

BOARD OF GOVERNORS MEETING

The University of North Carolina

March 18, 2005

The Board of Governors met in regular session on March 18, 2005, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 10:00 a.m.

INVOCATION

Mr. Broadwell gave the invocation:

God, grant each of us wisdom and grace to use all the hours of our days, not for our own selfish interest, or for our own willful ways. Teach us to take time for praying and for listening to you, so each day is spent wisely doing what you want us to do. God, guide me so that I can evaluate right and wrong. Enable me to put aside selfish wants and desires. At this time of the year, with spring, March madness, and Easter, it is a time of new life, hope, and opportunity. We thank you for our freedom and for those that defend it each day. Be with our leaders in Raleigh and Washington and grant them wisdom as they make crucial decisions affecting our future. Be with our University leaders and help us to leverage and maximize each dollar and each human and physical resource of the University to make our state fertile for each of our citizens' future. Help us and guide us to make all of our decisions for the benefit of the University and our citizens and not our individual desires. Give us wisdom to know the difference and the strength and courage to make the right decisions. In your strong name, we make this prayer. Amen.

ROLL CALL

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

J. Bradley Wilson
Bradley T. Adcock
G. Irvin Aldridge
James G. Babb
Brent D. Barringer
F. Edward Broadwell, Jr.
William L. Burns, Jr.
John F.A.V. Cecil
Amanda M. Devore

Peter Keber
Adelaide D. Key
G. Leroy Lail
Charles H. Mercer, Jr.
Charles S. Norwood, Jr.
Cary C. Owen
Patsy B. Perry
Jim W. Phillips, Jr.
Gladys Ashe Robinson

Ray S. Farris
Dudley E. Flood
Hannah D. Gage
H. Frank Grainger
Peter D. Hans

Benjamin S. Ruffin
Estelle W. Sanders
J. Craig Souza
Priscilla P. Taylor
Robert F. Warwick

The following members were absent:

J. Addison Bell
R. Steve Bowden
Anne W. Cates
Bert Collins

John W. Davis III
Willie J. Gilchrist
James E. Holshouser, Jr.

Secretary Perry indicated that Mr. Bell had an excused absence under the provisions of the statute. Mrs. Cates had an excused absence due to illness.

MINUTES

Mr. Grainger moved, seconded by Mr. Barringer, that the minutes of the meeting of February 11, 2005, be approved with minor grammatical changes. The motion carried.

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On motion of Dr. Perry, seconded by Mr. Collins, the board voted to convene in closed session pursuant to North Carolina General Statutes 143-318.11(a)(2), 143-318.11(a)(3), 143-318.11(a)(5), and 143-318.11(a)(6). The motion carried.

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The Board of Governors went into closed session at 10:15 a.m. and returned to open session at 11:00 a.m.

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ADMINISTRATIVE ACTION ITEMS

Chairman Wilson called attention to the Administrative Action Items listed on the agenda. Mrs. Robinson moved, seconded by Mr. Warwick, that the following Administrative Actions Items be approved by consent:

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|-----------|---|------------|
| a. (B&F) | Approval of an Amendment to the 2005-07 Budget Request | Appendix A |
| b. (B&F) | Approval of Management Flexibility to Increase the Purchasing Benchmark for ECSU | Appendix B |
| c. (B&F) | Approval of a Capital Improvements Project in HB 1264, ECSU | Appendix C |
| d. (B&F) | Authorization of the Sale of Bonds, ASU | Appendix D |
| e. (B&F) | Authorization of the Sale of Pooled Special Obligation Bonds | Appendix E |
| f. (B&F) | Approval of the Disposition of Properties, NCSU | Appendix F |
| g. (B&F) | Approval of the Report on University Fiscal Liabilities | Appendix G |
| h. (B&F) | Authorization of the Sale of Refunding Bonds, UNC Hospitals at Chapel Hill | Appendix H |
| i. (EPPP) | Authorization to Discontinue the Bachelor of Science in Industrial Technology, Electronics, ASU | Appendix I |
| j. (EPPP) | Authorization to Establish the Bachelor of Science in Biotechnology, UNCP | Appendix J |
| k. (EPPP) | Authorization to Establish the Specialist in School Psychology, ASU | Appendix K |
| l. (EPPP) | Authorization to Establish the Master of Arts in Teaching, NCA&T | Appendix L |
| m. (EPPP) | Authorization to Establish the Master of Arts in Reading Education, NCA&T | Appendix M |
| n. (EPPP) | Authorization to Establish the Master of Social Work, NCSU | Appendix N |
| o. (EPPP) | Approval of Licensure for South College-Asheville to Offer the Following Degree Programs in Asheville: Associate of Applied Science in Criminal Justice, Associate of Applied Science in Physical Therapy Assistant, and Bachelor of Science in Legal Studies | Appendix O |
| p. (EPPP) | Approval of Licensure for the Charlotte School of Law to offer the Juris Doctorate (J.D.) in Law in Charlotte | Appendix P |
| q. (P&T) | Approval of the Amendment to Policy 300.2.13, <i>Supplemental Pay Policy for Employees Exempt from the State Personnel Act (EPA)</i> | Appendix Q |

