

## **BOARD OF GOVERNORS MEETING**

The University of North Carolina

January 14, 2005

The Board of Governors met in regular session on January 14, 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**

Ms. Devore gave the invocation:

Dear Lord, we pray and thank you for the opportunity you have given us to gather together today in our work for the University of North Carolina. We pray that you will watch over the men and women across the world in our military that are working to provide us with this opportunity and all the other freedoms that we enjoy. We pray for our federal, state, and local elected officials, that you will guide their decisions as they move our nation and our great state. As the General Assembly goes back into session, please guide our steps as we work with them to explain the importance of our great University and all that it provides to our state and our citizens. As we enter into the new year and a new semester, help our president, our chancellors, and all of the other University leaders to take us forward and help us to see the future for our state. Lord, never let us forget that the students in our University are the reason that we are all here and the future of our state. In your name we pray, 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  
J. Addison Bell  
R. Steve Bowden  
F. Edward Broadwell, Jr.

Hannah D. Gage  
Willie J. Gilchrist  
H. Frank Grainger  
Peter D. Hans  
Peter Keber  
Adelaide D. Key  
Charles H. Mercer, Jr.  
Charles S. Norwood

William L. Burns, Jr.  
John F.A.V. Cecil  
Bert Collins  
John W. Davis III  
Amanda M. Devore  
Bert Collins  
Ray S. Farris  
Dudley E. Flood

Cary C. Owen  
Patsy B. Perry  
Gladys Ashe Robinson  
Benjamin S. Ruffin  
Estelle W. Sanders  
J. Craig Souza  
Priscilla P. Taylor  
Robert F. Warwick

The following members were absent:

James E. Holshouser, Jr.  
G. Leroy Lail

Jim W. Phillips, Jr.

## **MINUTES**

Mr. Grainger moved, seconded by Dr. Gilchrist, that the minutes of the meeting of November 12, 2004, be approved. The motion carried.

Chairman Wilson announced that President Broad began a one-year term as the Chair of the National Association of State Universities and Land Grant Colleges. He stated that this is a very significant and great honor for the University and President Broad, and that it shows the leadership role that President Broad is playing in higher education in the country and across the world.

## **RESOLUTION HONORING MAMIE G. YARBOROUGH**

Chairman Wilson recognized Mamie G. Yarborough for 37 years of exemplary service to the State. On behalf of the Board, Chairman Wilson presented a resolution

recognizing the special contributions that Mrs. Yarborough has made to the University. On motion of Dr. Taylor and duly seconded, the resolution was adopted. (Appendix A)

Mrs. Yarborough responded by saying:

Thank you Madam President and Chairman Wilson. This is a great honor. I do not have any prepared remarks. (I see great relief on your faces.) I just want to say thank you very much for this honor and for inviting me to come back today to accept it. It has been my pleasure to work with you and for you and if I can ever be of any service, they still have my number in the office. Thank you.

### **PRESIDENT'S REPORT**

President Broad introduced the chancellors and representatives of affiliated organizations in attendance at the meeting and gave the board an update of the good news and accolades afforded many of the campuses.

For the President's full report, see Appendix B.

### **ADMINISTRATIVE ACTION ITEMS**

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

- |          |  |            |
|----------|--|------------|
| a. (B&F) | Approval of the Budget Reduction for UNCA in accordance with the Policy on Out of State Undergraduate Enrollment and the Reallocation of Funds to the Need-Based Financial Aid Program for Resident Students | Appendix C |
| b. (B&F) | Authorization to Sell Special Obligation Bonds, NCSU   | Appendix D |
| c. (B&F) | Authorization of Projects Funded with Special Obligation Bonds, NCSU and UNCCH   | Appendix E |
| d. (B&F) | Approval of Disposition of Property and Lease of Housing Space, UNCC   | Appendix F |
| e. (B&F) | Approval of Disposition of Property and Lease of Housing Space, WCU  | Appendix G |
| f. (B&F) | Approval of Disposition of Property and Lease of Housing Space, NCSU   | Appendix H |

