

Board of Governors Meeting

August 13, 2010

Chapel Hill, North Carolina

The Board of Governors met in regular session on August 13, 2010, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m. She said that it was an exciting day for the North Carolina School of Science and Mathematics as the Board would announce a new chancellor later in the agenda. She welcomed the many guests and recognized the Honorable Mayor Bell of Durham.

INVOCATION

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

ROLL CALL

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

Brent D. Barringer
Atul C. Bhula
John M. Blackburn
Peaches G. Blank
R. Steve Bowden
Laura W. Buffaloe
Frank Daniels, Jr.
Bill Daughtridge, Jr.
Walter C. Davenport
John W. Davis III
James M. Deal, Jr.
Phillip R. Dixon
Dudley E. Flood
Paul Fulton
Hannah D. Gage
Ann B. Goodnight
Clarice Cato Goodyear

Peter D. Hans
Charles A. Hayes
James E. Holshouser, Jr.
Adelaide Daniels Key
G. Leroy Lail
Ronald C. Leatherwood
Cheryl M. Locklear
Franklin E. McCain
Charles H. Mercer, Jr.
Burley B. Mitchell, Jr.
Marshall B. Pitts, Jr.
Gladys Ashe Robinson
Irvin A. Roseman
Estelle 'Bunny' Sanders
Priscilla P. Taylor
J. Bradley Wilson
David W. Young

The following member was absent:

Fred G. Mills

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. Davenport moved, seconded by Mr. Daughtridge, that the minutes from the open session of June 11, 2010, meeting be approved. The motion carried.

On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to prevent the disclosure of information that is privileged or confidential pursuant to the laws of this State or of the United States or not considered a public record within the meaning of Ch. 132 of the General Statutes, and to consult with its attorney employed by the public body in order to preserve the attorney-client privilege between its attorney and the public body, and to consider the qualifications, competence, performance, character, fitness of an individual employee; to prevent the premature disclosure of an honorary award or scholarship; to consult with our attorney to consider and give instructions concerning a judicial action between NC State University and Wolfpack Auto Sales, Inc.; to establish or instruct the staff or agent considering the negotiations of the amount of compensation or other terms of employment contract; and 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)(1), (a)(2), (a)(3), (a)(5) and (a)(6).

The Board went into closed session at 9:05 a.m. and returned to open session at 10:15 a.m.

ADMINISTRATIVE ACTION ITEMS

Mr. Hayes moved, seconded by Dr. Locklear, that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Authorization of New Capital Improvements Projects, ASU, NCSU, UNC-CH, and UNCG
- b. (EPPP) Approval of the request to discontinue the Master of Chemistry (MC), NCSU
- c. (GOV) Approval of the Resolution Excluding Board of Governors Members from Access to Classified Information

REPORT OF THE AUDIT COMMITTEE

Dr. Roseman, Chair of the Audit Committee, introduced Ms. Jan-Rae Castillo, who recently joined UNC General Administration as an Internal Auditor. Ms. Castillo graduated from the University of North Carolina at Wilmington with a master's degree in accounting and she had worked in the internal auditing department at UNC Wilmington for the past several months prior to coming to UNC General Administration.

Next, Dr. Roseman reported that the Committee received a report on the UNC Finance Improvement and Transformation Project (UNC FIT). Winston-Salem State University and North Carolina A&T State University would be transitioning off the State's Central Payroll System soon. Both campuses had successfully implemented Banner biweekly payroll and were preparing to transition to the UNC Shared Services Payroll solution. Dr. Roseman said that UNC FIT would be working next with Fayetteville State University and North Carolina Central University to transition off the State's Central Payroll system. It was anticipated that by the end of October 2010, five campuses would be completely off the State's Central Payroll System. The UNC FIT team would continue to monitor and refine best practices and would focus on the areas of capital assets and student accounts receivables. The Committee saw a demonstration on how the dashboard and key indicators operated.

Next, Dr. Roseman said that Vice President Murphrey provided a summary of the audit findings from the past three years by the Office of the State Auditor. Standards established by UNC FIT would be designed to enable the campuses to readily address audit findings and keep the findings from recurring.

Next, Dr. Roseman said that the Committee reviewed four external audit reports from its last meeting. At North Carolina Central University and the University of North Carolina at Charlotte, financial audit reports were released with no audit findings. At the University of North Carolina at Asheville, a financial audit report was released with three findings. Corrective actions had been taken. At North Carolina A&T State University, an information system general controls audit report was released with five audit findings and a sensitive letter was released and discussed in closed session. Corrective actions had been taken.