The motion carried.

REPORT OF THE 2005 O. MAX GARDNER AWARD COMMITTEE

Mrs. Robinson, chair of the O. Max Gardner Award Committee, presented the committee's report. She noted that the O. Max Gardner Foundation Board of Directors made a specific request that the Board of Governors consider a single recipient for this year's award and consider increasing the stipend that accompanies the award. On behalf of the committee, Mrs. Robinson moved that this year's monetary award be increased to \$20,000. Chairman Wilson clarified that this means that in the future, if there are multiple awards presented, the stipend may then be reduced. The motion carried.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Phillips, chair of the Committee on Budget and Finance, presented the committee's report. He noted that in February, the board determined that there would not be an increase in tuition rates for undergraduate resident students; however, the committee considered all of the other proposals for tuition and fee increases at its meeting on the preceding day.

Authorization of Tuition Rates for 2005-06

Mr. Phillips reported that the committee amended the tuition proposals that were previously sent to the board members in two ways. First, Chancellor Moeser and the President of the Student Government Association (SGA) at UNC Chapel Hill discussed with the committee their agreement to alter the proposal for the tuition increase for nonresident undergraduate students. The proposed increase was for \$950; however, the committee amended the proposal to \$700. The committee also amended the proposals for increases in the Masters of Business Administration and Masters of Accounting programs at Chapel Hill so that resident tuition rates not exceed 50% of the nonresident rates.

On behalf of the committee, Mr. Phillips recommended that tuition rates for 2005-2006 be approved consistent with the information provided in the notebook and the two amendments just discussed. The motion carried. (Appendix R)

Authorization of Fees for 2005-06

Mr. Phillips reported that the committee discussed the proposals for fees that were distributed to board members. The committee amended the proposed athletics fee increase at UNC Chapel Hill to bring the increase to \$100, consistent with the joint recommendations of Chancellor Moeser and SGA President Calabria. The committee postponed action on the proposed athletics fee increase at UNC Pembroke, and asked Chancellor Meadors to bring more information to the committee for its consideration at a special committee meeting in April.

On behalf of the committee, Mr. Phillips moved that the fees be approved as mailed and amended, except that the UNC Pembroke athletics fee is deferred pending further discussion. The motion carried. (Appendix S)

Proposed Non-Appropriated Capital Improvements Projects Bill

Mr. Phillips reported that the committee reviewed the projects in the proposed non-appropriated capital improvements projects bill. The bill would include 30 projects at 10 institutions totaling \$298.5 million in addition to supplements to previously approved projects totaling almost \$115 million. He stated that the projects continue to fulfill the commitment that was made to the voters of North Carolina in 2000 to build a portion of the needed construction at the campuses from our own resources.

On behalf of the committee, Mr. Phillips moved that the projects and the methods of financing be approved and that the projects be forwarded to the General Assembly for consideration during the current session. The motion passed. (Appendix T)

REPORT OF THE COUNCIL OF UNC ALUMNI ASSOCIATION PRESIDENTS

Ms. Shelby Strother, President of the Council of UNC Alumni Association Presidents, presented the Council's annual report.

Ms. Strother noted that there are three committees on which the council would like to see greater alumni participation. The first is the Committee on Public Affairs. She stated that the alumni could be of great assistance in contacting legislators when appropriate. Secondly, the Committee on Educational Planning, Policies, and Programs could benefit from the alumni working with the teaching fellows' coordinator in efforts to recruit top-notch students to go into the field of education. Ms. Strother also indicated her desire that the alumni associations will be asked to be involved in the work of the Committee on Economic Development and the University.

