

**Board of Governors Meeting**  
**November 9, 2012**  
**Chapel Hill, North Carolina**

The Board of Governors met in regular session on November 9, 2012, at the Spangler Center in Chapel Hill. Chairman Hans called the meeting to order at 9:00 a.m. He welcomed the Honorable Beth Wood, State Auditor, who would address the Board during the report of the Audit Committee. Ms. Wood was accompanied by Deputy State Auditor Linda Hollar. In recognition of Veterans Day, Chairman Hans asked that we pause to reflect and give thanks to our men and women of the armed forces who have done and continue to do so much to safeguard our freedom.

**INVOCATION**

Chairman Hans called on Ms. Blank to give the invocation.

**ROLL CALL**

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

W. Louis Bissette, Jr.  
Peaches G. Blank  
Cameron E. Carswell  
Bill Daughtridge, Jr.  
Walter C. Davenport  
James M. Deal, Jr.  
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

James E. Holshouser, Jr.  
G. Leroy Lail  
Mary Ann Maxwell  
W. Edwin McMahan  
Charles H. Mercer, Jr.  
Fred G. Mills  
Burley B. Mitchell, Jr.  
Hari H. Nath  
David M. Powers  
Irvin (Al) Roseman  
Raiford G. Trask III  
Phillip D. Walker  
J. Bradley Wilson  
Aldona Zofia Wos

The following members were absent:

John M. Blackburn  
Laura W. Buffaloe (excused)  
Phillip R. Dixon (excused)

Franklin E. McCain (excused)  
Richard (Dick) Taylor (excused)  
David W. Young

## **STATE ETHICS ACT**

Chairman Hans 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 Hans 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. Fulton moved, seconded by Mr. Grainger, that the minutes from the open session of the October 11, 2012, meeting be approved. The motion carried.

## **PRESIDENT'S REPORT**

As we celebrate Veterans Day, President Ross asked that we show our gratitude to the brave servicemen and women for the tremendous sacrifices they make to protect our country. President Ross spoke about President *Emeritus* Friday, who passed away last month. President Ross presided over President Friday's memorial service that was held on October 17 at Memorial Hall at UNC-Chapel Hill. He noted that President Friday had lived a life that exemplified everything that had made our university and the state of North Carolina great! He was a man of unquestioned honor and integrity who devoted a lifetime of extraordinary leadership and service to the university and the state he loved so much. He was considered an icon of American public higher education and set the gold standard for university leadership. For President Ross' complete report, please see Appendix A.

## **ADMINISTRATIVE ACTION ITEMS**

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

- a. (B&F) Authorization to Sell Special Obligation Bonds, NCA&TSU
- b. (B&F) Authorization to Enter Into a Line of Credit Agreement, NCSU
- c. (B&F) Authorization of New Capital Improvements Projects, ECU, NCSU, UNC-CH, and WSSU

- d. (EPPP) Approval of Licensure for ECPI University for a regular license to offer the following degree program in Charlotte, Greensboro, and Raleigh
  - Associate of Applied Science (A.A.S.) in Registered Nursing

### **REPORT OF THE AUDIT COMMITTEE**

Mr. Davenport, Chair of the Audit Committee, reported that the Committee had met earlier this morning with State Auditor Beth Wood and Deputy State Auditor Linda Hollar. Mr. Davenport provided a brief background about Ms. Wood. She was elected as North Carolina State Auditor in November 2008 and took office in January 2009. This week, Ms. Wood was re-elected to a second term as state auditor. He called on Ms. Wood for her remarks.

State Auditor Wood noted that significant improvements were made over the last four years in the preparation of and the accounting for the financial transactions of all our 16 campuses. Due to legislative changes, annual audits were also performed on UNC General Administration and the North Carolina School of Science and Mathematics. She credited the impact of the improvements to the strong leadership of the Board and the staff at UNC General Administration and specifically mentioned the UNC Finance Improvement and Transformation initiative (UNC FIT). She noted that the members of the Audit Committee remained very engaged, well informed and that it was a pleasure and honor to work with this group of professionals. In closing, Ms. Wood remarked that she looked forward to working with the University representatives over the next four years.

