

Board of Governors Meeting
August 14, 2009
Chapel Hill, North Carolina

The Board of Governors met in regular session on August 14, 2009, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m. Chairman Gage formally welcomed the new Board members who were sworn in on the previous day, Mr. John Blackburn of Linville, Mr. Bill Daughtridge of Rocky Mount, Mr. Walter Davenport of Raleigh, Mr. Jim Deal of Boone, Mr. Paul Fulton of Winston-Salem, Dr. Franklin McCain of Charlotte, and Mr. Burley Mitchell of Raleigh.

INVOCATION

Chairman Gage called on Mr. Lail to give the invocation.

ROLL CALL

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

Brent D. Barringer	Charles A. Hayes
John M. Blackburn	James E. Holshouser, Jr.
Peaches Gunter Blank	Adelaide Daniels Key
R. Steve Bowden	G. Leroy Lail
Laura W. Buffaloe	Ronald C. Leatherwood
Frank Daniels, Jr.	Cheryl Ransom Locklear
Bill Daughtridge, Jr.	Franklin E. McCain
Walter C. Davenport	Charles H. Mercer, Jr.
John W. Davis III	Fred G. Mills
James M. Deal, Jr.	Burley B. Mitchell, Jr.
Phillip R. Dixon	Marshall B. Pitts, Jr.
T. Gregory Doucette	Gladys Ashe Robinson
Paul Fulton	Irvin A. Roseman
Hannah D. Gage	Estelle "Bunny" Sanders
Ann B. Goodnight	Priscilla P. Taylor
Clarice Cato Goodyear	David W. Young
Peter D. Hans	

The following members were absent:

Dudley E. Flood
Jim W. Phillips, Jr.

J. Bradley Wilson

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, Chairman Gage asked if any member 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. Bowden moved, seconded by Mr. Young, that the minutes from the open sessions of the May 8 and May 22, 2009, meetings be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles reported that staff from UNC General Administration and our Chancellors had worked very hard over the summer dealing with the budget cuts. He said that we had tried to prepare ourselves for reversions in addition to the budget cuts for the upcoming year. For President Bowles' report, please see Appendix A.

At the conclusion of the President's report, Mr. Leatherwood reported that Western Carolina University's Pride of the Mountains Marching Band was awarded the 2009 Sudler Trophy which is the nation's highest award for collegiate marching bands. It is also referred to as the "Heisman Trophy" of bands. Mr. Leatherwood presented President Bowles with a WCU Pride of the Mountains Marching Band T-shirt.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization of New Capital Improvement Project, ASU
- b. (B&F) Authorization of New Capital Improvements Projects, UNCC
- c. (B&F) Approval of a Non-Appropriated Capital Improvements Project, UNCW
- d. (B&F) Approval of the Disposition of Property and Lease of Housing Space, ASU
- e. (B&F) Approval of Lease of Student Housing, NCCU
- f. (EPPP) Authorization to Discontinue the Bachelor of Science (BSA) in Accounting, ECU
- g. (EPPP) Approval of Licensure for Miller-Motte College to offer the following degree program in Wilmington:
 - Associate of Applied Science in Health Information Technology
- h. (EPPP) Approval of Licensure for the School of Communication Arts to offer the following degrees in Raleigh:
 - Bachelor in Arts in Animation and Game Design
 - Bachelor of Arts in Audio Production and Design
 - Bachelor of Arts in Digital Filmmaking
 - Bachelor of Arts in Interactive Media Arts
 - Bachelor of Arts in Photography

Chairman Gage then recognized the new Committee chairs: David Young, Audit; John Davis, Budget & Finance; Marshall Pitts, Educational Planning; Peaches Blank, Governance; Charles Hayes, Public Affairs; and Gladys Robinson, Personnel & Tenure.

REPORT OF THE AUDIT COMMITTEE

Mr. Young, Chair of the Audit Committee, cited North Carolina General Statute 143-739, the North Carolina Internal Audit Act. The Statute requires that internal audits shall comply with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and that the charter be approved by the governing board.

On behalf of the Committee, Mr. Young moved the approval of the Internal Audit Charter. (See Appendix J). The motion carried.

