

Board of Governors Meeting

October 8, 2010

Chapel Hill, North Carolina

The Board of Governors met in regular session on October 8, 2010, at the Spangler Center in Chapel Hill. Chairman Gage called the meeting to order at 9:00 a.m.

INVOCATION

Chairman Gage called on Mr. Mitchell 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
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.
Fred G. Mills
Burley B. Mitchell, Jr.
Marshall B. Pitts, Jr.
Gladys Ashe Robinson
Irvin A. Roseman
Estelle 'Bunny' Sanders
Priscilla P. Taylor
David A. Young

The following members were absent:

R. Steve Bowden

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. Young moved, seconded by Dr. Buffaloe, that the minutes from the open session of August 26, 2010, and September 10, 2010, meetings be approved. The motion carried.

PRESENTATION OF THE AWARD FOR EXCELLENCE IN PUBLIC SERVICE

Chairman Gage spoke about the creation of the Public Service Award. She said that the Board of Governors and President Bowles recognized the need to place greater emphasis on public service within the University. In 2007, the Board of Governors established the Award for Excellence in Public Service to encourage, identify, recognize, and reward public service and outreach by faculty of the University. This was the fourth year of the Public Service Award. Next, she called on President Bowles to begin the presentation of the award.

President Bowles commented that he was honored to help present the Board of Governors 2010 Award for Excellence in Public Service. He said that there was no higher honor for a citizen than to perform public service. President Bowles noted that he had worked closely with this year's recipient on the UNC Tomorrow initiative and that he was personally thrilled with the Board's selection of this year's recipient. Next, President Bowles called on Mr. Hayes, Chairman of the 2010 Committee on the Award for Excellence in Public Service. Mr. Hayes reported that this year's committee consisted of Walter Davenport, Jim Deal, and Clarice Cato Goodyear. After careful consideration of many qualified nominees, the Board of Governors has chosen Dr. Michael L. Walden, William Neal Reynolds Distinguished Professor of Economics from the Department of Agricultural and Resource Economics at North Carolina State University, as the recipient of the 2010 Award for Excellence in Public Service. Mr. Hayes introduced Dr. Walden's many guests – Mary Walden, his wife; his colleagues Dr. Johnny

Wynne, Dean of the College of Agricultural and Life Sciences; Dr. Jon Brandt, Professor and Head of the Department of Agricultural and Resource Economics; Dr. Ed Estes, Associate Head Department of Agricultural and Resource Economics; and Dr. Charles Moore and his wife, Carol Moore, friends of Dr. Walden. Mr. Hayes recognized Chancellor Woodson for his outstanding leadership and Dr. James Zuiches, Vice Chancellor of Extension, Engagement & Economic Development from North Carolina State University.

Next, Mr. Hayes spoke of Dr. Walden's numerous achievements. Mr. Hayes reported that Dr. Walden is first and foremost a gifted teacher in both the classroom setting and public forums. He is an outstanding scholar and distinguished expert on consumer economics. He is one of the state's leading economists whose research has provided him with the intellectual grounding for an extraordinary public service record and long-term impact on our state's economy. His research has become the basis for state policy. Dr. Walden's economic models have been adopted and used by the N.C. Department of Commerce in recruiting businesses to North Carolina. In addition to teaching introduction, consumer, and intermediate macro economics, Dr. Walden has served on numerous taskforces, commissions, and public policy groups as well as having served on the UNC Tomorrow Commission. He is the author of eight books, the most recent, *North Carolina in the Connected Age: Challenges and Opportunities in a Globalizing Economy*. Dr. Walden has written numerous articles and reports, produces a daily radio show called *The Economic Perspective* and writes a bi-weekly column on economic matters in the publication, *You Decide*.

Following a video highlighting Dr. Walden's achievements, President Bowles presented Dr. Walden with a stipend and an engraved bronze medallion. Dr. Walden thanked the Board of Governors for the award and he said that he was very humbled and honored by having been selected to be this year's recipient of the 2010 Award for Excellence in Public Service.

Next, Chairman Gage congratulated the Committee on the Award for Excellence in Public Service on its selection of this year's recipient. Chairman Gage commented that she had the privilege of traveling with Dr. Walden when serving on the UNC Tomorrow Commission. She said he was a terrific communicator and that the Board was very proud of him. Chairman Gage noted that in honoring Dr. Walden, the Board honors all of his colleagues across the University who work diligently every day for the public and do what they can to enhance the

quality of life for people in this state. Chairman Gage announced that the video profile featuring Dr. Walden was produced by the UNC Center for Public Television and would be broadcast on *North Carolina Now* on Tuesday, October 12, 2010, at 7:30 p.m. She thanked Director and General Manager Tom Howe for this production.