Noting that in the past two years, fourteen of the sixteen campuses have experienced a change in the position of executive director of their alumni association, Ms. Strother asked the chancellors to spend some time in their alumni offices to assess its involvement in campus programs and to encourage them to be a part of the Council of UNC Alumni Association Presidents.

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

Dr. Taylor, vice chair of the Committee on Educational Planning, Policies, and Programs, presented the committee's report.

Recommended Approval of the Licensure of the Charlotte School of Law

Dr. Taylor commented on the recommended approval of the licensure of the Charlotte School of Law. She stated that this proposal has been in process for well over a year

and that the Office of the President assembled an outstanding team of legal experts to review the proposal and visit the site of the model for the Charlotte School, the Florida Coastal School of Law in Jacksonville, Florida. The team, chaired by James White, a professor of law who has been involved in the accreditation of law schools for more than 25 years, recommended their licensure. The Office of the President concurs with the visiting team's judgment and there are follow up visits planned to ensure that the standards continue to be met. The committee is satisfied that a thorough study was conducted to determine that the board's standards were met.

The Transfer Assured Admissions Policy

Dr. Taylor stated that a revised version of the Transfer Assured Admissions Policy is at each member's place. She reported that among the recommendations of the consultant who studied the articulation agreement between the University and the North Carolina Community Colleges System was one to guarantee admission to UNC for students with an Associate of Arts or Associate of Science degree. The committee, appointed by the Transfer Advisory Committee and composed of representatives from the community colleges and the University, reviewed this issue and arrived at a policy proposal to assure admission to a UNC campus for community college AA and AS graduates who meet a set of criteria. This policy will require a 2.00 GPA and at least a "C" in all Comprehensive Articulation Agreement courses. This policy will not ensure admission to a specific campus nor to a specific major, and students will have to meet the judicial requirement of the campus.

Dr. Taylor reported that this policy has been approved by the committee, and will be brought to the board for approval at its May meeting.

Principal Supply and Demand Report

Dr. Taylor stated that the board is required to report annually to the General Assembly on the supply of and demand for principals for public schools in North Carolina. She

stated that a revised report that provides a full account of supply and demand and projected needs for principals is included in the board folders. The committee discussion led to an understanding that the appropriate economic incentives may not be in place for assistant principals. Our schools of education have increased production of graduates of Masters of School Administration (MSA) programs by 70% in recent years, and there are large numbers of current teachers who have MSA degrees, yet our schools still have a shortage of administrators. The committee thought attention should be directed to providing an added economic incentive for MSA-prepared individuals to assume administrative roles. The committee added an addendum to the report.

On behalf of the committee, Dr. Taylor moved approval of the Principal Supply and Demand Report as amended. The motion carried. (Appendix U)

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Adcock, chair of the Committee on University Governance, presented the committee's report.

Election to Board of Trustees – University of North Carolina at Wilmington

On behalf of the committee, Mr. Adcock moved that Mrs. Wendy Murphy of Wallace be elected to the Board of Trustees of the University of North Carolina at Wilmington, for a partial term ending June 30, 2007. The motion carried.

Mr. Adcock announced the following vacancies:

- Three terms ending June 30, 2010, on the University of North Carolina Press Board of Governors
- One partial term ending June 30, 2006, on the University of North Carolina Press Board of Governors

- Two partial terms ending June 30, 2008, on the University of North Carolina Press Board of Governors
- Three terms ending June 30, 2009, on the North Carolina Arboretum Board of Directors
- Eight terms ending June 30, 2009, on the North Carolina School of Science and Mathematics Board of Trustees
- Five terms ending June 30, 2009, on the North Carolina School of Science and Mathematics Educational Advisory Council

2005 Trustee Selection Process

Mr. Adcock reported the committee had completed its review of nominations for the reelection and provisional election of trustees for terms beginning July 1, 2005, and concluding June 30, 2009. He thanked the members of the committee for their diligent work in the selection process. In accordance with the board's policy, newly elected members are provisionally elected and must attend a one-day mandatory orientation to complete their election.

