

Board of Governors Meeting

June 10, 2011

Chapel Hill, North Carolina

The Board of Governors met in regular session on June 10, 2011, at the Spangler Center in Chapel Hill. Chairman Gage called the meeting to order at 9:00 a.m. and welcomed everyone.

INVOCATION

Chairman Gage called on Mrs. Goodyear to give the invocation.

ROLL CALL

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

Brent D. Barringer	Peter D. Hans
Atul C. Bhula	Charles A. Hayes
John M. Blackburn	James E. Holshouser, Jr.
Peaches G. Blank	Adelaide D. Key
R. Steve Bowden	G. Leroy Lail
Laura W. Buffaloe	Ronald C. Leatherwood
Frank Daniels, Jr.	Franklin E. McCain
Bill Daughtridge, Jr.	Charles H. Mercer, Jr.
Walter C. Davenport	Fred G. Mills
John W. Davis III	Burley B. Mitchell, Jr.
James M. Deal, Jr.	Irvin A. Roseman
Phillip R. Dixon	Estelle 'Bunny' Sanders
Dudley E. Flood	Priscilla P. Taylor
Hannah D. Gage	J. Bradley Wilson
Ann B. Goodnight	David W. Young
Clarice Cato Goodyear	

The following members were absent:

Paul Fulton	Marshall B. Pitts, Jr.
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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. Hans moved, seconded by Mr. Young, that the minutes from the open session of the April 8, 2011, and of the May 3, 2011, meetings be approved. The motion carried.

PRESIDENT'S REPORT

President Ross extended his gratitude to the members of the Board for hosting the previous evening's event honoring the retiring members of the Board. He acknowledged the retiring members and thanked them for their service and he thanked them for giving him the opportunity to serve this great University. He acknowledged outgoing Chancellor Bardo, who was unable to attend the meeting, and Chancellor DePaolo, for their outstanding service and their extraordinary leadership. For President Ross' report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Gage called attention to the Administrative Action Items listed on the agenda. Dr. Roseman moved, seconded by Dr. Taylor, that the Administrative Action Items be approved by consent. The motion carried.

- a. (AUDIT) Approval of the UNC General Administration's 2011-12 Internal Audit Plan
- b. (B&F) Authorization to Enter Into Line of Credit Agreements, UNC-CH
- c. (B&F) Authorization to Sell Special Obligation Bonds, UNC-CH
- d. (B&F) Authorization of New Capital Improvements Projects, ECU, NCSU, UNCA, and UNC-CH
- e. (B&F) Authorization of Out-Lease of Space, NCSU
- f. (BOG) Approval of a Resolution Honoring R. Steve Bowden
- g. (BOG) Approval of a Resolution Honoring Frank A. Daniels, Jr.
- h. (BOG) Approval of a Resolution Honoring John W. Davis III
- i. (BOG) Approval of a Resolution Honoring Clarice Cato Goodyear

- j. (BOG) Approval of a Resolution Honoring Charles A. Hayes
- k. (BOG) Approval of a Resolution Honoring Adelaide Daniels Key
- l. (BOG) Approval of a Resolution Honoring Ronald C. Leatherwood
- m. (BOG) Approval of a Resolution Honoring Cheryl Locklear
- n. (BOG) Approval of a Resolution Honoring Marshall B. Pitts, Jr.
- o. (BOG) Approval of a Resolution Honoring Gladys Ashe Robinson
- p. (BOG) Approval of a Resolution Honoring Estelle “Bunny” Sanders
- q. (BOG) Approval of a Resolution Honoring Priscilla Patterson Taylor
- r. (BOG) Approval of a Resolution Honoring Chancellor John W. Bardo
- s. (BOG) Approval of a Resolution Honoring Chancellor Rosemary DePaolo

REPORT FROM THE PRESIDENT OF THE ASSOCIATION OF STUDENT GOVERNMENTS

Mr. Bhula reported that the Association of Student Governments held elections in April. Mr. Bhula announced that he was reelected as president. His running mate was Mr. Arjay Quizon, student body president from the University of North Carolina at Pembroke. Mr. Bhula introduced many of the student body representatives.