The Committee heard a report from Project Management Officer Gwen Canady regarding the UNC Financial Improvement and Transformation Project (UNC FIT). The project continued to be on schedule. Monthly compliance reporting was ongoing and the key performance indicators would be monitored by the campuses and by General Administration.

Next, Mr. Young reported on the UNC HR Payroll Project. The purpose of the project was to have UNC General Administration perform the payroll functions for all the 17 campuses. Nine campuses are scheduled for the payroll conversion this year. He noted that UNC Pembroke served as the pilot campus for the project. The remaining eight campuses' payroll systems would be converted on a staggered basis.

Next, the Committee reviewed external audit reports from the University of North Carolina at Pembroke and Western Carolina University. Each campus had audit findings. Corrective actions had been taken to address the findings.

Lastly, Mr. Young stated that the Committee would review the Summary Report on Associated Entities at its next meeting.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Davis, Chair of the Committee on Budget and Finance, reported on two items. First, the Committee reviewed and approved the report on the 2009-10 Allocations for Current Operations and the 2009-10 Allocations for Capital Improvements. Mr. Davis reported on the recent budget passed by the General Assembly. He said that the University's overall net budget reductions were 5.9%. The General Assembly approved the University's request for enrollment funding and need-based financial aid. In addition, new funding was appropriated for UNC Tomorrow initiatives. Those initiatives include cancer research, energy research, nursing, engineering, nanosciences, aviation, filmmaking, and East Carolina University's Dental School. The General Assembly increased the allocation of repair funds, which was one of the Board's longstanding requests.

On behalf of the Committee, Mr. Davis moved that the allocation recommendations for the 2009-10 Current Operations and the 2009-10 Capital Improvements appropriations be approved and that the President be authorized to make refinements in the interest of accuracy and completeness. (See Appendix K and L). The motion carried.

Next, Mr. Davis reported on the student health insurance coverage across the sixteen four-year campuses. A Request for Proposal (RFP) was developed through extensive discussions with UNC Student Health Center Directors, Vice Chancellors for Student Affairs, the NC Department of Insurance, and the NC Association of Independent Agents to determine if better rates and coverage could be obtained for all UNC students by using a hard waiver model and a common base student health insurance plan. It was determined that using this approach would lower rates for most students.

On behalf of the Committee, Mr. Davis moved approval for a hard waiver model to be used in the creation of a Request for Proposal, seeking quality student health insurance at an affordable premium with the implementation of the plan to be effective in the Fall 2010. Mr. Doucette thanked Senior Associate Vice President Mallette for meeting with him to help the UNC Student Body Presidents and him better understand the proposal and address any concerns they had. The motion carried.

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

Mr. Pitts, Chair of the Committee on Educational Planning, Policies, and Programs, began by thanking Associate Vice President Chapman for her assistance and input at the previous day's meeting. The Committee reviewed a report on Prospective Teacher Scholars Focus Growth Pilot, 2009. This program was authorized by the General Assembly to allow three campuses – Elizabeth City State University, University of North Carolina at Pembroke, and Western Carolina University, to use focused growth funds to recruit out-of-state students for their teaching education programs. The cost of the program versus the number of teachers produced raised concerns with the Committee. The Committee planned to meet with the three campuses to evaluate the program.

Next, the Committee reviewed a report on the 2007-08 UNC Production of Teacher Education Graduates and Alternative Licensure Completers. The University produced 895 traditional graduates or alternative completers in the high-need areas (mathematics, science, middle grade, and special education). All campuses had a recruitment plan in place for teacher education. A new five-year set of targets by campuses in the high-need production areas will be in place by Fall 2009.

Next, the Committee evaluated the new academic planning approval process. The Committee determined that there was a need for new degree programs to be delivered especially at the doctoral level. Discontinuation of more programs were likely as campuses considered further budget reductions. The Committee agreed to move forward with the implementation of the new revised review process and that campuses must be able to justify the program by considering the needs, quality, and costs of a requested program.

