

## **Board of Governors Meeting**

**Friday, May 8, 2009**

**Chapel Hill, North Carolina**

The Board of Governors met in regular session on May 8, 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 Mr. Hayes to give the invocation.

### **ROLL CALL**

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

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

The following members were absent:

James E. Holshouser, Jr.	J. Bradley Wilson
Jim W. Phillips, Jr.	

Chairman Gage recognized that there were two newly elected members of the Board of Governors in attendance, Mr. John Blackburn and Mr. Jim Deal. She welcomed them and indicated that she looked forward to working with them. She congratulated Mr. Doucette on his re-election as the student president of the UNC Association of Student Governments. He will serve another term as a member of Board of Governors.

## **MINUTES**

Mr. Grainger moved, seconded by Ms. Blank, that the minutes from the open session of the March 20, 2009, meeting be approved. The motion carried.

## **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.

## **PRESENTATION OF THE OLIVER MAX GARDNER AWARD**

Chairman Gage noted that the Oliver Max Gardner Award is one of the highlights of the University's calendar. Established by the will of the late Governor O. Max Gardner, the award recognizes a University of North Carolina faculty member's contribution to the welfare of the human race. This is the 61<sup>st</sup> year of the award. She called on President Bowles to make remarks.

President Bowles welcomed the members of the Gardner family, Jim Gardner, Jr. and his wife, Sylvia from Forest City, North Carolina, James Gardner, III and his wife, Margaret from Chesterfield, Virginia, and Josh Naftolin, husband of Sarah Gardner Naftolin, a great granddaughter of Governor Gardner. He thanked the Gardner family for their continuing support of the Award and their support of the University. He called on Mrs. Goodnight, Chair of the 2009 O. Max Gardner Award Committee to present the award.

Mrs. Goodnight recognized the members of the 2009 O. Max Gardner Award Committee who served with her – Mr. Bowden, Mrs. Goodyear, Mr. Pitts, and Mr. Young. She said that it was a privilege and honor to recognize the 2009 O. Max Gardner Award winner, Dr. Todd R. Klaenhammer, Distinguished University Professor and William Neal Reynolds Professor of Food, Bioprocessing and Nutrition Sciences; Microbiology and Genetics at North Carolina State University. She recognized Dr. Klaenhammer's guests who accompanied him, his wife, Amy, his daughter, Ellen, and several of his distinguished colleagues from North Carolina State University.

Following a short video highlighting the contributions of Dr. Klaenhammer, Mrs. Goodnight read the citation honoring him. Chairman Gage presented Dr. Klaenhammer with a framed copy of the citation. For Dr. Klaenhammer's citation and response, please see Appendix A. The profile of Dr. Klaenhammer was produced by Mr. Mitchell Lewis of UNC Television and the background music was provided by the School of Music at Western Carolina University.

### **PRESIDENT'S REPORT**

President Bowles said the he was very impressed with the work that Dr. Klaenhammer continues to pursue. He stressed that the faculty are the greatest asset of the University. For President Bowles' report, please see Appendix B.

### **ADMINISTRATIVE ACTION ITEMS**

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

- a. (B&F) Authorization to Sell Pooled Special Obligation Bonds, ASU, ECU, NCCU
- b. (EPPP) Approval of Licensure for ITT Technical Institute to offer the following degree programs in Charlotte:
  - Associate in Applied Science in Computer Drafting and Design
  - Bachelor of Science in Construction Management
  - Bachelor of Science in Electronics and Communication

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|    |       | Engineering and Technology                          |
| c. | (BOG) | Approval of a Resolution Honoring Bradley T. Adcock |
| d. | (BOG) | Approval of a Resolution Honoring Ray S. Farris     |
| e. | (BOG) | Approval of a Resolution Honoring H. Frank Grainger |
| f. | (BOG) | Approval of a Resolution Honoring William G. Smith  |
| g. | (BOG) | Approval of a Resolution Honoring J. Craig Souza    |