Next, Mr. Bhula referred to the Academic First report that was presented at the Committee on Education Planning, Programs, and Policies meeting the previous day. He would keep the Board apprised on the progress of this important initiative. Mr. Bhula stated that the students were very concerned about raising tuition to offset budget cuts.

Lastly, Mr. Bhula recognized the retiring members of the Board. He expressed his gratitude for their service to the University and said that he would never forget the knowledge and leadership each member had provided him.

REPORT OF THE AUDIT COMMITTEE

Dr. Roseman, Chair of the Audit Committee, reported on several items. First, the Committee reviewed ten external audit reports that had been released since its last meeting. At North Carolina Central University, the University of North Carolina at Pembroke, the University of North Carolina School of the Arts, and the University of North Carolina at Wilmington, the 2010 financial statement audit reports were released with no findings. At the University of North Carolina at Charlotte, the 2010 financial statement audit report was released with one finding. Corrective action had been taken. The 2010 federal compliance audit reports at East Carolina

University, North Carolina Central University, North Carolina State University, and the University of North Carolina at Chapel Hill, were released with no findings. North Carolina A&T State University received one finding. The University was actively working to correct the issue.

Dr. Roseman reported that the Committee heard a status report on the UNC Finance Improvement and Transformation (UNC FIT) project. The project was launched in October 2008. Current areas of focus included the process improvement initiatives in contract and grants, financial aid, and general accounting. Maintenance and improvement of these standards were in place as well as the key performance indicators, which were being monitored at General Administration. Additionally, UNC FIT had begun and was operating a Shared Services Center, providing payroll services for nine campuses. These nine campuses had migrated off the state's central payroll system. Standards in two new business subprocesses – Capital Assets and Student Accounts – had been developed and were being implemented. UNC FIT would explore additional shared services opportunities.

Next, the audit plan for the Internal Auditor at General Administration was reviewed and approved by the Committee and was a part of the consent agenda (see Appendix B).

The Committee received a report on the status of compliance with audit requirements for the UNC associated entities. Most entities were in compliance. Staff at General Administration would continue its work to bring all the entities into compliance.

Dr. Roseman reported on a provision contained in the charter of the Audit Committee (see Appendix U). The charter requires the Audit Committee to develop and maintain a systemwide Code of Ethics. Based on the advice of General Counsel, the requirement was now met through other means.

On behalf of the Committee, Dr. Roseman moved that the recommendation to remove the provision and revise the Audit Committee Charter be approved. The motion carried.

Lastly, Dr. Roseman summarized the activities of the Audit Committee from last year. A summary of the year-end audit report was presented (see Appendix V).

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Mercer, Chair of the Committee on Budget and Finance, commented on the 2011-2013 biennial state budget. On behalf of the Committee, Mr. Mercer recommended that the Committee be delegated the authority to allocate funds made available by the General Assembly if the state budget was ratified prior to its next regularly scheduled meeting. A special meeting would be called and the full Board would be invited to participate. The motion carried.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee considered a request for authorization to plan the Doctoral Program in Nanoengineering at North Carolina A&T State University (see Appendix W). This would be the final piece of the UNC nanotechnology initiative envisioned by the General Assembly. Additional funds were appropriated in the Senate budget for the Joint School of Nanoscience & Nanoengineering.

On behalf of the Committee, Mr. Deal moved the approval of the planning of the Doctoral Program in Nanoengineering at North Carolina A&T State University. The motion carried.

Next, Mr. Deal reported that the Committee considered a request for authorization to plan a Doctoral Program in Integrated Biosciences at North Carolina Central University (see Appendix X). The University had significantly strengthened its research activities and expanded its capabilities in science and technology.

