

Board of Governors Meeting

November 11, 2011

Chapel Hill, North Carolina

The Board of Governors met in regular session on November 11, 2011, at the Spangler Center in Chapel Hill. Chairman Gage welcomed the Honorable State Auditor Beth Wood and Mr. Lee Linker, Quality Assurance Manager from the Office of the State Auditor. In observance of Veterans Day, Chairman Gage thanked all those who had served and continue to serve our country. Chairman Gage spoke about the North Carolina Veterans Park located in Fayetteville. The park opened this past July and is the first state park dedicated to military veterans from all branches of service. She encouraged everyone to visit the park and noted an extraordinary art display – molds of veterans' hands cast in bronze. The display was guided by Professor Sondra Martin of Fayetteville State University.

INVOCATION

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

ROLL CALL

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

Brent D. Barringer
Atul C. Bhula
W. Louis Bisette, Jr.
Peaches G. Blank
Laura W. Buffaloe
Bill Daughtridge, Jr.
Walter C. Davenport
James M. Deal, Jr.
Phillip R. Dixon
Fred N. Eshelman
John C. Fennebresque
Dudley E. Flood
Paul Fulton
Hannah D. Gage

Ann B. Goodnight
H. Frank Grainger
Peter D. Hans
Thomas J. Harrelson
G. Leroy Lail
Charles H. Mercer, Jr.
Fred G. Mills
Burley B. Mitchell, Jr.
David M. Powers
Irvin (Al) Roseman
Richard F. Taylor
Raiford G. Trask III
Phillip D. Walker
David W. Young

The following members were absent:

John M. Blackburn
James E. Holshouser
Mary Ann Maxwell
Franklin D. McCain (excused)

W. Edwin McMahan
Hari H. Nath (excused)
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. Mr. Mitchell abstained from Administrative Action Items 7c. and 7d., listed on the agenda.

MINUTES

Mr. Young moved, seconded by Dr. Buffaloe, that the minutes from the open session of the October 7, 2011, meeting be approved. The motion carried.

REPORT OF THE AUDIT COMMITTEE

Mr. Davenport, Chair of the Audit Committee, reported that the Committee received an update on the progress of the UNC Finance Improvement and Transformation (UNC FIT) Project. Next, Mr. Davenport reported that the Committee met with State Auditor Beth Wood, who provided an overview of the University's audits performed by her office for fiscal year 2010 and the status of audits performed for fiscal year 2011. Mr. Davenport called on State Auditor Wood for her report.

State Auditor Wood noted that there were five fewer institutions with financial audit findings this year which was a great improvement from previous years. She attributed the improvements to a commitment from the Chancellors, their accounting staffs, and the members of Board of Governors. She also credited the UNC FIT initiative with strengthening financial operations across the campuses. For fiscal year 2011, Ms. Wood reported that audits for 11 UNC institutions had been completed.

PRESIDENT'S REPORT

President Ross reflected on *An Evening with Five Presidents*. He remarked that it was a very special event and a memorable experience having shared the platform with the four former University of North Carolina presidents. President Ross stressed his commitment to leading the University as successfully as his predecessors. He was pleased to see those who attended the event – legislators, former and current members of the Board of Governors, former and current staff, and students. To commemorate Veterans Day, President Ross asked that we pause for a moment of silence to remember our military servicemen and women and thank them for all the sacrifices they make to protect our nation and preserve our way of life. For President Ross' report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization of New Capital Improvements Projects, NCSU, UNC-CH
- b. (B&F) Authorization of New Capital Improvements Project, UNCC
- c. (B&F) Authorization of Projects Funded With Special Obligation Bonds, NCSU, UNC-CH
- d. (B&F) Authorization of the Sale of Pooled Special Obligation Bonds
- e. (EPPP) Approval of Licensure for the University of Southern California to offer the following degree program exclusively online
 - Master of Social Work (M.S.W.)

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Young, Chair of the Committee on Budget and Finance, reported that the Committee began preliminary discussions on tuition and fees. Mr. Young spoke about the sequence for tuition requests. The Chancellors could request tuition increases up to the 6.5% cap, as well as a potential one-time adjustment; requests would be submitted to General Administration; the requests would be reviewed by President Ross and his staff; and the President would then present his recommendations to the Board. It was emphasized that any proposed increases must be based on demonstrated needs and that core services would be protected. Mr. Young asked that

the Board be mindful of the impact tuition increases have on students and their families' ability to pay for college.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, reported on several items. First, the Committee reviewed the request for authorization to establish two Master of Science degree programs – a Master of Science in Real Estate at the University of North Carolina at Charlotte (see Appendix G) and a Master of Science in Coastal and Ocean Policy at the University of North Carolina at Wilmington (see Appendix H).