Lastly, the Committee requested that the Faculty Teaching Workload Report be updated with the most recent data available. The report contained data through 2007-08. The Committee discussed the history of the University adopting the Delaware Data Study for the basis of accessing faculty teaching workloads. It was determined that the University's overall teaching workload average had increased and was higher than the overall average for all the campuses participating in the Delaware Study.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Hayes, Chair of Committee on Public Affairs, reported that the Committee welcomed its new members and had heard updates on the State and Federal Agendas. Vice President Watkins presented an overview of the 2009-10 State Budget and Policy changes. Vice President Rhinehardt summarized the University's Federal Agenda. The Committee discussed ways that the Board could engage members of the General Assembly and the United States Congress. All Board members were encouraged to communicate their thanks to our government leaders for all they have done and continue to do for our University. President Bowles recognized Vice President Watkins and Ms. Erin Schuettpelez for their outstanding leadership at the General Assembly this year.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Ms. Blank, Chair of the Committee on University Governance, reported on several items. First she reported on the expiration terms related to some members of the Boards of Trustees. There was a term ending June 30, 2013, on the Board of Trustees of Appalachian State University. On behalf of the Committee, Ms. Blank moved the election of Mrs. Alice Roess of Blowing Rock to serve on the Board of Trustees of Appalachian State University. The motion carried.

Next, there was a term ending June 30, 2013, on the Board of Trustees of the University of North Carolina at Asheville. On behalf of the Committee, Ms. Blank moved the election of Mr. Nathan Ramsey of Asheville to serve. The motion carried.

Next, Ms. Blank reported that there was a term ending June 30, 2011, on the Board of Trustees of Winston-Salem State University. On behalf of the Committee, Ms. Blank moved the election of Ms. Susan Henderson of Winston-Salem to serve. The motion carried.

Next, she reported that there was a partial term ending on June 30, 2011, on the Board of Directors of The North Carolina Arboretum. On behalf of the Committee, Ms. Blank moved the appointment of Dr. Charles Edward Hamner, Jr. The motion carried.

Ms. Blank reported that there was a vacancy on the University of North Carolina at Charlotte Board of Trustees resulting from the resignation of Ms. Renjana Clark of Charlotte. The Committee would recommend a candidate at its next meeting.

Next, she reported that there was a term ending on June 30, 2012, on the State Building Commission. This position was held by Mr. Kevin MacNaughton whose term had expired. On behalf of the Committee, Ms. Blank moved the appointment of Mr. Jorge Quintal of the University of North Carolina at Greensboro to serve. The motion carried.

Next, Ms. Blank stated that the Board must appoint one member of the Board of Governors to serve on the Advisory Board of the Center for International Understanding. Mr. Young had served on the advisory board, but due to time constraints he had requested to step down. Ms. Blank said that she would like to hear from any member of the Board who would be interested in serving on the advisory board. A recommendation would be brought at the next Board meeting.

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, the Board of Governors must pass a resolution naming the members who serve on the Board who will not have access to the classified information and therefore will not be required to have personal security clearances. On behalf of the Committee, Ms. Blank moved the approval of the proposed resolution on security clearance thus meeting the requirements of the National Industrial Security Program Operations Manual (see Appendix M). The motion carried.

Lastly, the Committee considered changes to the footnotes pertaining to Policy 200.1 – *Dual Memberships and Interest of Conflicts*. The Committee would present the changes to the Board at the next meeting.

REPORT OF THE COMMITTEE ON THE UNIVERSITY AWARD

Ms. Blank, Chair of the University Award Committee, reported that this year's members consisted of Dr. Key, Mr. Mills, Mr. Smith, and Dr. Taylor. The Committee met on July 17 and on July 29 to plan the award presentation, review this year's nominees, and discuss the logistics of the event. The Committee recommended that the event, scheduled for November 12, 2009, be cancelled due to the University's fiscal constraints. They also strongly recommended that the event resume in the future.

On behalf of the Committee, Ms. Blank moved that the Board cancel the 2009 University Award. Mr. Davis asked the Chairman to clarify if the *award* would be presented even though the *event* was cancelled. Ms. Blank responded that the Committee considered this action as well as other alternatives such as making the event smaller, but determined otherwise. Dr. McCain suggested that the event be delayed, not *cancelled* and that the use of this terminology be incorporated in the recommendation. The recommendation to delay the 2009 University Award passed.

