

Board of Governors Meeting
February 8, 2013
Chapel Hill, North Carolina

The Board of Governors met in regular session on February 8, 2013, at the Spangler Center in Chapel Hill. Chairman Hans called the meeting to order at 10:00 a.m.

INVOCATION

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

ROLL CALL

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

W. Louis Bissette, Jr.	Thomas J. Harrelson
John M. Blackburn	G. Leroy Lail
Peaches G. Blank	Mary Ann Maxwell
Cameron E. Carswell	Franklin E. McCain
Walter C. Davenport	W. Edwin McMahan
James M. Deal, Jr.	Charles H. Mercer, Jr.
Phillip R. Dixon	Fred G. Mills
John C. Fennebresque	Burley B. Mitchell, Jr.
Dudley E. Flood	David M. Powers
Paul Fulton	Irvin (Al) Roseman
Hannah D. Gage	Richard (Dick) Taylor
Ann B. Goodnight	Raiford G. Trask III
H. Frank Grainger	Phillip D. Walker
Peter D. Hans	David W. Young

The following members were absent:

Laura W. Buffaloe (excused)	Hari H. Nath
Fred N. Eshelman (excused)	J. Bradley Wilson
James E. Holshouser, Jr. (excused)	

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

Dr. Roseman moved, seconded by Mr. Grainger, that the minutes from the open session of the January 11, 2013, meeting be approved. The motion carried.

PRESIDENT'S REPORT

Reflecting on the previous day's policy discussions and committee meetings, President Ross thanked the members and others for their attendance and active participation. We were dealing with issues of major importance that had long-term implications for the University. In particular, he thanked Mr. Bissette and the other members of the UNC Academic Review Panel for their careful, in-depth review of the campus-based investigations of academic fraud at UNC-Chapel Hill. The primary goal in appointing the panel was to ensure that the University would take every necessary step to prevent this situation from recurring in the future at any UNC campus. New policies, procedures and safeguards were being developed to achieve this objective. For President Ross' complete report, please see Appendix A.

RECOMMENDATIONS OF THE REPORT ON STRATEGIC DIRECTIONS

President Ross presented the plan entitled "Our Time, Our Future: The UNC Compact with North Carolina" (see Appendix B). He thanked the members of the UNC Advisory Committee on Strategic Directions for their service and dedication to the University. As a result of the previous day's presentation and discussion, President Ross noted that a few amendments were made to include the agricultural and engineering components that Mr. Grainger had suggested and to slightly amend some language per Mr. Mercer's reflections. Mr. Lail stated that he was impressed with the composition of the Committee. The Committee was comprised of a broad mix of individuals including business and civic leaders, statewide government officials, members of the Board of Governors, Chancellors, faculty, and staff. Mr. Grainger thanked the Committee for including the agricultural and engineering components in the report as those industries play an important role in North Carolina's economy. Chairman Hans

acknowledged that the plan was a living document subject to updates and improvements over time. The plan was meaningful, measurable and would set the University on a sustainable path to success.

On behalf of the Committee, Mr. Hans moved that the plan “Our Time, Our Future: The UNC Compact with North Carolina” be approved as amended. The motion carried.

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

The Board went into closed session at 10:25 a.m. and returned to open session at 11:10 a.m.

ELECTION OF A CHANCELLOR

Chairman Hans called on President Ross to report on the election of a new chancellor for North Carolina Central University. President Ross began by expressing his sincere appreciation to Judge Charles Becton for his effective stewardship that he had demonstrated at North Carolina Central University. Judge Becton had served as Chancellor on an interim basis since last August while a search was conducted for a permanent chancellor following the retirement of Chancellor Nelms. Judge Becton was an outstanding leader for the institution and we owe him a debt of gratitude.

It was with great pride that President Ross recommended to the Board a strong, energetic, and innovative new leader for North Carolina Central University (NCCU). President Ross asked Dr. Dwight Perry, Chair of the Board of Trustees, to provide a summary of the search process. President Ross thanked Dr. Perry for his partnership throughout the whole process and commented that Dr. Perry was an amazing leader, a terrific chair and a pleasure to work with. The entire Search Committee had done a remarkable job.

Dr. Perry recognized many guests from the NCCU family in attendance. For those unable to attend in person, he announced that the event was being live streamed campuswide via the NCCU campus cable channel. Dr. Perry described the timeline of the search process. Last August, the search committee convened to begin its important assignment of identifying the

skills, qualities and essential criteria needed in the next chancellor to lead the 102-year-old institution. The 19-member Search Committee was chaired by Dr. Harold T. Epps and assisted by Ms. Avon Ruffin, both members of the Board of Trustees. The Committee enlisted the executive search firm of Witt/Kieffer to assist with the search. In September, President Ross presented the Committee with its charge. Hearing the charge, the Search Committee developed a leadership statement that provided a clear overview of the job description, desired qualifications and characteristics in the next leader. During the fall, the members of the Search Committee held several public forums and gathered input from key constituent groups. A website was set up to receive feedback and provide monthly updates on the progress of the search. From the initial 65 applicants, 15 candidates were selected for further consideration. After the winter holidays, five candidates were brought to the campus to meet with faculty, staff, students and alumni. Last month, a slate of three candidates was forwarded to President Ross for his consideration. Dr. Perry thanked the members of the Committee and Associate Vice President Lemmon.

Lastly, Dr. Perry thanked Chancellor Becton for his willingness to lead NCCU through a challenging transition. His leadership assured continued, strong credibility and respect for North Carolina Central University. He called on President Ross for his recommendation.