## **REPORT OF THE AUDIT COMMITTEE**

Mr. Daniels, Chair of the Audit Committee, reported on four items. First, the Committee heard from Project Management Officer Gwen Canady regarding the UNC Finance Improvement and Transformation Project (UNC FIT). Campus visits to implement UNC FIT standards continued to proceed on schedule. The development of key performance indicators for contracts and grants, financial aid administration, and general accounting was near completion. Additionally, the UNC HR Payroll Project was continuing on schedule for the nine Central Payroll campuses. UNC Pembroke will serve as the pilot campus for the conversion from Central Payroll to Banner Payroll. This conversion would occur by October 2009. The remaining eight campuses' would convert in 2010. Second, the Committee reviewed external audit reports. Audit findings were issued at North Carolina A&T State University, the University of North Carolina at Pembroke, Elizabeth City State University, and the University of North Carolina School of the Arts. Corrective actions had been taken to address the findings. Audit reports for the University of North Carolina at Greensboro and the University of North Carolina at Wilmington were issued with no audit findings. Next, the Committee reviewed a report by Associate Vice President King and Assistant Vice President Henderson on the independence of internal auditors in the UNC system. The report found that the directors of internal auditors on the campuses operated with an appropriate level of independence. UNC GA staff would continue to evaluate the internal audit function at the campuses. Lastly, the Committee received a summary report of Associated Entities which must comply with University policies including the requirement for an annual independent audit.

Mr. Daniels concluded his remarks by recognizing Associate Vice President David King. Regrettably, Mr. King was leaving the University. He has taken a job with the State Auditors Office in Raleigh. He thanked Mr. King for his service and wished him well.

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

Mr. Lail, Chair of the Committee on Budget and Finance, reported that the Committee did not have any items to report in open session; however, there were items that he would report on in closed session.

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

Mr. Dixon, Chair of the Committee on Educational Planning, Policies, and Programs, said that the Committee reviewed the Report on Retention, Graduation, and Time-to-Degree. Eight campuses had improved retention rates and eight campuses fell below last year's rate. Overall, UNC increased its retention rate slightly. The expansion of the summer BRIDGE Program was believed to further improve retention rates. The report illustrated the gap between the retention rates of white and African American students. This issue would be reviewed further. The Committee also discussed a report from the Voluntary System of Accountability which provided a more encouraging view of UNC retention rates. UNC produced 41,033 graduates in 2007-2008, an increase of 6% over the previous year.

Next, the Committee discussed doctoral level education. As a result of UNC Tomorrow, over 60 new doctoral programs were proposed by the campuses. There was discussion on whether to use the Carnegie classification or move to the Southern Association of Colleges and Schools (SACS) classification for these proposed doctoral programs. Campuses would need to rank the importance of the programs as well. Further discussion was warranted on the proposed doctoral programs.

Next, Chancellor Boarman from the North Carolina School of Science and Mathematics provided the Committee an overview of the student selection process the statutes require that students be selected by congressional district. Efforts were being made to increase diversity at the school and a plan to increase minority participation was discussed.

Next, Chairman Gage asked the Committee to report on the Faculty Teaching Workload Report. The report illustrated that the number of sections taught by UNC faculty was comparable to that of national cohorts at all the UNC campuses.

Lastly, Mr. Dixon reported that President Bowles issued the regulations and guidelines for implementation of the new Academic Program Planning and Evaluation Policy.

Chairman Gage mentioned that substantive issues were being discussed in the Planning Committee and encouraged the members of the Board to attend the Committee's future meetings.

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

Mr. Mercer, Chair of the Committee on University Governance, reminded the Board that last March it had approved the reelection of currently serving eligible trustees who had been recommended as well as the provisional election of new members of the Board of Trustees. Those elected were required to attend orientation which was cancelled due to travel restrictions. They were also required to submit a completed Statement of Economic Interest form. Mr. Mercer reported that all the provisionally elected trustees had met this requirement.

On behalf of the Committee, Mr. Mercer moved the election of those provisionally elected trustees who had met the requirements be approved. (See Appendix C). The motion carried.

Next, Mr. Mercer announced that there was a partial term ending June 30, 2009, on the Board of Trustees of the University of North Carolina at Asheville.

On behalf of the Committee, Mr. Mercer moved the election of Mr. Nathan Ramsey of Asheville to serve on the Board of Trustees of the University of North Carolina at Asheville. The motion carried.

There were eight terms ending June 30, 2013, on the Board of Trustees at the North Carolina School of Science and Mathematics.

On behalf of the Committee, Mr. Mercer moved the appointment of Ms. Myra Ajmera to a non-residency seat, the reappointment of Mr. Robert E. Slade, a non-resident trustee,

Mr. A. Fredrick Morton, representing Congressional District 3, Mr. John D. Wink III, representing Congressional District 6, Mr. J. Stedman Stevens, representing Congressional District 7, and Mr. William M. Ives, representing Congressional District 11. The vacancies representing Congressional Districts 1 and 5 were deferred. The motion carried.

Mr. Mercer announced that there was a partial term ending June 30, 2010, on the University of North Carolina Press Board of Governors.