On behalf of the Committee, Mr. Deal moved the approval of the planning of the Doctoral Program in Integrated Biosciences at North Carolina Central University. The motion carried.

Next, the Committee considered a revision to North Carolina State University's Mission Statement (see Appendix Y). Chancellor Woodson reported that the New Mission Statement was developed as part of North Carolina State University's comprehensive strategic planning process.

On behalf of the Committee, Mr. Deal moved that North Carolina State University's New Mission Statement be approved. The motion carried.

Lastly, Mr. Deal reported that the Committee heard a report from Senior Associate Vice President Mallette, Dr. Sandie Gravett, Chair of the Faculty Assembly, and Mr. Bhula on the "Academics First" Student Success Initiatives (see Appendix Z). These initiatives would function as incentives for students to embrace responsibility in their academic behaviors from the time they file their college applications to the time they receive their diplomas. Mr. Deal thanked the Chancellors for their thoughtful input and he thanked Dr. Gravett for leading this effort.

In closing, Mr. Deal thanked the retiring members of the Board for their wisdom, guidance, humor, and their commitment. Mr. Deal stated that as a new member in 2009, he was amazed to see how much these individuals cared about the University and the people of North Carolina. He noted that it was a true privilege to have had the opportunity to serve with them.

Chairman Gage thanked Dr. Gravett for doing a phenomenal job with the Committee on Educational Planning, Policies, and Programs and for her leadership as Chair of the Faculty Assembly. She noted that Dr. Gravett was credited for pushing through many important initiatives that would help strengthen our academic programs.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Bowden, Chair of the Committee on University Governance, reminded the members that at its April meeting, the Board had approved the reelection of the currently serving eligible trustees who had been recommended and the provisional election of new trustees. Those trustees who were provisionally elected were required to attend orientation and submit their Statement of Economic Interest (SEI) Forms to the State Ethics Commission. All provisionally elected trustees with the exception of one had met the SEI requirement.

On behalf of the Committee, Mr. Bowden moved that the slate of the provisionally elected trustees who had met the SEI requirement be approved. Their terms would begin on July 1, 2011, and conclude June 30, 2015. The motion carried.

Next, Mr. Bowden reported that there was a partial term ending June 30, 2013, on the Board of Trustees at the University of North Carolina at Asheville due to the resignation of

Mr. Joseph Damore of Asheville. There was a term ending June 30, 2015, on the Board of Trustees at the North Carolina School of Science and Mathematics representing Congressional District 13. There was a partial term ending June 30, 2014, on the University of North Carolina Center for Public Television Board of Trustees. This vacancy resulted from the resignation of Mrs. Jeanette Hyde of Raleigh.

There were three terms ending June 30, 2015, on the Board of Directors at the North Carolina Arboretum. The seats were held by Mr. John F.A.V Cecil, Mr. Jonathan Glover, and Mr. Charles Hamner. All were eligible for reappointment. Mr. Bowden encouraged the members to submit names of individuals who were desirable and eligible for appointment.

ELECTION OF AN OFFICER

Chairman Gage noted that as a result of Secretary Sanders retirement effective June 30, 2011, the Board would need to elect a secretary to serve the remainder of Secretary Sanders' term. Chairman Gage thanked Secretary Sanders for her extraordinary service to the University.

Mr. Davis made a motion to place the name of Dr. Dudley Flood in nomination for Secretary. Following discussion regarding the election procedures, Dr. Flood's nomination was seconded by Dr. McCain. Mr. Daniels moved that the nominations be closed. Mr. Young seconded the motion and it carried. Mr. Deal moved to suspend the rules to require a written ballot. The motion was seconded and it carried. Dr. Flood was then unanimously elected as the next Secretary of the University of North Carolina Board of Governors.