Next, Mr. Davenport reported that the Committee had reviewed the Report of the Office of the Internal Audit for the First Quarter of Fiscal Year 2012 (see Appendix F). Lastly, Mr. Davenport referred to the Audit Committee's Annual Report for 2011-2012. This report summarized the work of the Audit Committee from August 2011 through June 2012 (see Appendix G).

### **REPORT OF THE COMMITTEE ON BUDGET AND FINANCE**

Mr. Fulton, Chair of the Committee on Budget and Finance, reported on two items. The Committee had heard two presentations by Chief Operating Officer Perusse. The first was a presentation on the University of North Carolina Development Update (see Appendix H). The Committee reviewed information on total support, total gifts, endowment value, development

budget and staffing, and initiatives that were currently underway in Advancement. Mr. Fulton noted that identifying alternative sources of funding would be increasingly important to the University.

The Committee also heard a follow-up to the Budget 101 presentation from last month (see Appendix I). Spending related to the educational mission of the University, including an analysis of trends in education and related spending per FTE student and per degree were examined. The Committee would continue to look more in depth at the University's expenses, including information by campus and comparisons to peers. Chairman Hans complimented the Committee on its thorough analysis of the data.

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

Mrs. Gage, Chair of the Committee on Educational Planning, Policies, and Programs, reported that Dr. Thomas J. Bacon, Director of the North Carolina Area Health Education Centers (AHEC) and Executive Associate Dean in UNC-Chapel Hill School of Medicine, presented a report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers (see Appending J). The report provided information from the four schools of medicine in the state – the Brody School of Medicine at East Carolina University, Duke University School of Medicine, Wake Forest University School of Medicine and the UNC-Chapel Hill School of Medicine. Each of the four schools had committed to developing a common database to monitor the progress of medical school graduates who chose careers in primary care. The most recent information tracked the percentage of medical students that graduated in 2006 and who were in training or in practice in the primary health care field. Among the graduates, Duke had 56 percent, UNC-Chapel Hill and Wake Forest had 58 percent, and the Brody School of Medicine had 70 percent of its students in primary care careers.

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

Next, Mrs. Gage recalled that at the April 2012 meeting, the Board had approved the Report and Resolution of the Faculty Workload Advisory Group. At that time, the Board

recommended changes to Policy 400.3.4, *Monitoring Faculty Teaching Workloads* (see Appendix K). The Committee had discussed proposed revisions to the policy and the adoption of Policy 400.3.4[R], *Regulations Related to Monitoring Faculty Teaching Workloads* (see Appendix L). The revised policy would be brought to the Board in January for its consideration. Mrs. Gage reported that the “Academics First” work group, chaired by Provost Joan Lorden of UNC Charlotte, was tasked with advancing the work initiated by the UNC Faculty Assembly on fostering student success. The Committee recommended that Policy 400.1.5, *Fostering Student Success* (see Appendix M) be considered and adopted at the Board’s next meeting in January. Suggested draft regulations related to this topic were also discussed per Policy 400.1.5[R], *Regulations Related to Fostering Student Success* (see Appendix N).

Finally, the University of North Carolina at Wilmington (UNCW) requested authorization to consolidate four of its MEd programs (Elementary Education, Middle Grades Education, Secondary Education, and Reading Education) into one Master of Education program (see Appendix O). On behalf of the Committee, Mrs. Gage moved approval to grant authorization to consolidate the four MEd degree programs at UNCW into one Master of Education program. The motion carried.