Lastly, Dr. Roseman reported that the Committee heard a summary report on private foundations and associations known as Associated Entities. These entities must comply with UNC policies, including the requirement for an annual independent audit. In 2009, 106 of the 110 associated entities in the University had met this requirement.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Mercer, Chair of the Budget and Finance Committee, said that the Committee reviewed and approved the 2010-11 Allocations – Current Operations (see Appendix D) and the 2010-11 Allocations – Capital Improvements (see Appendix E) budgets. He reported that despite this difficult economic period, the General Assembly had responded to the Board's agenda to put students first by funding the campuses' requests for enrollment growth by allowing an additional 4,900 students access to the University, providing an additional \$34.8 million for need-based financial aid, and approving the Board's Tuition Plan to allow supplemental tuition increases to mitigate the impact of budget reductions. The legislature had approved new funding for many UNC Tomorrow initiatives, including energy research, engineering, nanoscience and nanoengineering, and ECU's dental school. The legislature approved the Board's request for repair and renovation funding. Mr. Mercer recognized the General Assembly for their great support of this University and for their continued support of higher education in North Carolina.

On behalf of the Committee, Mr. Mercer moved the approval of the 2010-11 Allocations – Current Operations and the 2010-11 Allocations – Capital Improvements budgets and that the President be authorized to make refinements as necessary in the interest of accuracy and completeness. The motion carried.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee discussed the Common Core State Standards Initiative for K-12 (see Appendix F). Dr. June Atkinson, North Carolina State Superintendent for Public Instruction, spoke to the Committee about the importance of supporting Common Core State Standards. Standards for mathematics and English had been developed and were being reviewed by the State Board of Education. The State Board of Education had adopted the Common Core State Standards and was expected to implement the Common Core State Standards for these disciplines in 2012-2013.

On behalf of the Committee, Mr. Deal, moved that the Board of Governors support the decision by the State Board of Education to adopt the national Common Core Standards for North Carolina and that the Board partner with the State Board of Education and the other educational sectors on implementation of these standards. The motion carried.

Next, Mr. Deal reported that given the economic environment, the approval of proposed new degree programs would be carefully evaluated. Traditionally, most new programs had been funded out of enrollment growth monies. The General Assembly had asked the Committee to consider three items prior to approval of any new degree program – the general economic conditions; possible increases and decreases in State revenue, particularly the General Fund revenue; and other non-State revenue resources. Mr. Deal said that the Committee understood this charge by the legislature and would fully comply with their request. He said that the University was the major force in leading the State out of difficult economic times.

The Committee requested approval of the following baccalaureate degree programs subject to the availability of funding: a Bachelor of Social Work at Fayetteville State University (see Appendix G) and a Bachelor of Arts in Anthropology at the University of North Carolina at Asheville (see Appendix H).

On behalf of the Committee, Mr. Deal moved the approval of the baccalaureate degree programs. The motion carried.

The Committee requested approval of the following master's degree program subject to the availability of funding: a Master of Arts in Anthropology at the University of North Carolina at Charlotte (see Appendix I).

On behalf of the Committee, Mr. Deal moved the approval of the master's degree program. The motion carried.

Mr. Deal mentioned that when the Committee reviewed the doctoral degree programs for planning, the Committee and the Chancellors had discussed that in situations where programs had been authorized subject to available funding and the funding was not included in the enrollment growth money, then the campus would reallocate existing resources at the campus level or simply not implement the program. The Committee had a wide range discussion about how to proceed and there was recognition that the Committee would be very sensitive to the economic conditions at the time a program approved for planning comes back to the Committee for approval for establishment. The Committee requested approval of five doctoral degree programs for planning – Doctor of Philosophy in Economics at East Carolina University (see Appendix J); a Doctor of Philosophy in Social Work, a joint degree program at the University of North Carolina at Greensboro and North Carolina A&T State University (see Appendix K); a Doctor of Philosophy in Computer Science at North Carolina A&T State University (see Appendix L); a Doctor of Philosophy in Public History at North Carolina State University (see Appendix M); and a Doctor of Philosophy in Public Health Sciences at the University of North Carolina at Charlotte (see Appendix N).

On behalf of the Committee, Mr. Deal moved the approval of the five doctoral degree programs for planning. The motion carried.

Next, Mr. Deal reported that the General Assembly passed legislation that required the Board of Governors to instruct each constituent institution to adopt a policy to allow a minimum of two excused absences each academic year for religious observances beginning this academic year, Fall 2010-11.

On behalf of the Committee, Mr. Deal moved that the Board of Governors direct each constituent institution to adopt a policy that authorized a minimum of at least two excused absences each academic year for religious observance. The motion carried.