g. (EPPP)	Authorization to Establish the Bachelor of Science in Sport and Fitness Administration Management, NCA&T	Appendix I
h. (EPPP)	Authorization to Establish the Bachelor of Music in Musical Theatre, UNCP	Appendix J
i. (EPPP)	Authorization to Establish the Bachelor of Science in Health Systems, WCU	Appendix K
j. (EPPP)	Authorization to Establish the Master of Arts in Teaching, FSU	Appendix L
k. (EPPP)	Authorization to Establish the Master of Science in Occupational Therapy, WSSU	Appendix M
l. (EPPP)	Authorization to Plan the Doctor of Philosophy in Business Administration, UNCC (Major: Finance and Financial Management Services)	Appendix N
m. (EPPP)	Approval of Licensure for an Associate in Applied Science in Network Management at King's College in Charlotte, North Carolina	Appendix O
n. (EPPP)	Approval to Rename the William Friday Institute for Higher Education Leadership	Appendix P

The motion carried.

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

Mrs. Gage, vice chair of the Committee on Budget and Finance, presented the committee's report. She stated that all of the committee's items are on the consent agenda, but she would like to report to the board on several discussions that took place during the committee's meeting. First, the committee reviewed the report on the uses of the campus-initiated tuition receipts for the current year and discussed the approach to setting tuition next year. Chairman Phillips asked Vice President Davies to inform the chancellors that the committee will review their proposals for campus-initiated tuition increases at its next committee meeting in Wilmington. He further asked that each campus requesting an increase have a representative present to answer questions that board members may have about their specific proposals. The committee's intent is to make recommendations for tuition rates for the 2005-06 year at the March board meeting.

Vice Chair Gage stated that there is a Board of Governors policy requiring that campuses that exceed the 18% limit on nonresident undergraduate enrollment two years in a row have their budgets reduced accordingly. In reference to a one-time budget reduction at UNC Asheville, the committee discussed the establishment of a task force composed of committee members and staff to determine if there is a way to enforce the policy while recognizing that a campus may exceed the limit by a small amount while working seriously to adhere to the policy. She stated that she anticipates that Chairman Phillips will appoint a group to consider alternative ways to approach this issue.

She also reported that the committee learned that expenditures of 2000 higher education bond funds have now exceeded \$1.25 billion and that this is a significant milestone as the campuses expedite this program.

In closing, Vice Chair Gage stated that a printed copy of the Board's Budget Request is at each member's place and she encouraged the members to read the report.

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

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

He reported that the committee reviewed the Sixth Annual Report on Enrollment Planning. The report shows that fall enrollment grew to 189,615 students, which is an increase of 6,268 over last fall. The University experienced an increase in enrollment, diversity, and the average SAT score for freshmen. The average combined SAT score for the fall 2004 semester increased from 1075 to 1079 and distance learning continues to grow at double-digit rates. The focused-growth campuses continue to grow at a rate more than double the University rate. The

campuses will be working on a new ten-year enrollment plan this year that will integrate the results of the House Bill 1264 study and address the impact of the completion of the bond program on facilities needed to support future enrollment growth.

On behalf of the Committee on Educational Planning, Policies, and Programs, Dr. Gilchrist moved approval of the Sixth Annual Report on Enrollment Planning. The motion carried. (Appendix Q)

Dr. Gilchrist reported that the committee reviewed a new University Equity Acquisition Policy. When constituent institutions are involved in licensing arrangements, policies are in place to cover the distribution of revenues from those licenses. This policy provides for institutions taking an equity interest in a new company instead of seeking an immediate cash payment. It structures the acceptance and handling of equity in a way that avoids conflicts of interest.