## **REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS**

Mr. Deal, Vice Chair of the Committee on Public Affairs, reported that the Committee had reviewed the election results. They had heard a report from Vice President Rhinehardt on the national election results. Director of State Government Relations, Lesley Cates, provided an update on the state election results. In the General Assembly, Republicans had increased their majorities.

The Committee had discussed its top issues from a federal perspective for the upcoming two years. They had also reviewed key dates for the 2013 General Assembly. Both chambers would convene for a one day meeting on January 9. The long session of the General Assembly was scheduled to convene on January 30. All members were strongly encouraged to meet with legislators to advocate for our campuses.

Lastly, the Committee had heard remarks by Mr. Chris Hayes, Chief of Staff to N.C. House Speaker Tillis, on upcoming issues expected to be considered by the General Assembly. Mr. Deal thanked Mr. Hayes for briefing the Committee.

## **REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE**

Mr. Daughtridge, Chair of the Committee on University Governance, reported that the Chancellors would receive correspondence from the Committee seeking recommendations for the election and re-election of individuals to serve on the Boards of Trustees for terms beginning July 1, 2013. Nomination materials should be sent to Secretary Corgnati by December 7, 2012.

There was a partial term ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional District 11. On behalf of the Committee, Mr. Daughtridge recommended the appointment of Mr. Colin Larsen of Fairview to serve. The motion carried. There was a partial term ending June 30, 2014, on the University of North Carolina Center for Public Television Board of Trustees. The vacancy resulted from the resignation of Ms. Stephanie Counts of Charlotte. There was a partial term ending February 28, 2013, on the Vidant Medical Center Board of Trustees. Dr. Allan B. Harvin, M.D., of Goldsboro was the incumbent and was not eligible for reappointment. There was a partial term ending June 30, 2013, on the University of North Carolina at Asheville Board of Trustees. The vacancy resulted from the resignation of Mr. Nathan Ramsey of Fairview, who recently was elected to the N.C. House of Representatives. The Committee sought recommendations to fill these vacancies.

Mr. Daughtridge mentioned the mass emails that the members had received related to a proposal to shorten the course adjustment period for students to drop/add classes. The Committee would consider establishing a secondary email account to handle the influx of electronic messages.

Lastly, Mr. Daughtridge referred to the 2012 Winter Commencement matrix. A member had been assigned to represent the University at each campus commencement ceremony. He thanked the members for their involvement.

## **CHAIRMAN'S REPORT**

Chairman Hans recalled that last August he and President Ross had announced a strategic planning effort to ensure a sustainable future and define strategic directions for the University over the next five years. To achieve this task, the UNC Advisory Committee on Strategic Directions and the Strategic Directions Committee were established. Chairman Hans provided an

update on the work of the Committees. The timetable was aggressive and the goal was to present a plan to the Board at its February 2013 meeting.

He explained that the University had continued to actively engage in conversations with our state's business community and political leaders to help assess current and future workforce needs of the state, the state's changing demographics, and the academic knowledge that our students require in order to succeed in both the workplace and in life. The University sought input from higher education leaders including our chancellors, the faculty, the staff, the students, and outside observers of the academy. SAS Institute would provide the University with the latest technology to monitor the progress of the plan. The Committee had received a recommendation about increasing the state's education attainment levels – an aspiration to make our state stronger. Chairman Hans expected that the strategies of the plan would include a focus on performance funding, inclusion of more coordination with our partners in the community colleges and public schools, the expansion of online learning, and an emphasis on academic rigor.

Chairman Hans noted that while our enduring values of access, affordability, quality, and research were essential, we must recognize our rapidly changing environment and its impact on higher education. He stated that given the outlook for federal and state fiscal conditions, the University of North Carolina would need to achieve its goals in an efficient and cost-effective manner. Many of our Chancellors had begun to embrace and shape change by presenting a renewed and sustainable vision for their campuses. In closing, Chairman Hans acknowledged that education was our best chance for a better future. He thanked everyone for their deep commitment to the University.