Next, the Committee heard a presentation by Dr. Blouin, Dean of Pharmacy at the University of North Carolina at Chapel Hill, regarding an opportunity for the UNC-CH Department of Pharmacy to partner with the National University of Singapore and the Singapore government to offer a joint international pharmacy degree in Singapore. All costs of the program would be paid for by Singapore. The Committee discussed the impact that the joint program would have on the continued development of the joint pharmacy degree programs already in place at Elizabeth City State University and the University of North Carolina at Asheville. Chancellor Gilchrist and Dean Blouin would provide a progress report on the joint pharmacy program in Elizabeth City at the October Board meeting.

Regarding the Singapore opportunity, the Committee encouraged the pursuit of this international opportunity but with the understanding that any joint degree programs proposed would follow the usual process and would require the Committee's and the Board's approval. Financial arrangements would be reviewed at that time as well.

Mr. Deal reported that the Committee reviewed the Degree Program Productivity Standards. He reminded the Board that it had a responsibility to review academic programs biennially and to identify low-producing programs. Retention in majors would also be considered. Results of the review would be presented later in the academic year.

Lastly, the Committee postponed discussion of the Athletic Report and the Report on Licensure due to time constraints. These reports would be considered at the next meeting.

REPORT ON THE COMMITTEE ON PUBLIC AFFAIRS

Mrs. Goodnight, Chair of the Committee on Public Affairs, reported that the Committee reviewed the results of the University's 2010 Budget and Policy Agenda Priorities. Mrs. Goodnight mentioned several policy items that were approved by the General Assembly – maintaining the 50/50 split of the repair and renovation allocation, allowing the campuses to retain savings generated from energy efficient projects, and the consolidation of the multiple teacher-education reports into one comprehensive report.

Next, Mrs. Goodnight said that the Committee would begin work on the development of the 2011 Policy Agenda in October. The Committee discussed strengthening the University's

advocacy base with elected officials. The University would focus its efforts to create jobs, impact K-12 positively, and collaborate with the military.

Lastly, Mrs. Goodnight announced that Ms. Erin Schuettpelz, Director of State Government Relations, would be leaving General Administration. Ms. Schuettpelz had accepted a position at UNC-Chapel Hill. Mrs. Goodnight thanked Erin for all of her diligent work and wished her continued success.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Bowden, Chair of the Committee on University Governance, reported that there was a partial term ending June 30, 2013, at the University of North Carolina School of the Arts Board of Trustees. On behalf of the Committee, Mr. Bowden moved the election of Mr. Michael A. Almond of Piney Creek to serve. The motion carried. Next, there was a partial term ending on June 30, 2011, on the University of North Carolina at Wilmington Board of Trustees. On behalf of the Committee, Mr. Bowden moved the election of Mr. H. David Swain of Wilmington to serve. The motion carried.

Next, Mr. Bowden announced that there were six terms ending June 30, 2014, on the University of North Carolina Center for Public Television Board of Trustees. On behalf of the Committee, Mr. Bowden moved the reappointment of Mr. Phillip J. Kirk, Jr., of Raleigh, Mr. James O. Treadway, Jr., of Hickory, and Mr. Gary York of Elkin to serve. Mr. Bowden said that action on the remaining vacancies was deferred. The motion carried. Next, Mr. Bowden reported that there was a term ending June 30, 2014, on the State Advisory Council on Indian Education. On behalf the Committee, Mr. Bowden moved the appointment of Ms. Brandi Leigh Brooks of Chapel Hill to serve. The motion carried. Next, there were three terms ending June 30, 2014, on the University of North Carolina Umstead Review Panel. On behalf of the Committee, Mr. Bowden moved the reappointment of Mr. Robert F. Warwick of Wilmington. Action on the remaining two vacancies was deferred. The motion carried.

For informational purposes, Mr. Bowden reported that there was a partial term ending June 30, 2013, on the University of North Carolina at Charlotte Board of Trustees. There was a term ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of

Trustees representing Congressional District 2. Lastly, there was a partial term ending June 30, 2011, on the North Carolina School of Science and Mathematics Board of Trustees representing Congressional District 8. Mr. Bowden said that the Committee would consider nominations from members of the Board for these vacancies at the next meeting. Chairman Gage stated that it was important that the members of Board put forth names for these vacancies to be filled.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Buffaloe, Vice Chair of the Committee on Personnel and Tenure, reported on three items. First, the Committee accepted the 2010 Board of Governors Awards for Excellence in Teaching Allocation and Distribution of Funds Report (see Appendix O). The new format for presenting the annual teaching awards had proven to be cost effective. The method also honors each award recipient in front of his or her own campus community since the award is presented by a member of the Board of Governors at the campuses Spring Commencements. A photo and citation for each of this year's winners were posted on the University's website.