On behalf of the Committee on Educational Planning, Policies, and Programs, Dr. Gilchrist moved approval of the Policy on University Equity Acquisition. The motion carried. (Appendix R)

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

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

#### **University of North Carolina at Greensboro Board of Trustees**

On behalf of the committee, Mr. Adcock presented and moved approval of the election of Earlene Hardie Cox of Sunset Beach to serve on the University of North Carolina at Greensboro Board of Trustees for a partial-term ending June 30, 2007. The motion carried.

### Pitt County Memorial Hospital Board of Trustees

On behalf of the committee, Mr. Adcock presented and moved approval of the appointment of Robert V. Owens, Jr., of Manteo and the reappointment of Ernest L. Evans of Ahoskie to serve on the Pitt County Memorial Hospital Board of Trustees for five-year terms beginning March 1, 2005. The motion carried.

Mr. Adcock announced that there is a partial-term ending June 30, 2008, on the UNC Center for Public Television Board of Trustees. This vacancy results from the resignation of Norma Mills of Manteo.

Mr. Adcock stated that the committee has formally begun the 2005 selection process for each of the sixteen institutional Boards of Trustees and intends to bring a provisional slate to the Board of Governors for consideration at the March meeting. Trustee orientation required by the Board of Governors will be scheduled in April and the committee will bring back the campus trustee recommendations for the board's approval in May following completion of this orientation. He added that the committee welcomes nominations and recommendations for service on these boards.

Mr. Adcock reported that the committee received a request from the Committee on Personnel and Tenure to consider and approve an amendment to Appendix 1 of *The Code*. This amendment is based on proposed changes to Policy 600.3.4, *Granting of Management Flexibility to Appoint and Fix Compensation*. It is the committee's intent to place the proposed *Code* amendment on its February agenda for consideration.

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

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

Mr. Babb reported that a copy of the 2005 Board of Governors Non-Budget Legislative Initiatives, as adopted by the Committee on Public Affairs, is in the board notebooks. On behalf of the committee, Mr. Babb moved that the board adopt this list of initiatives and instruct the President and her staff to begin working with legislators on these initiatives. The motion carried. (Appendix S)

Mr. Babb stated that the committee met twice this week. The first was a joint meeting with the Committee on Economic Development and the University, chaired by Mr. Cecil. The committee heard a presentation by President Broad on *Innovate America*, a report resulting from the National Innovation Initiative undertaken by the Council on Competitiveness.

During the second meeting of the Committee on Public Affairs, the committee reviewed and approved the 2005 Federal Agenda. Mr. Babb recognized Associate Vice President Bob Samors and Assistant Vice President Kimrey Rhinehardt and thanked them for their great efforts for the University and for the State of North Carolina in Washington, D.C. He stated that the Washington, D.C. office is doing a great job assisting the chancellors and the campuses. He added that, because of their efforts, the University can be proud of the positive reputation it has with the North Carolina Congressional Delegation.

Mr. Babb stated that members would be getting information soon about the annual trip to Washington to be held March 9-10. He added that the 2005 Session of the North Carolina General Assembly would begin at noon on January 26. He encouraged all members of the board and chancellors to meet and talk to all legislators, and especially to work on developing relationships with the 34 new freshman legislators. He stated that Vice President Fleming's office is preparing a new directory of state and federal legislators, which should be ready in approximately six weeks.



## **REPORT OF COMMITTEE ON ECONOMIC DEVELOPMENT AND THE UNIVERSITY**

Mr. Cecil, chair of the Committee on Economic Development and the University, presented the committee's report. Mr. Cecil stated that the minutes and the presentations from the committee's meeting on November 17, 2004, are in the board notebooks. He encouraged the members to read the informative presentations. He stated that an Economic Development Leadership Forum was held in Chapel Hill on December 8-9, 2004. The committee will also meet again on February 1, 2005. This meeting will include presentations from Dr. Kevin Reilly, President of the University of Wisconsin and Dr. Mary Walshok, Associate Vice Chancellor of Extended Studies and Public Services, from the University of California at San Diego. He stated that the committee expects to present a draft report to the board during the May board meeting.