On behalf of the committee, Mr. Adcock moved that the board elect those members eligible for reelection and provisionally elect those who will serve an initial term on a board of trustees, pending their completion of the orientation process, as presented, with confirmations to occur at the May meeting. The motion carried.

National Industrial Security Program Operations Manual

Mr. Adcock reported that as part of the accreditation process for the UNC Charlotte Closed Facility and to meet the requirements of the National Industrial Security Program Operations Manual under which the campus will be conducting research involving Department of Defense classified information, the Board of Governors must pass a resolution naming those

members of the Board who will not have access to the information and will, therefore, not be required to have personal security clearances. He stated that the committee received a draft resolution that lists the Chairman of the Board of Governors, the President of the University, and the Vice President for Research and Sponsored Programs as those required to have the security clearance. The resolution excludes the remaining members of the Board of Governors from this requirement.

On behalf of the committee, Mr. Adcock moved the approval of this resolution, thus meeting the requirements of the National Industrial Security Program Operations Manual. The motion carried.

2005 Spring Commencements

Mr. Adcock called the board's attention to the 2005 Spring Commencement schedule and asked that members consider volunteering to attend the commencements on behalf of the Board of Governors.

REPORT OF THE COMMITTEE ON ECONOMIC DEVELOPMENT AND THE UNIVERSITY

Mr. Cecil, chair of the Committee on Economic Development and the University, presented the committee's report. He stated that the committee met on March 17, 2005, and that he is pleased to report that the committee is now fully staffed with the addition of Senior Vice President McDevitt. Mr. Cecil stated that, in an effort to gather as much information as possible, the committee has had several presentations from staff, chancellors, and other economic development practitioners across the state. During its meeting, the committee made its first attempt to harness all of this information by reviewing a series of papers. Mr. Cecil stated that he and the committee are looking forward to the Board Retreat in Boone on April 21 where the board

will hear from Pappas Consulting Group, Inc., on House Bill 1264. He stated that the committee plans to have a draft report to review at its May meeting and to present to the full board at a subsequent meeting.

REPORT OF THE TASK FORCE ON BEST FINANCIAL PRACTICES

Mr. Warwick, chair of the Task Force on Best Financial Practices, presented the committee's report. He stated that during the committee meeting, Associate Vice President Burnette presented an overview of the internal audit guidelines for the University. The committee was also presented reports from four internal auditors about their work on the campuses.

Mr. Warwick stated that the committee plans to hear from the State Auditor's Office at the May meeting and will then proceed toward developing a report during the summer months.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Babb, chair of the Committee on Public Affairs, presented the committee's report.

Board of Governors 2005 Non-Budget Legislative Initiatives

Mr. Babb stated that the 2005 Non-Budget Legislative Initiatives have been included in the board folders and that the committee met and approved additional campus project changes to item number one, the *Bond Project Modifications*. On behalf of the committee, Mr. Babb moved that the board adopt these changes and instruct the President and her staff to begin working on these projects with the North Carolina General Assembly. (Appendix V)

Mr. Babb reported that the committee heard several legislative updates at its meeting. Associate Vice President Samors reviewed a very successful annual meeting in

Washington, D.C., with the North Carolina Congressional Delegation. Mr. Babb added that these are critical times in our nation's capital and it is important for the Board of Governors to be engaged and let the Congressional Delegation know the board's position on federal issues. Mr. Babb thanked all members of the Board of Governors that attended the meetings in Washington.

Mr. Babb added that the committee also received a state legislative update that was not good news. He stated that the 2005 Session of the North Carolina General Assembly has been meeting for eight weeks and the latest budget projection is very troubling. The Education Appropriations Subcommittee has been given a target that could require significant cuts for the University and it is important for all members of the board and for all chancellors to go back to their communities and talk about how devastating cuts would be for the future of North Carolina.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Keber, vice chair of the Committee on Personnel and Tenure, presented the committee's report.

Summary Personnel Report

On behalf of the committee, Mr. Keber moved approval of the committee's summary personnel report as presented in closed session. The motion carried. (Appendix W)

2005 Board of Governors Awards for Excellence in Teaching

Mr. Keber reported that the committee received the citations for the nominees of the 2005 Board of Governors Awards for Excellence in Teaching. The committee discussed the process for this event and assigned various duties to committee members and members of the Board of Governors. The 11th annual Board of Governors Awards luncheon will be held on

Friday, May 13, 2005, following the Board of Governors meeting. A draft agenda showing the order of events was placed in the board folders.