Next, Dr. Buffaloe reported that the Guidelines for Implementing Furlough Authorization were discussed. The President was granted authority to implement furloughs for fiscal year 2010-11.

Lastly, Dr. Buffaloe reported that the Committee reviewed and approved the post-tenure review policies submitted by East Carolina University. The Committee also received a Report on Personnel Actions Delegated to the President since its last meeting.

PRESIDENT'S REPORT

President Bowles reflected on the policy discussion and the committee meetings from the previous day. He said it was evident that all the Chancellors, the members of the Board, and the staff were fully engaged as a team with the work of the University. He said that there was much work that still needed to be accomplished during his term and prior to the arrival of a new president. For President Bowles' report, please see Appendix P.

ELECTION OF A CHANCELLOR

President Bowles announced that it was his great pleasure to recommend a strong, effective and seasoned new leader for the North Carolina School of Science and Mathematics. President Bowles thanked Mrs. Shirley Frye, Chair of the Board of Trustees and Chair of the Search Committee, and the entire search committee – many of whom were in attendance – for their outstanding work. Next, he called on the Vice Chair of the Board of Trustees Mr. Henry Kuo, for a brief summary of the search process.

Mr. Kuo said that Chair Shirley Frye, who had a previous commitment and could not attend the meeting, sent her regrets. He reported that the Search Committee formed on February 19, 2010. All constituent groups were represented on the committee, including representatives from the Board of Trustees, the Foundation, Board of Directors, the Alumni Board of Directors, parents, students, faculty, staff, the community and others from across the State. In addition, the Honorable Mayor Bill Bell of Durham and representatives from the North Carolina Department of Public Instruction served on the search committee. Mr. Kuo said that President Bowles had delivered his charge to the Search Committee outlining the traits he desired from a new chancellor. Subsequently, the Search Committee held public forums with alumni, faculty, staff, parents, students and the Durham community to gather input. A website survey was created to allow input. More than 400 survey responses were received. From this input, the committee developed a Position/Leadership Statement which guided the Committee through the process.

The Search Committee evaluated search firms and selected the McAulay Firm. Approximately 30 candidates were considered. Seven highly qualified candidates were invited for interviews with members of the Search Committee. Three candidates were recommended to the North Carolina School of Science and Mathematics Board of Trustees. Those three candidates were recommended to President Bowles.

Lastly, Mr. Kuo thanked all the members of the Search Committee, who had dedicated countless hours and many of whom traveled extensively during the process, for their hard work. He recognized the members of the Search Committee of which more than half were present. He also thanked Associate Vice President Lemmon of the General Administration, Ms. Glenda

Cruise, Executive Assistant to the Chancellor from North Carolina School of Science and Mathematics, and Mr. Charles C. Lucas III of the McAuley Firm.

Next, President Bowles thanked Mr. Kuo for his remarks. He mentioned that Mr. Kuo was an alumnus of the North Carolina School of Science and Mathematics and he thanked him and the other members of the Search Committee for doing an outstanding job. President Bowles said that he was very pleased with the work of Mr. Charles Lucas, the search consultant from the McAuley Firm, who had brought three outstanding candidates. Mr. Lucas also serves as Chairman of the University of North Carolina School of Arts Board of Trustees.

President Bowles announced the nomination of Dr. J. Todd Roberts, superintendent of the Ann Arbor Michigan Public Schools, as the next Chancellor of the North Carolina School of Science and Mathematics.

He gave an overview of his charge to the Search Committee. When he met with the Search Committee earlier this year, he stressed upon them that the next leader of the North Carolina School of Science and Mathematics must be an experienced, proven leader and one who would build on the former Chancellor's record and take the School to the next level. President Bowles listed the many qualities and skill sets required in a new leader. Among those qualities – to understand the important role that the School plays in the Durham community; to understand the School's mission and vision as part of UNC Tomorrow; to serve as a good partner to the President; and to have the ability to raise external funds that are important to provide our students with the margin of excellence. President Bowles said that most importantly, he urged the Search Committee to identify a leader who students and faculty alike would respect, admire and support.

The Search Committee had found all of those qualities and more in Dr. Roberts. President Bowles said that Dr. Roberts brings a deep-rooted love of education and two decades of experience as a high school teacher, principal, and school superintendent. He is a proven leader who promotes creativity, collaboration, and strategic thinking. He has earned a reputation for great integrity, good judgment, and an unwavering commitment to academic excellence and student success.