CHAIRMAN'S REPORT

Chairman Gage thanked Mr. Lail, Mr. Mills and Secretary Corgnati for organizing the celebration for the retiring Board members the previous evening. Next, Chairman Gage thanked Mrs. Goodnight for overseeing the previous day's policy session on the UNC Health Care System and a discussion of the legislative and budget developments. Dr. Roper's presentation about the UNC Health Care System had been very informative and it enabled the members to more fully understand the issues.

Next, Chairman Gage commented on the budget. She recognized all the hard work on part of Vice President Watkins and other staff at General Administration as they worked

tirelessly with the leaders of the General Assembly to promote and protect the University. Chairman Gage reflected on the budget cuts that the University had endured over the past four years. She noted that another year of cuts would prove very challenging, but this University needed to push beyond the existing conditions. The University has strived for over 216 years to create opportunities for the people of North Carolina to improve their lives. Our mission would be to continue to tell the story of the University.

Chairman Gage said goodbye to Chancellors Bardo and DePaolo, who were retiring at the end of the month. Chairman Gage acknowledged the retiring Board members. Each was presented with a resolution and an engraved bronze medallion. Chairman Gage remarked that it was a privilege to have served with each retiring member and she thanked them for their remarkable and outstanding service to the University.

Lastly, Chairman Gage made two announcements. In addition to the regularly scheduled August meetings, a workshop was scheduled on Wednesday, August 10, 2011, for the members of the Board. Dr. Terrence MacTaggart from the Association of Governing Boards (AGB) would facilitate the workshop. She reminded everyone that President Ross' inauguration was scheduled for Thursday, October 6, 2011, on the campus of North Carolina A&T State University.

On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to prevent the premature disclosure of an honorary award or scholarship; to consult with its attorney to consider and give instructions concerning a request by the University of North Carolina at Chapel Hill to initiate litigation to establish the University's ownership of certain inventions; to establish or instruct the staff or agent concerning the negotiations of the amount of compensation or other terms of an employment contract; to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee; and to hear or investigate a complaint, charge, or grievance by or against a public officer or employee, pursuant to North Carolina G.S. Sections 143-318.11(a)(2), (a)(3), (a)(5), and (a)(6).

The Board went into closed session at 10:40 a.m. and returned to open session at 10:55 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Mills, Chair of the Committee on Personnel and Tenure, reported that the Committee heard an update from Vice President Fleming regarding a special provision recently introduced in the proposed state budget. Effective July 1, 2011, the provision would require that salary increases of all University employees in excess of 10% be pre-approved by the Board of Governors. The state budget was expected to be ratified prior to the next meeting of the Board.

On behalf of the Committee, Mr. Mills moved the approval of the delegation of authority to the Committee on Personnel and Tenure to pre-approve salary increases in excess of 10%, as recommended by the President. The motion carried.

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

In closing, Chairman Gage announced that the next meeting was scheduled for Friday, August 12, 2011, at the Spangler Center. The meeting adjourned at 11:00 a.m.

Appendix A	President Ross' Report	Posted Online
Appendix B	Approval of the UNC General Administration's 2011-12 Internal Audit Plan	Posted Online
Appendix C	Authorization to Enter Into Line of Credit Agreements, UNC-Chapel Hill	Posted Online
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Appendix S	Approval of a Resolution Honoring Chancellor John W. Bardo	Posted Online
Appendix T	Approval of a Resolution Honoring Chancellor Rosemary DePaolo	Posted Online
Appendix U	Audit Committee Charter Requirement for Code of Ethics	Posted Online
Appendix V	Summary of Year-End Audit Report	Posted Online
Appendix W	Authorization to Plan the Doctoral Program in Nanoengineering, NCA&T	Posted Online
Appendix X	Authorization to Plan a Doctoral Program in Integrated Biosciences, NCCU	Posted Online
Appendix Y	Revision to NCSU's Mission Statement	Posted Online
Appendix Z	"Academics First" Student Success Initiatives	Posted Online