## **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 the committee held its first meeting on January 6, 2005. During this meeting Vice President Davies reviewed information that had been gathered from the constituent institutions on non-profit entities created to benefit the University. The committee was also presented a report from Vice President Winner who explained the statutes and policies that ensured financial integrity.

The committee reviewed the policies related to budget flexibility and would like to invite all members to a workshop during the February board activity in Wilmington. During

this session, Mr. Jay Morley, President of the National Association of College and University Business Officers will address the Task Force.

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On motion of Dr. Perry, seconded by Mr. Davis, the board voted to convene in closed session pursuant to North Carolina General Statutes 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 11:20 a.m. and returned to open session at 12:00 p.m.

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

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

#### **Summary Personnel Report**

On behalf of the committee, Mr. Davis moved approval of the committee's summary personnel report as presented in closed session. The motion carried. (Appendix T)

Mr. Davis reported that an amendment to Policy 600.3.4, *Management Flexibility to Appoint and Fix Compensation*, with respect to the fixing of non-salary compensation of deans and other similarly situated administrators, is in the board notebooks. He stated that Associate Vice President Waldrup provided additional changes to this policy in Section D. 1. d. with respect to salary increases, to more clearly reflect the change desired. A revised copy has been placed in the board folders. The committee will ask for the board's approval of the all proposed amendments to Policy 600.3.4 at the February board meeting.

Mr. Davis reported that the committee reviewed the recommended changes to *The Code* regarding the granting of non-salary compensation and asked that the Committee on University Governance recommend these changes with some additional language. The Committee on University Governance will consider these changes at its February meeting and anticipates asking for the board's approval at the March meeting.

President Broad expressed her appreciation to the board for their approval of the appointments of Mr. Wayne McDevitt as Senior Vice President for University Affairs and Ms. Cynthia J. Lawson as Vice President for Communications & Strategy Development. She stated that Mr. McDevitt has proven management and leadership skills that make him a natural choice to fill the position. She then recognized and congratulated Mr. McDevitt on his new appointment.

### **CHAIRMAN'S REMARKS**

- Chairman Wilson announced the resignation of Mr. C. Clifford Cameron from his position as a Member *Emeritus* of the Board of Governors. He stated that the board will invite Mr. Cameron to attend the March meeting to recognize his distinguished service given this University and the state of North Carolina.
- The Joint Governing Board Liaison Committee will meet Wednesday, January 19, 2005, at 10:00 a.m. at the North Carolina Community College System office building. The board members that serve on this committee are Dr. Flood, Mr. Keber, Dr. Perry, and Dr. Taylor.
- The Chairman extended his thanks on behalf of the board and President Broad to Mr. Barringer, the Centennial Authority, Chancellor Oblinger, and the entire North

Carolina State University family for a wonderful time at the NCSU men's basketball game.

- The next board meeting will be February 11, 2005, at UNC Wilmington.
- Chairman Wilson mentioned three important dates for chancellor installations in the spring of 2005: March 31 for ECU, April 20 for NCSU, and April 22 for ASU.
- On April 21, 2005, there will be a Board Retreat in Boone. The focus of the retreat will be a review of House Bill 1264.
- Chairman Wilson thanked Mr. Cecil for his continued good work in representing the University at the Association of Governing Boards of Universities and Colleges (AGB). The AGB national conference is April 3-5, 2005, in San Diego.

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There being no further business, the meeting adjourned at 12:30 p.m.