On behalf of the Committee, Mr. Mercer moved the appointment Mr. John O'Hara of Chapel Hill to serve. The motion carried.

There were three terms ending June 30, 2013, on the Board of Directors of The North Carolina Arboretum.

On behalf of the Committee, Mr. Mercer moved the reappointment of Ms. Anne P. Copenhaver of Winston-Salem, Mr. Robert Hayter of Pinehurst, and Mr. William Sword of Asheville. The motion carried.

### **CHAIRMAN'S REPORT**

Chairman Gage reported that the policy discussions from the previous day were very meaningful. She asked the members of the Board to send her any questions they had or any uncertainties about any areas that were discussed. Related to the UNC Tomorrow report, the Chairman reported that monies were not available to expand the program, but the University would remain engaged with the communities around the State. In regards to the State budget, Chairman Gage thanked the Chancellors for their work on the difficult vertical cuts they have had to make. She said, as she did in January, that these are not just budget cuts, but that the Chancellors are, in essence, redesigning their University for the future.

Chairman Gage announced that she would send correspondence to the Chairs of the Boards of Trustees at the campuses to keep them better informed of the Board's activities from the meetings. She feels that this action will improve the level of communication. She thanked the retiring Board members for all their contributions to the University and said that they have been responsible for making the University stronger and more inclusive. During their service,

the University has grown by more than 56,000 students and 22,000,000 square feet of building had been added to the campuses. She presented a resolution to each of the retiring Board members – Mr. Adcock, Mr. Farris, Mr. Grainger, Mr. Smith, and Mr. Souza. (See Appendices D, E, F, G, and H for a copy of the members' resolutions).

Finally, Chairman Gage reported that the Board had largely focused on the budget and once the budget was finalized, the Board will have the difficult task of dealing with the issues that will transform the way the University operates in the future. Collaboration with the community college system will be ongoing. The next Board meeting was scheduled for August 14, 2009.

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On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to consult with its attorney to consider and give instructions concerning a judicial action titled Ward Transformer v. UNC Chapel Hill; 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 qualification, 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).

The Board of Governors went into closed session at 10:15 a.m. and returned to open session at 10:20 a.m.

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

Dr. Flood reported that the Committee received a draft Resolution Honoring the 2008-09 Retiring Faculty. The retiring faculty would receive a personalized copy of the resolution.



On behalf of the Committee, Dr. Flood moved approval of the Resolution Honoring the 2008-09 Retiring Faculty. (See Appendix I). The motion carried.

The Committee reviewed a proposed Resolution of the Board of Governors of the University of North Carolina Authorizing the President to Implement Emergency Measures Affecting University Personnel. A copy of the Governor's Amended and Reissued Executive Order No. 11 regarding the flexible furlough plan was appended to the Resolution. (See Appendix J).

On behalf of the Committee, Dr. Flood moved the approval of the resolution to grant the President authority to implement the Governor's order and to also grant the President the authority to implement any future furlough plans authorized by the General Assembly or mandated by the Governor. The motion carried.

The Committee received a copy of the report of Personnel Summary Report approved by the President since its last meeting.

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Chairman Gage called on Dr. Robinson. Dr. Robinson announced that she and Secretary Sanders served on the North Carolina Legislative Black Caucus Foundation. The 2009 Education Scholarship Weekend was scheduled for June 19-20, 2009. She asked the members of the Board to support a table at the event by making a donation and encouraged the members to attend. Dr. Robinson said that Donna Brazile, author, educator, and political strategist, was the guest speaker.

The next meeting of the Board of Governors was scheduled for August 14, 2009, at the Spangler Center. The meeting adjourned at 10:40 a.m.

## APPENDICES

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

APPENDIX A	Dr. Klaenhammer's Citation and Response	Posted Online
APPENDIX B	President Bowles' Remarks	Posted Online
APPENDIX C	2009 Provisionally Elected Trustees	Posted Online
APPENDIX D	Resolution honoring Mr. Bradley T. Adcock	Posted Online
APPENDIX E	Resolution honoring Mr. Ray S. Farris	Posted Online
APPENDIX F	Resolution honoring Mr. H. Frank Grainger	Posted Online
APPENDIX G	Resolution honoring Mr. William G. Smith	Posted Online
APPENDIX H	Resolution honoring Mr. J. Craig Souza	Posted Online
APPENDIX I	2008-09 Retiring Faculty	Posted Online
APPENDIX J	Resolution Authorizing the President to Implement Emergency Measures Affecting University Personnel	Posted Online