recognize this year's recipients, Dr. Roy Carroll and General Hugh Shelton. For President Bowles' report, please see Appendix A.

## **RECOGNITION OF STUDENT GOVERNMENT REPRESENTATIVES**

Chairman Gage called on Mr. Doucette to recognize the student government representatives in attendance. Mr. Doucette introduced Mr. Atul Bhula from East Carolina University, Mr. Chas Klevinger from UNC Chapel Hill, Mr. Bill Bell from UNC Chapel Hill, Mr. David Mofford from Appalachian State University, and Ms. J.J. Raynor from UNC Chapel Hill. He thanked them for attending the meeting.

## **ADMINISTRATIVE ACTION ITEMS**

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

- a. (B&F) Authorization of New Capital Improvements Project, NCSU

- b. (B&F) Authorization of New Capital Improvements Project, UNCC
- c. (B&F) Approval of Acquisition of Space by Lease, NCSU
- d. (B&F) Approval of the Annual Report of the Committee on Budget and Finance
- e. (EPPP) Approval of the Teacher Assistant Scholarship Fund Annual Report, 2007-08 Academic Year
- f. (EPPP) Approval of Future Teachers of North Carolina Scholarship Loan Annual Report, 2007-08 Academic Year
- g. (GOV) Approval of the Annual Report of the Committee on University Governance

### **REPORT OF THE AUDIT COMMITTEE**

Mr. Daniels, chair of the Audit Committee, reported on four items. First, the Committee received a report from State Auditor Les Merritt and his staff regarding the results from the 2007 fiscal year campus audits and the preliminary results from the 2008 fiscal year campus audits. The report identified that during the 2007 audit cycle 11 campuses had 55 audit findings. The increase in audit findings over previous years was attributed to new audit standards, a risk-based auditing approach, staff turnover, and the implementation of new information technology systems. In an effort to improve communications between the State Auditors Office and campus Boards of Trustees, the state auditor would be making efforts to communicate directly with the audit committees at both the beginning and end of each audit.

Next, the Committee received a report on audits performed by the campus internal auditors for FY 2008. A summary of the results was available.

Mr. Daniels next introduced Ms. Gwen Canady, the new Project Management Officer, at General Administration. At the Committee meeting, Ms. Canady presented an update on the ERP (enterprise resource planning) financial transformation project and discussed progress in ensuring the standardization of processes and controls across the University. The project team developed a plan to implement a shared services center that would consolidate and centralize certain financial operations. An executive steering committee from the campuses and General Administration had been created to guide this project.

Lastly, to further the UNC Tomorrow agenda and ensure the ERP financial transformation project had the necessary resources, a request for funding was included in the UNC Expansion Budget Request. The request for recurring funding was \$3 million in 2009-10 and an additional \$2 million in 2010-2011. At the appropriate time, the Committee had asked that a motion be

made to move the priority for this funding higher in the Board's request (from the tenth priority to the fourth priority).

### **REPORT OF THE COMMITTEE ON BUDGET AND FINANCE**

Mr. Lail, chair of the Committee on Budget and Finance, reported on one item. The Committee recommended the approval of the University of North Carolina 2009-11 Budget Priorities. The proposed expansion budget identified additional operating and capital funds needed to carry out the highest priorities of the University as recommended by President Bowles, in consultation with the Chancellors. The recommended budget request proposed the lowest percentage increase in funding in more than 20 years. The top priorities were funding for campus safety, need-based financial aid, and recruitment and retention of high quality faculty. The budget priorities were responsive to the needs identified in the UNC Tomorrow initiative.

On behalf of the Committee, Mr. Lail moved the approval of the University of North Carolina 2009-11 Budget Priorities. Mr. Daniels made a motion to move Item 10, **Efficient Use of Available Resources & Continue Efforts to Establish Accountability & Performance Measures**, from the 10<sup>th</sup> priority to the 4<sup>th</sup> priority. (See Appendix I). The motion to approve the budget as amended carried.

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

Mr. Dixon, chair of the Committee on Educational Planning, Policies, and Programs, reported that Dr. Tom Bacon, AHEC Program Director, presented a report on North Carolina medical school graduates entering primary care practice. In 2008, the percentage of medical school graduates entering primary care training was 63% for the University of North Carolina at Chapel Hill, 66% for East Carolina University, 39% for Duke University, and 45 % for Wake Forest University. This tracking showed a decline in the number of graduates staying in the field of primary care. The plan for expansion of medical education for more graduates and more residencies had addressed the need for both primary care and specialists where shortages existed in the placement of physicians throughout the state through expanded residencies.

On behalf of the Committee, Mr. Dixon moved the approval of the report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers November 2008. (See Appendix J). The motion carried.

Mr. Dixon reported that the Committee considered a proposed policy on branch campuses and other educational facilities for off-site delivery of educational programs. The proposed policy is similar to the existing policy that the Board has in place for the process of assessing the establishment of a new campus. The proposed policy includes a provision that requires consultation with the community college system. The Committee was studying the proposal and would bring it to the Board in January 2009.