On behalf of the Committee, Mr. Deal moved the approval of the authorization to establish the Master of Science in Real Estate at the University of North Carolina at Charlotte and the Master of Science in Coastal and Ocean Policy at the University of North Carolina at Wilmington. The motion carried.

Next, the Committee had heard a report on the Teacher Assistant Scholarship Fund Program (see Appendix I) provided by Ms. Elizabeth McDuffie, Director of Grants, Training and Outreach of the North Carolina State Education Assistance Authority. In academic year 2010-11, 191 recipients were awarded a total of approximately \$475,000 in scholarships. The program was repealed by the 2011 General Assembly, effective July 1, 2012. For the academic year 2012-13, teacher assistants would be eligible to apply for a forgivable loan through the Forgivable Education Loans for Service Program and Fund established by the 2011 General Assembly.

On behalf of the Committee, Mr. Deal moved the approval of the Teacher Assistant Scholarship Fund Annual Report 2010-11 and that the report be conveyed to the Joint Legislative Commission on Governmental Operations of the General Assembly. The motion carried.

Next, the Committee received the annual report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers (see Appendix J). The Committee heard a presentation from Dr. Tom Bacon, AHEC Program Director. The report presented information on the ongoing processes of entry into primary care careers by graduates of the four Schools of Medicine in the state.

On behalf of the Committee, Mr. Deal moved the approval of the Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers Report be approved and that the report be conveyed to the Joint Legislative Commission on Governmental Operations of the General Assembly. The motion carried.

Next, Mr. Deal reported that Senior Vice President Ortega requested an amendment to the 2011 UNC Peer Study Overview (see Appendix K). Per Western Carolina University's peer group list that was approved at last month's meeting, the list inadvertently omitted the University of Central Missouri.

On behalf of the Committee, Mr. Deal moved the acceptance of the amended 2011 UNC Peer Study Overview and that an amended copy be conveyed to the Joint Legislative Commission on Governmental Operations of the General Assembly. The motion carried.

Lastly, Mr. Deal stated that Senior Vice President Ortega gave an overview of the Remedial/Developmental courses ongoing across our campuses. The amount of funding spent on remedial education throughout the University had decreased. This effort was attributed to the University's strengthening of its admission requirements and further usage of the Summer Bridge Program.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Daughtridge, Chair of the Committee on University Governance, reported that the Committee had reviewed and approved the Committee on University Governance Annual Report for 2010-2011 (see Appendix L). Next, the Committee had confirmed the notice from President Ross regarding the appointments of Mr. Roger Perry of Chapel Hill and Mr. William Lapsley of Hendersonville to serve on the UNC Health Care System Board of Directors. On behalf of the Committee, Mr. Daughtridge moved the ratification of President Ross' appointments to serve. The motion carried.

Next, there were two partial terms ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional District 3 and Congressional District 11. There was a partial term ending on June 30, 2013, on the University of North Carolina at Charlotte Board of Trustees. There was a partial term ending June 30, 2012, on the State Advisory Council on Indian Education due to the resignation of Dr. Zoe Locklear of

Pembroke. Mr. Daughtridge reported that there were three terms ending February 28, 2017, on the Pitt County Memorial Hospital Board of Trustees – Mrs. Thomasine S. Kennedy of Chinguapin, Mr. A. Ray Rogers of Greenville, and Mr. Jeffrey B. Turner of Pink Hill are the incumbents and that these trustees were eligible for reappointment. Mr. Daughtridge stated that the Committee sought recommendations from members of the Board to fill these vacancies.

Lastly, Mr. Daughtridge referred to the 2011 Winter Commencement schedule and mentioned that several campuses were in need of a Board representative at these important events. Mr. Daughtridge encouraged the members to sign up for one or more of the commencement ceremonies.

CHAIRMAN'S REPORT

Chairman Gage thanked Governor Holshouser for his role in moderating *An Evening with Five Presidents*. It was a remarkable and historical event; she recognized General Manager Tom Howe of UNC Center for Public Television (UNC-TV) for his work in recording the event. The program would be aired on UNC-TV at a future date. Next, Chairman Gage reported that the new members of the Board visited North Carolina State University earlier this week. To date, the new members had visited nine campuses and three affiliated entities. Chairman Gage announced that the UNC Charlotte's Inaugural Chancellor's Speaker Series would be held at the new Center City Education Building on Wednesday, November 16. Senator Alan Simpson and Erskine Bowles were the featured speakers.

Lastly, Chairman Gage reported that at the next meeting in January, the Board would continue its discussion on tuition and fees. She asked that if any members had information to share on this topic, to let her or Mr. Young, Chair of the Committee on Budget and Finance, know in advance. Chairman Gage reminded the Board that the University Award Dinner was scheduled for January 12, 2012.

Dr. Buffaloe mentioned that the championship CIAA football game between Elizabeth City State University and Winston-Salem State University would be played this weekend in Durham at the Durham County Stadium.