PRESIDENT'S REPORT

President Bowles congratulated Dr. Walden. He said that Dr. Walden has traveled every part of North Carolina and that in doing so he has done more to motivate and encourage public officials, public interest groups, business leaders, and others in the hopes of providing them with a better understanding and knowledge of economic issues that confront them. President Bowles said that the University must recruit, retain and reward faculty *just* like Michael Walden. Next, President Bowles recognized the Chancellors – the *real* leaders of this University. (For President Bowles' report, please see Appendix A).

ADMINISTRATIVE ACTION ITEMS

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

- a. (AUDIT) Approval of the UNC Systemwide 2010-11 Internal Audit Plans
- b. (B&F) Authorization of Projects Funded With Special Obligation Bonds, NCSU and UNC-CH
- c. (B&F) Authorization to Sell Revenue Bonds, UNC Hospitals
- d. (B&F) Authorization of New Capital Improvements Project, NCSU
- e. (EPPP) Authorization to Discontinue the Bachelor of Science in French Language Teacher Education, WCU
- f. (EPPP) Authorization to Discontinue the Bachelor of Science in German Language Teacher Education, WCU
- g. (P&T) Approval of Revised Campus Post Tenure Review Policies, UNCA

REPORT OF THE AUDIT COMMITTEE

Dr. Roseman, Chair of the Audit Committee, reported on two items. First, the Committee reviewed and approved UNC Systemwide 2010-2011 Internal Audit Plans for all 17 constituent institutions. He thanked Assistant Vice President Henderson for his efforts in guiding the Committee through this project. Next, the Committee received an update from Vice President Murphrey on the UNC Finance Improvement and Transformation Project (UNC FIT). Fayetteville State University and North Carolina Central University would implement the Banner biweekly payrolls this month and their monthly payrolls were scheduled for implementation in January 2011. The UNC FIT team was working with North Carolina A&T State University and Winston-Salem State University to implement Banner for their monthly payrolls. Dr. Roseman reported that initial meetings of the newly constituted UNC FIT Advisory Teams for both financial aid and contracts and grants were held. The teams discussed additional standards and Key Performance Indicators (KPIs) for consideration and brainstorming sessions had been held to identify subprocesses within the Capital Assets and Student Accounts Receivables.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, reported that UNC-Chapel Hill had requested approval of a new Master of Law (LL.M) for foreign lawyers who have already received a law degree in their home country (See Appendix I). This one-year degree program would allow foreign lawyers who practice internationally to gain a greater understanding of the American legal system. The program would be funded by tuition and fees. No state revenues would be provided. Mr. Deal said that roughly 130 law schools in the United States offer such a degree program, including Duke University and Wake Forest University.

On behalf of the Committee, Mr. Deal moved approval of the request to establish a Master of Law (LL.M) degree program at UNC-Chapel Hill. The motion carried.

Next, the Committee also heard a report from Chancellor Gilchrist and Dean Robert Blouin on the UNC-Chapel Hill/ECSU Doctor of Pharmacy Partnership Program located in

Elizabeth City. Construction of the new Pharmacy Complex building at ECSU was completed last month. Dean Blouin, from the UNC-Chapel Hill School of Pharmacy, provided a brief history of the joint pharmacy program. He said the partnership was working very well. Data indicated that the joint pharmacy program had fully met several of its objectives and the accreditation requirements had been achieved. The program first admitted students in the Fall 2005. For the 2009 and 2010 graduating classes, 100% of graduates passed the licensure requirement for professional practice. A number of new programs had been put in place to increase minority participation in the pharmacy program.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mrs. Goodyear, Vice Chair of the Committee on University Governance, reported that there were three terms ending June 30, 2014, on the University of North Carolina Center for Public Television Board of Trustees. On behalf the Committee, Mrs. Goodyear moved the approval of the appointments of Ms. Laura Carpenter Bingham of Raleigh, Ms. Stephanie R. Counts of Charlotte, and Ms. Jeanette W. Hyde of Raleigh, to serve. The motion carried.

Next, Mrs. Goodyear announced that 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. There were two terms ending June 30, 2014, on the UNC Umstead Review Panel. The Committee would consider nominations from the members of the Board for all these vacancies. The Chancellors and the Board of Trustees' Chairs recommendations for the 2011 Trustee Selection Process were due December 15, 2010. The Committee's final recommendations would come before the Board in June 2011. Mrs. Goodyear mentioned that last year's Committee had expanded their campus liaison roles. It was important that the campus liaisons continue to increase their visibility and knowledge of individual campuses through this effort.

She referred to the dates of the 2010 Winter Commencements. She asked the members of the Board to let Secretary Corgnati know which commencements they were able to attend.

Mrs. Goodyear later added that the Committee heard from Chancellor Thorp regarding UNC-Chapel Hill's athletics update. Athletic Director Baddour, Vice Chancellor and General

Counsel Strohm, and Vice Chancellor for Student Affairs Crisp were all available to respond to questions. The UNC-Chapel Hill's athletics update would be a standing agenda item for the Committee.