The Committee reviewed the variations in campus calendars. Most calendars begin within approximately one week of each other. Spring breaks vary by campus. At the Committee meeting, it was noted by the Chancellors that they attempt to align their calendars with the calendars of local school systems. The Committee concluded that no further action was needed to coordinate campus calendars.

### **REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS**

Dr. Taylor, chair of Committee on Public Affairs, reported that the Committee had received an overview on the state and federal election results. The State legislature will welcome 16 new members. Democrats retained a majority in both the House and the Senate.

Dr. Taylor further reported that the 2009-11 federal and state legislative agendas would be developed soon. The Committee will review the agendas prior to the Board meeting in January. She announced that it would be important for the Board members and the Chancellors to advocate for the University's budget. Dr. Taylor also announced that the simplification of the student financial aid process was to be one of the major items on the Federal Legislative Agenda.

### **REPORT OF THE COMMITTEE ON GOVERNANCE**

Mr. Mercer, chair of the Committee on University Governance, reported that there was a partial term ending on June 30, 2009, on the Winston-Salem State University Board of Trustees

due to the resignation of Mrs. Loretta Biggs. There was a term ending on February 28, 2014, on the Pitt County Memorial Hospital Trustees. The seat was held by Mr. Luther Copeland, Jr., who was not eligible for reappointment.

A schedule with the dates of the campus winter commencements was made available. Mr. Mercer encouraged the Board members to sign up for one or more of the commencement ceremonies.

The trustee selection process was ongoing and Mr. Mercer reported that he had sent correspondence to the Chancellors and to the chairs of the Board of Trustees, who have until December 8, 2008, to submit their recommendations.

### **CHAIRMAN'S REPORT**

Chairman Gage thanked Mr. Lail and members of the Committee on University Awards for an outstanding job. She thanked Chancellor Meadors for hosting her at a recent UNC Pembroke football game and said that she had very good discussions with foundation board members and trustees during this event.

She reiterated that her top priority was fiscal integrity and that she was pleased with the change that was made by the Board to the University's 2009-11 Budget Priorities. She believed that financial integrity was paramount for building trust with the legislature.

Chairman Gage further commented on meaningfulness of the Thursday morning policy discussions on the UNC/North Carolina Community System partnership, particularly on the presentation by President Scott Ralls. She stressed the effectiveness of a strategy that involves students initially attending a community college and then transferring to one of the UNC institutions. She further noted the increasing importance of online education as an option for all students.

Chairman Gage concluded by asking all Board members to be prepared for a great deal of work in the next year, beginning with the next meeting scheduled for January 9, 2009, at the Spangler Center.

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On motion by the Secretary Sanders and duly seconded, the Board voted to convene in closed session to consult with their attorney to consider and give instructions concerning a proposed settlement of a Caveat Proceeding brought by heirs in the estate of John Christopher Wieters III; 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; and 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).

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The Board of Governors went into closed session at 9:45 a.m. and returned to open session at 9:50 a.m.

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### **REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE**

Dr. Flood, chair of the Committee on Personnel and Tenure, reported that the Committee reviewed a request to establish a new senior academic and administrative officer position at North Carolina Central University, the position of Vice Chancellor for Graduate Education and Research.

On behalf of the Committee, Dr. Flood moved the approval of the request to establish the position of Vice Chancellor for Graduate Education and Research. The motion carried.

Dr. Flood then presented a proposed restatement of the planning document for the Optional Retirement Program (ORP), the alternative retirement program for faculty members and senior administrators in the University. The changes to this program document were needed to comply with IRS requirements. The restatement document will be sent to the IRS in January for its re-determination of the qualified status of the plan.

On behalf of the Committee, Dr. Flood moved the approval of the proposed restated plan document. (See Appendix K). The motion carried.

Dr. Flood reported that the Committee received the annual report on the UNC Phased Retirement Program. (See Appendix L). The Committee also reviewed a timeline for the 2009 Board of Governors Awards for Excellence in Teaching Luncheon which will be held on May 8, 2009. Alternative venues for the event were being explored.

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The meeting adjourned at 10:00 a.m. The next meeting is scheduled for January 9, 2009, at the Spangler Center.

Secretary\_\_\_\_\_



## 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 Project, NCSU	Posted Online
APPENDIX C	Authorization of New Capital Improvements Project, UNCC	Posted Online
APPENDIX D	Approval of Acquisition of Space by Lease, NCSU	Posted Online
APPENDIX E	Approval of the Annual Report of the Committee on Budget and Finance	Posted Online
APPENDIX F	Approval of the Teacher Assistant Scholarship Fund Annual Report, 2007-08 Academic Year	Posted Online
APPENDIX G	Approval of Future Teachers of North Carolina Scholarship Loan Annual Report, 2007-08 Academic Year	Posted Online
APPENDIX H	Approval of the Annual Report of the Committee on University Governance	Posted Online
APPENDIX I	University of North Carolina 2009-11 Budget Priorities	Posted Online
APPENDIX J	Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers	Posted Online
APPENDIX K	Restatement of the Optional Retirement Program (OPR)	Posted Online
APPENDIX L	Report on UNC Phased Retirement Program	Posted Online

<http://www.northcarolina.edu/content.php/bog/minutes/minutes.htm>