Although the Committee on Public Affairs did not meet this month, Dr. Roseman mentioned that the Committee had distributed the UNC Fact Card to each member of the Board. The Committee would be working with Dr. Michael Walden, William Neal Reynolds Distinguished Professor & Extension Economist from North Carolina State University, to compile a comprehensive packet of data pertaining to the economic impact that the University has on the North Carolina economy. Dr. Roseman recognized the veterans who proudly served our country.

On motion by Secretary Flood and duly seconded, the Board voted to convene in closed session to consider the qualification, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee; to establish or instruct the staff or agent concerning the negotiations of the amount of compensation or other terms of an employment contract; and to hear or investigate a complaint, charge, or grievance by or against a student, pursuant to North Carolina G.S. Sections 143-318.11(a)(3),(a)(5), and (a)(6).

The Board went into closed session at 10:00 a.m. and returned to open session at 10:05 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Dixon, Chair of the Committee on Personnel and Tenure, reported that the Committee discussed Amendment No. 5 Resolution to the Optional Retirement Program (ORP) (see Appendix M). The amendment would allow employees of the UNC Health Care System to join the ORP, effective January 1, 2012. Amendments included some minor changes that would conform to IRS rules and regulations.

On behalf of the Committee, Mr. Dixon moved the approval of the suggested changes to the Optional Retirement Program as set forth in the Resolution. The motion carried.

Next, Mr. Dixon reported that the Committee had discussed a request from Senior Vice President Ortega regarding the reorganization of the Academic Affairs Division (see Appendix

N). The positions of Senior Associate Vice President for Academic & Student Affairs and the Associate Vice President for Academic Planning & University School Programs would be upgraded to Vice President and the position of Vice President for Planning would be eliminated. The proposed reorganization would result in greater efficiencies and effectiveness and would align staff with core goals and objectives.

On behalf of the Committee, Mr. Dixon moved the approval of the changes to Academic Affairs Proposed Organization. The motion carried.

Next, Mr. Dixon reported that the Committee discussed the issue of faculty retention. Senior Vice President Ortega presented data collected from the constituent institutions about faculty retention concerns. The *Faculty Retention and Recruitment Fund* that was established by the General Assembly to keep top faculty has been greatly successful but the fund was nearly depleted. The need to replenish this fund would be a budget priority for the next legislative session. Next, Mr. Dixon reported that the Committee was presented with information regarding faculty appeals of nonreappointment that go before the Board. The number of faculty appeals was expected to decrease due to campuses policy revisions that clarified conditions under which a faculty member can appeal his/her decision of nonreappointment.

Next, Mr. Dixon reported that the Committee received the Annual Report on the UNC Phased Retirement Program November 2011 (see Appendix O) and the Report on the Performance Review of Tenured Faculty 2010-11 (see Appendix P). The Committee received a timeline for the events of the 2012 Board of Governors Awards for Excellence in Teaching and they had also received a Report on Personnel Actions Delegated to the President.

Lastly, Mr. Dixon mentioned that the Committee would hold teleconference meetings prior to the next Board meeting to address requests for salary increases due to retention issues, if necessary. The Board would be notified of any action.

In closing, Chairman Gage announced that the next meeting was scheduled for Friday, January 13, 2012, at the Spangler Center. The meeting adjourned at 10:10 a.m.

Appendix A	President Ross' Report	Posted Online
Appendix B	Authorization of New Capital Improvements Projects, NCSU and UNC-CH	Posted Online
Appendix C	Authorization of New Capital Improvements Project, UNCC	Posted Online
Appendix D	Authorization of Projects Funded With Special Obligation Bonds, NCSU, UNC-CH	Posted Online
Appendix E	Authorization of the Sale of Pooled Special Obligation Bonds	Posted Online
Appendix F	Approval of Licensure for the University of Southern California to offer the following degree program exclusively online <ul style="list-style-type: none"> • Master of Social Work (M.S.W.) 	Posted Online
Appendix G	Authorization to Establish a Master of Science in Real Estate, UNCC	Posted Online
Appendix H	Authorization to Establish a Master of Science in Coastal and Ocean Policy, UNCW	Posted Online
Appendix I	Report on Teacher Assistant Scholarship Fund Program	Posted Online
Appendix J	Report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers	Posted Online
Appendix K	2011 UNC Peer Study Overview (Amended)	Posted Online
Appendix L	Committee on University Governance Annual Report 2010-11	Posted Online
Appendix M	Amendment No. 5 Resolution to the Optional Retirement Program (ORP)	Posted Online
Appendix N	Academic Affairs Proposed Organization Chart	Posted Online
Appendix O	Annual Report on the UNC Phased Retirement Program November 2011	Posted Online
Appendix P	Report on the Performance Review of Tenured Faculty 2010-11	Posted Online