Mr. Keber added that the committee also discussed the issue of deferred compensation for administrators and agreed to consider this matter at another meeting.

ELECTION OF A CHANCELLOR – UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE

President Broad stated that she was about to make a recommendation for the appointment of a chancellor at the University of North Carolina at Charlotte and that this is a moment eagerly awaited by the students, faculty, staff, and the Board of Trustees of the University of North Carolina at Charlotte. She began by introducing Mr. Howard C. Bissell, chairman of the UNC Charlotte Board of Trustees and chairman of the Chancellor Search Committee.

Mr. Bissell thanked President Broad and the Board of Governors for the chance to report on behalf of the search committee. He stated that when Chancellor Woodward announced in May that he would be retiring on June 30, 2005, President Broad asked him to form a search committee. The committee was made up of six members of the faculty and staff, four members of the Board of Trustees, the Student Government Association President, and two members of the community at large. Mr. Bissell stated that he selected the search firm of Heidrick & Struggles, who did an outstanding job in bringing the committee a wonderful slate of candidates. The search committee met for the first time on August 23, 2004, at which time President Broad instructed the committee to identify the finest individual to lead UNC Charlotte for the next years to come. The committee voted to have a confidential search and subsequently had 19 public forums. After gathering information from these forums, the committee went into closed session and decided on

three candidates. These candidates were presented to the Board of Trustees and then forwarded to President Broad.

President Broad stated that she was pleased to announce the recommendation of Dr. Philip L. Dubois as chancellor of the University of North Carolina at Charlotte, effective July 15, 2005, at an annual salary of \$255,000. She then reviewed the qualifications of Dr. Dubois, who currently serves as President of the University of Wyoming.

Mr. Keber moved approval of the recommendation, and Mr. Babb seconded it. The chair put forth the recommendation and it carried. At the request of Chairman Wilson, Mr. Babb, Mr. Farris, Dr. Flood, Mr. Keber, and Mrs. Owen escorted Dr. Dubois into the room.

For Dr. Dubois' remarks, see Appendix X.

CHAIRMAN'S REMARKS

Chairman Wilson thanked the Chancellor Search Committee for their hard work and congratulated Dr. Dubois, stating that the members of the board were looking forward to working with him.

Chairman Wilson also made the following announcements:

- The Installation for Chancellor Ballard at East Carolina University is March 31 at 10:00 a.m.
- The Installation for Chancellor Oblinger at North Carolina State University is April 20 at 10:30 a.m.
- The Installation for Chancellor Peacock at Appalachian State University is April 22 at 10:00 a.m.

- An event coordinated by the UNC Association of Student Governments called *Service North Carolina* will take place March 27 – April 2. There will be activities throughout the week at all 16 campuses.
- On April 21, at the Broyhill Inn and Conference Center on the campus of Appalachian State University, there will be a board retreat. The focus of the retreat will be House Bill 1264: Staying a Step Ahead: Higher Education Transforming North Carolina's Economy. That evening, the board will also be invited to attend installation activities honoring Chancellor Peacock.
- The next meeting of the board will be May 13, 2005, in Chapel Hill. The board will present the 2005 O. Max Gardner Award and will host a luncheon honoring the 2005 recipients of the Board of Governors Awards for Excellence in Teaching at the Carolina Inn.

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There being no further business, the meeting adjourned at 12:00 p.m.

Secretary

APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	Approval of an Amendment to the 2005-07 Budget Request	Attached
Appendix B	Approval of Management Flexibility to Increase the Purchasing Benchmark for ECSU	Attached
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Appendix R	Authorization of Tuition Rates for 2005-06	Attached
Appendix S	Authorization of Fees for 2005-06	Attached
Appendix T	Proposed Non-appropriated Capital Improvements Projects Bill	Attached
Appendix U	Principal Supply and Demand Report	Attached
Appendix V	Board of Governors 2005 Non-Budget Legislative Initiatives	Attached
Appendix W	Summary Personnel Report	Attached
Appendix X	Remarks of Dr. Philip L. Dubois	Attached