CHAIRMAN'S REPORT

Chairman Gage remarked that commencement ceremonies are a wonderful event and she encouraged the members of the Board to attend the commencements. Chairman Gage commented on the previous day's policy discussions. She said that the discussions about online education and the budget were very meaningful. She noted that the discussion on the four-year tuition plan, which took place at the Budget and Finance committee meeting, was very productive. Mr. Mercer, Chair of the Budget and Finance Committee, would be sending a draft of a proposed tuition policy to the members of the Board that would incorporate some of the comments and ideas that were suggested at yesterday's meeting.

Chairman Gage noted that it was of utmost importance that the Board finalized its budget request at next month's meeting. She urged the Board to be prepared to give clear direction to the President regarding the budget. She urged the members of the Board to give a lot of thought to the budget process and to keep in mind that the University's deferred maintenance can no longer be ignored. She credited the leaders at UNC-Chapel Hill for their decision not to pursue construction of the new law school at this time.

Lastly, Chairman Gage announced that Chancellor Randy Woodson's installation would be held on Tuesday, October 26. She announced that the University Award Dinner, which is a black-tie event, would be held on November 4, 2010, at the George Watts Hill Alumni Center at UNC-Chapel Hill.

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 (including FERPA) or not considered a

public record, within the meaning of Chapter 132 of the General Statutes; to prevent the premature disclosure of an honorary degree, scholarship, prize or similar award; to consult with its attorney employed or retained by the public body in order to preserve the attorney-client privilege and attorney work product; to establish or instruct the staff or agent concerning the negotiation of the price and terms of a contract concerning the acquisition of real property; and to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee, pursuant to North Carolina G.S. 143-318.11(a)(1), (a)(2), (a)(5) and (a)(6). The motion carried.

The Board of Governors went into closed session at 10:10 a.m. and returned to open session at 10:25 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Mills, Chair of the Committee on Personnel and Tenure, reported that the Committee discussed the issue of executive compensation for the President and the Chancellors. President Bowles urged the Committee to review the compensation packages of our Chancellors particularly the component of deferred compensation, which is being used by more and more universities across the country. President Bowles suggested that this be discussed now so that the new president does not have to initiate this discussion early in his tenure. Immediate action would not be warranted until funds were available for a general increase for faculty and staff.

Next, Vice President Charest reviewed the data regarding chancellors' salaries and overall compensation. There is a growing compensation gap for many of the chancellors. Various options were reviewed to be considered for revised compensation packages. The Committee will continue discussions regarding this issue and will keep the Board apprised of its ongoing discussions.

Next, Mr. Mills said that the Committee reviewed the Committee on Personnel and Tenure Annual Report 2009-2010 (see Appendix J). The Committee also reviewed the Committee on Personnel and Tenure Overview of Responsibilities and Plans for 2010-2011 (see Appendix K).

Lastly, Mr. Mills reported that the Committee received a Report on Personnel Actions Delegated to the President listing all personnel actions approved by President since its last meeting.

In closing, Chairman Gage once again reminded the members of the Board that the 2010 University Award would be presented in conjunction with next month's meetings. She also reminded everyone that Chancellor Woodson's installation was scheduled for October 26, 2010.

Dr. McCain mentioned that he had attended a Board of Trustees meeting at the University of North Carolina at Asheville recently and he was very pleased to learn that 98% of all student-athletes at UNC Asheville graduate in four years. He attributed this success to good counseling and high expectations that the school places on athletics.

Chairman Gage commented on an article in the *The New Yorker* magazine (http://www.newyorker.com/reporting/2010/10/04/101004fa_fact_gladwell) which published a story on student activism. The story uses the example of what Dr. McCain and his college classmates experienced during the sit-in protests that took place in the 1960's – all *without* the use of email, text messaging, or social media networking.

The meeting adjourned at 10:30 a.m.

Appendix A	President Bowles' Report	Posted Online
Appendix B	Approval of the UNC Systemwide 2010-11 Internal Audit Plans	Posted Online
Appendix C	Authorization of Projects Funded with Special Obligation Bonds-NCSU and UNC-CH	Posted Online
Appendix D	Authorization to Sell Revenue Bonds-UNC Hospitals	
Appendix E	Authorization of New Capital Improvements Project-NCSU	Posted Online
Appendix F	Authorization to Discontinue the Bachelor of Science in French Language Teacher Education-WCU	Posted Online
Appendix G	Authorization to Discontinue the Bachelor of Science in German Language Teacher Education-WCU	Posted Online
Appendix H	Approval of Revised Campus Post Tenure Review Policies UNCA	Posted Online
Appendix I	Authorization to Establish a Master of Law (LL.M) - UNC-Chapel Hill	Posted Online
Appendix J	Committee on Personnel and Tenure Annual Report 2009-2010	Posted Online
Appendix K	Committee on Personnel and Tenure Overview of Responsibilities and Plans for 2010-2011	Posted Online