President Bowles provided a summary of Dr. Roberts' academic experiences and achievements. Dr. Roberts received his bachelor's degree in English from Duke University in

1986 and his master's (1994) and doctoral (2002) degrees in education from the University of North Carolina at Chapel Hill. In 1989, he began his teaching career at Southern High School in Durham. In 1994, he served as assistant principal at Brogden Middle School and then was named principal at Hillandale Elementary School in 1996. Dr. Roberts moved to Michigan in 1999 to become principal of Bingham Farms Elementary School in Birmingham. In 2002, he was named deputy superintendent for educational services at Birmingham Public Schools. In 2006, he was tapped to become the superintendent at Ann Arbor Public Schools, where he currently serves. As superintendent, Dr. Roberts had been credited with implementing programs and support services that have improved student achievement, narrowed academic achievement gaps, and increased online course offerings for high school students. Under his leadership, the community developed and implemented a five-year strategic plan, focusing on student achievement. Dr. Roberts oversaw a \$240 million capital expansion and facilities improvements campaign, he was named the 2009 Superintendent of the Year in Michigan, and he serves on the Governing Board of the Minority Student Achievement Network and Dean of Students' Advisory Board at The University of Michigan. He is married to Dr. Arleen Song, a gynecologist with the University of Michigan Health System. Both are native North Carolinians and they have four children.

Mr. Bowden moved, seconded by Dr. Robinson, that President Bowles' recommendation of Dr. J. Todd Roberts to serve as the next chancellor of the North Carolina School of Science and Mathematics beginning no later than December 1, 2010, be approved. The motion carried. For Dr. Roberts' remarks, please see Appendix Q.

CHAIRMAN'S REPORT

Chairman Gage congratulated Dr. Roberts and especially thanked the Search Committee from the North Carolina School of Science and Mathematics for the phenomenal job they had done. Chairman Gage said that the Board was excited about Dr. Roberts' appointment.

Next, Chairman Gage commented on the previous day's policy discussion regarding tuition. She believed that the University's current policy was strong, but that the Board would continue further review to assess if improvements in the policy were necessary. Chairman Gage said that she believed the Board would hold firmly to the State's constitutional mandate on

access and low tuition. Chairman Gage said that she had received numerous responses regarding the latest tuition increase from the public. She said that surprisingly, the comments had not been negative.

Lastly, Chairman Gage made brief comments on the Presidential Search. She recognized the outstanding work by the Leadership Statement Committee and the Selection/Screening Committee, who worked extremely hard over the past couple months. The Search Committee was in the process of evaluating the recommendations made by the Selection/Screening Committee. Lastly, Chairman Gage remarked that despite a less than vibrant economy, the University has a great product and she said that President Bowles has raised the level of awareness of this University. Chairman Gage anticipated that by early Fall a new leader would be announced.

The next meeting was scheduled for September 10, 2010, at the University of North Carolina at Wilmington.

The meeting adjourned at 11:30 a.m.

APPENDICES

Appendix A	Authorization New Capital Improvements Projects, ASU, NCSU, UNC-CH	Posted Online
Appendix B	Approval of the Request to discontinue the Master of Chemistry (MC), NCSU	Posted Online
Appendix C	Approval of the Resolution Excluding Board of Governors Members from Access to Classified Information	Posted Online
Appendix D	2010-11 Allocations – Current Operations	Posted Online
Appendix E	2010-11 Allocations – Capital Improvements	Posted Online
Appendix F	Common Core State Standards Initiative	Posted Online
Appendix G	Authorization for the Bachelor of Social Work, FSU	Posted Online
Appendix H	Authorization for the Bachelor of Arts in Anthropology, UNCA	Posted Online
Appendix I	Authorization for the Master of Arts in Anthropology, UNCC	Posted Online
Appendix J	Approval of the Doctor of Philosophy in Economics, ECU	Posted Online
Appendix K	Approval of the Doctor of Philosophy in Social Work, a joint degree program at UNCG and NCA&T	Posted Online
Appendix L	Approval of the Doctor of Philosophy in Computer, Science, NCA&T	Posted Online
Appendix M	Approval of the Doctor of Philosophy in Public History, NCSU	Posted Online
Appendix N	Approval of the Doctor of Philosophy in Public Health Sciences, UNCC	Posted Online
Appendix O	2010 Board of Governors Awards for Excellence in Teaching Allocation and Distribution of Funds Report	Posted Online
Appendix P	President Bowles' Report	Posted Online
Appendix Q	Chancellor-elect J. Todd Roberts' Remarks	Posted Online