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On motion by Secretary Goodnight and duly seconded, the Board voted to convene in closed session.

The Board went into closed session at 10:00 a.m. and returned to open session at 10:25 a.m.

## **REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE**

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported that the Committee had received a briefing from Vice President Fleming and Associate Vice President Usischon on the state health plan available to University employees. The Committee had reviewed steps to improve benefit offerings. At its next meeting in January, the Committee would consider benefit related items to present to the Committee on Public Affairs for possible inclusion in the legislative agenda.

Next, the Committee received an overview of the Board of Governors Awards for Excellence in Teaching (see Appendix P) and discussed potential enhancements to the awards program. Senior Vice President Ortega had presented the report on the University of North Carolina Performance Review of Tenured Faculty 2011-2012 (see Appendix Q) and the Annual Report on the UNC Phased Retirement Program (see Appendix R).

Mr. Fennebresque reported that the Committee had discussed and supported the request for the creation of a new title of Senior Associate Vice President for Finance within the Finance Division at UNC General Administration (see Appendix S). This was a reclassification of the current position.

On behalf of the Committee, Mr. Fennebresque moved that the recommendation to create the new position title of Senior Associate Vice President for Finance at General Administration be approved. The motion carried.

Lastly, the Committee had considered and approved Amendment No. 1 to the Optional Retirement Program of the University of North Carolina (see Appendix T) to conform to recent legislative changes. On behalf of the Committee, Mr. Fennebresque moved approval of Amendment No. 1 to the Optional Retirement Program. The motion carried. The Committee had received the report on Personnel Actions Delegated to the President.

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The next meeting of the Board of Governors was scheduled for Friday, January 11, 2013, at the Spangler Center. There being no further business, the meeting adjourned at 10:30 a.m.

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Secretary



Appendix A	President Ross' Report	Posted Online
Appendix B	Authorization to Sell Special Obligation Bonds, NCA&TSU	Posted Online
Appendix C	Authorization to Enter Into a Line of Credit Agreement, NCSU	Posted Online
Appendix D	Authorization of New Capital Improvements Projects, ECU, NCSU, UNC-CH, and WSSU	Posted Online
Appendix E	Approval of Licensure for ECPI University for a regular license to offer the following degree program in Charlotte, Greensboro, and Raleigh <ul style="list-style-type: none"> <li>• Associate of Applied Science (A.A.S.) in Registered Nursing</li> </ul>	Posted Online
Appendix F	Report of the Office of the Internal Audit for the First Quarter Fiscal Year 2012	Posted Online
Appendix G	Annual Report for 2011 – 2012 Audit Committee	Posted Online
Appendix H	University of North Carolina Development Update	Posted Online
Appendix I	University of North Carolina Follow-up to Budget 101	Posted Online
Appendix J	Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers, October 2012	Posted Online
Appendix K	UNC Policy 400.3.4, <i>Monitoring Faculty Teaching Workloads</i>	Posted Online
Appendix L	UNC Policy 400.3.4[R], <i>Regulations Related to Monitoring Faculty Teaching Workloads</i>	Posted Online
Appendix M	Policy 400.1.5, <i>Fostering Student Success</i>	Posted Online
Appendix N	Policy 400.1.5[R], <i>Regulations Related to Fostering Student Success</i>	Posted Online
Appendix O	Request for Authorization to Consolidate Master of Education Degree Programs, <i>UNCW</i>	Posted Online
Appendix P	Primer on the BOG Awards for Excellence in Teaching	Posted Online
Appendix Q	The University of North Carolina Performance Review of Tenured Faculty 2011 – 2012	Posted Online
Appendix R	Annual Report on the UNC Phased Retirement Program	Posted Online
Appendix S	Request to the Board of Governors for the reclassification of the Senior Associate Vice President for Finance, UNC GA	Posted Online
Appendix T	Amendment No. 1 to the Optional Retirement Program of the University of North Carolina	Posted Online