CHAIRMAN'S REPORT

Chairman Gage thanked the Board and others for all their work from the previous day's policy discussions. She announced that the 2010 Board of Governors meeting schedule was published. She thanked the Chancellors for being a part of the discussions related to research leaves and retirement policies. She said that the Chancellors' perspectives will be considered as the Board continued to craft and implement new policies.

She said that the new Board members would be participating in campus tours beginning on August 19. The first round of visits included the University of North Carolina at Charlotte, the University of North Carolina School of the Arts, Winston-Salem State University, the University of NC at Greensboro, and North Carolina A&T State University.

Lastly, Chairman Gage mentioned the discussions that had taken place over the past several months related to the budget. She thanked President Bowles, Vice President Nelson, Vice President Watkins, and others who were involved in the negotiations with the General Assembly to minimize the cuts to the University.

On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to consult with its attorney to prevent the premature disclosure of an honorary award or scholarship; 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; pursuant to North Carolina G.S. Sections 143-318.11 (a)(2), (a)(5) and (a)(6).

The Board of Governors went into closed session at 10:05 a.m. and returned to open session at 10:50 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Robinson, Chair of the Committee on Personnel and Tenure, asked that the Board of Governors approve the motion related to the resignation of Dr. James Oblinger of North Carolina State University.

On behalf of the Committee, Dr. Robinson moved the approval of the motion to grant Dr. Oblinger a six-month research leave with the first two months of leave to be paid at the rate of Dr. Oblinger's recent administrative salary and that the remaining four months of the leave would be paid at the rate of a normal faculty salary to be determined by North Carolina State University. A roll call vote was taken with seventeen members voting for the motion, 10 members voting against, and one abstention. The motion passed. (See Appendix N).

Next, Dr. Robinson reported that the Committee reviewed a request from Fayetteville State University to establish a new Senior Academic and Administrative Officer position for Dean of the University College. The position had been established by using an existing

Associate Vice Chancellor position that was created based on the number of students served and the range of programs administered.

On behalf of the Committee, Dr. Robinson moved the approval of the motion to establish a Senior Academic and Administrative Officer position for Dean of the University College. The motion passed.

Next, the Committee reviewed a report related to the change in the Associate Vice Chancellor for Human Resources position at the University of North Carolina at Chapel Hill. The position was upgraded to Vice Chancellor for Human Resources at no change in salary.

Lastly, Dr. Robinson said that the Committee received the Summary Personnel Report of all personnel items approved by the President since its last meeting. The Committee did not have time to review the report, but would do so at its next meeting.

Chairman Gage commented on the roll call vote. She said it was a difficult vote for the members to make. She praised President Bowles for his handling of the personnel matter and for his extraordinary leadership that he continues to display.

Chairman Gage said that the Board heard a report in closed session from Vice President and General Counsel Luger about a document subpoena that was served on the University system by the United States Attorney's Office in Raleigh. The subpoena pertained to the federal grand jury investigating the hiring of former First Lady Mary Easley at North Carolina State University. Copies of the document subpoena would be made available. She said that the University would fully comply with the subpoena.

Lastly, Chairman Gage announced that the next Board of Governors meeting is scheduled for September 18, 2009, at the Spangler Center. Mr. Davis thanked Chairman Gage for the copy of the Policy Manual which was made available to each Board member.

The meeting adjourned at 11:10 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 Improvement Project - ASU	Posted Online
APPENDIX C	Authorization of New Capital Improvements Projects - UNCC	Posted Online
APPENDIX D	Non-Appropriated Capital Improvements Project - UNCW	Posted Online
APPENDIX E	Approval of the Disposition of Property and Lease of Housing- ASU	Posted Online
APPENDIX F	Approval of Lease of Student Housing - NCCU	Posted Online
APPENDIX G	Authorization to Discontinue the BSA in Accounting - ECU	Posted Online
APPENDIX H	Approval of Licensure for Miller-Motte College in Wilmington	Posted Online
APPENDIX I	Approval of Licensure for the School of Communication Arts in Raleigh	Posted Online
APPENDIX J	Internal Audit Charter	Posted Online
APPENDIX K	2009-10 Current Operations	Posted Online
APPENDIX L	2009-10 Capital Improvement Appropriations	
APPENDIX M	Resolution on the Security Clearance	Posted Online
APPENDIX N	Roll Call Vote	Posted Online