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Secretary

## APPENDICES

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

Appendix A	Resolution Honoring Mamie G. Yarborough	Attached
Appendix B	President's Report	Attached
Appendix C	Approval of the Budget Reduction for UNCA in accordance with the Policy on Out of State Undergraduate Enrollment and the Reallocation of Funds to the Need-Based Financial Aid Program for Resident Students	Attached
Appendix D	Authorization to Sell Special Obligation Bonds, NCSU	Attached
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Appendix K	Authorization to Establish the Bachelor of Science in Health Systems, WCU	Attached
Appendix L	Authorization to Establish the Master of Arts in Teaching, FSU	Attached
Appendix M	Authorization to Establish the Master of Science in Occupational Therapy, WSSU	Attached
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Appendix O	Approval of Licensure for an Associate in Applied Science in Network Management at King's College in Charlotte, North Carolina	Attached
Appendix P	Approval to Rename the William Friday Institute for Higher Education Leadership	Attached
Appendix Q	Sixth Annual Report on Enrollment Planning	Attached
Appendix R	Policy on University Equity Acquisition	Attached
Appendix S	2005 State Non-Budget Legislative Initiatives	Attached
Appendix T	Personnel Summary Report	Attached

January 14, 2005

**CLOSED SESSION****APPROVAL OF MINUTES OF CLOSED SESSION**

In accordance with procedures established to comply with the Open Meetings Law, Mr. Barringer moved, seconded by Dr. Gilchrist, that the closed session minutes for November 12, 2004, be approved. The motion carried.

**REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE**

Mr. Adcock, chair of the Committee on University Governance, reported that in a meeting on December 21, 2004, the committee approved the request from East Carolina University to settle a lawsuit titled *West vs. Balch*.

Mr. Adcock stated that a subcommittee considered the appeal of Lindsay Lewchuk, a student at North Carolina State University. He then called upon Dr. Key, a member of the subcommittee, to present the report. The subcommittee found that the institutional decision in this case was clearly correct legally and factually and that no basis was presented for disturbing that result. The committee therefore recommended that the decision of the North Carolina State University Board of Trustees be affirmed. The motion carried. (Exhibit A)

Mr. Adcock stated that a subcommittee considered the appeal of Dr. Debra Parker, a faculty member at North Carolina Central University. Mr. Adcock then called upon Mr. Collins, chair of the subcommittee, to present the report. The subcommittee did not find that the procedures in this case were materially flawed or that the denial of promotion was clearly erroneous. The committee therefore recommended that the decision to deny promotion be affirmed. The motion carried. (Exhibit B)

**REPORT OF COMMITTEE ON PERSONNEL AND TENURE**

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

**Summary Personnel Report**

Mr. Davis presented the committee's summary personnel report, subject to approval in open session. He said the report included several recommendations for administrative appointments and conferrals of tenure.

Mr. Davis stated that the committee had previously deferred action on two salary increases for staff at the North Carolina Teacher Academy, pending clarification of delegation of authority from the Board of Governors to the Teacher Academy's Board of Trustees. Mr. Keber, Mr. Mercer, and Dr. Perry collaborated with Ms. Winner and Dr. Bataille to resolve this issue and agreed to grant the salary increases while this matter is being resolved.

He also noted mid-year salary increases for Jeff Davies, Vice President for Finance, and for Judith Rizzo, Director, The James B. Hunt, Jr., Institute for Educational Leadership and Policy. These salary increases were agreed upon when the 2004-2005 salaries were established as a condition for retention of Vice President Davies and Dr. Rizzo.

Mr. Davis reported that the committee invited Chancellor James Moeser to its meeting to discuss the request to grant Nancy Suttentfield, Vice Chancellor for Finance and Administration, a one-time bonus in connection with her duties as the interim president of the University of North Carolina Management Company (UNCMC) from July 1, 2004 through December 31, 2004. The bonus will be paid out of UNCMC funds and is an amount consistent with current practices at UNCMC.

Mr. Davis called upon Mr. Mercer, the chair of the subcommittee for the faculty appeal of Dr. Charles Kadzere of North Carolina A&T State University, to give the

subcommittee's report. The subcommittee concluded that Dr. Kadzere's contentions, listed in Exhibit C, do not warrant the reversal of campus decisions regarding reappointment. The subcommittee therefore recommended that the Board of Governors affirm the denial of reappointment, and thus the denial of tenure. The motion carried.

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On motion of Mr. Souza, seconded by Dr. Flood, the board voted to reconvene in open session.