President Ross recommended the election of Dr. Debra Saunders-White, Deputy Assistant Secretary for Higher Education Programs in the U.S. Department of Education, as the next chancellor of North Carolina Central University. Her appointment would be effective June 1, 2013.

On behalf of the Board of Governors, Dr. Flood offered the motion to accept the President's recommendation that the next chancellor at North Carolina Central University be Dr. Debra Saunders-White. Mrs. Goodnight seconded the motion and it carried.

President Ross introduced Dr. Saunders-White and her two children, Elizabeth Paige and Cecil III. In accepting the position, Dr. Saunders-White thanked President Ross, Chairman Hans and the members of the Board for electing her as the 11th Chancellor of North Carolina Central University – one of the jewels of the University of North Carolina. For Dr. Saunders-White's complete remarks, please refer to Appendix C.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization to Sell Special Obligation Bonds, UNCC
- b. (B&F) Authorization of New Capital Improvements Projects, ECSU and NCSU
- c. (EPPP) Approval of Licensure for Middlebury College for a regular license to offer the following degree programs in Asheville, NC
 - Master of Arts (M.A.) in English
 - Master of Letters (M. Litt.) in English

REPORT OF THE AUDIT COMMITTEE

Mr. Davenport, Chair of the Audit Committee, reported on four items. First, the Committee had reviewed an updated report on the UNC Finance Improvement and Transformation (UNC FIT) project. The report included an update on the Shared Services Payroll, the UNC Human Resources Data Mart, the UNC Business Process Improvements and Financial Monitoring, the UNC FIT E-Commerce and other UNC FIT initiatives.

Second, the Committee had reviewed eight external audit reports released since its last meeting in January. The reports were the 2012 financial audits of Elizabeth City State University, North Carolina Central University, UNC Charlotte, UNC Pembroke, UNC School of the Arts and Winston-Salem State University. At Winston-Salem State University, the report contained one finding. Corrective action had been taken. The other reports contained no audit findings. The Committee had reviewed two investigative reports. At UNC Pembroke, the investigative report contained two audit findings. Corrective action had been taken. At North Carolina Central University, the investigative report contained one audit finding. Corrective action had been taken.

Third, the Committee had reviewed one report released by the Internal Auditor at UNC General Administration. The report was a summary of the internal auditor for the second quarter of Fiscal Year 2012.

Lastly, Mr. Davenport referred to the Audit Committee's Charter. The charter sets forth the guiding principal duties and responsibilities of the Audit Committee. The Committee had

reviewed the annual compliance checklist and determined that the Committee was fulfilling its obligations as set forth in the Committee's charter.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Fulton, Chair of the Committee on Budget and Finance, reported that the Committee had considered proposals for the Authorization of Tuition for 2013-14 (see Appendix G) and the Authorization of Fees for 2013-14 (see Appendix H) effective with the fall semester 2013. He recalled that last month, each member was given a notebook containing all the proposals from the campuses.

On behalf of the Committee, Mr. Fulton moved the recommendation to approve the tuition and fees items as presented. The motion carried.

Next, Mr. Fulton referred to the Conditional Authorization of School-Based Tuition for Doctor of Nursing Practice (DNP) Programs for 2013-14 (see Appendix I). Five campuses – ECU, UNC-CH, UNCC, WCU and WSSU – had proposed to establish school-based tuition for the program. Tuition increases were recommended by the President after his review of the programs' tuition proposals.

On behalf of the Committee, Mr. Fulton moved approval of the Resolution authorizing tuition for the DNP Programs for the 2013-14 academic year at ECU, UNC-CH, UNCC, WCU and WSSU. The motion carried.

Mr. Fulton then reported on the 2013-15 Budget Priorities for the University of North Carolina (see Appendix J). The priorities were closely aligned with the newly approved Strategic Directions plan (see Appendix B). These priorities would position the University to achieve a significant return on investment that was projected to generate over \$1.46 billion in total economic activity statewide, create 22,000 jobs, and produce 92,000 additional new degrees by 2025. The Committee had discussed the capital portion of the Budget Priorities and recommended moving funding of the Pharmacoengineering Facilities at NCSU/UNC-CH from the 2013-14 budget to the 2014-15 budget and to include all capital projects under the title "Strategic Capital Priorities." The expansion budget request for 2013-14 totaled \$54.7 million in 2013-14 and \$107.5 million in 2014-15. The capital request totaled \$171 million in 2013-14 and \$230,964,468 in 2014-15.

On behalf of the Committee, Mr. Fulton moved that the 2013-15 Budget Priorities of the University of North Carolina be approved as amended. The motion carried.

Lastly, Mr. Fulton reported that the Board considered proposals for the Authorization of Non-Appropriated Capital Improvements Projects (see Appendix K) that require the issuance of long-term debt. At UNC Charlotte, there was an adjustment to the Residence Hall Phase XIII project. The total for that project was changed from \$27,145,000 to \$34,750,000. The Committee had approved the adjustment. For 2013, the Committee recommended that 17 new or supplemental capital improvements projects totaling \$468,505,960 at nine institutions be approved.

On behalf of the Committee, Mr. Fulton moved that the Board approve the 17 new or supplemental capital improvements projects totaling \$468,505,960 at nine institutions and that the President, or his designee, be authorized to make refinements to the request in the interest of accuracy and completeness. The motion carried.

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

Mrs. Gage, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee considered the request for authorization to establish three Master's degree programs – a Master of Science in Network Technology at East Carolina University (see Appendix L), a Master of Nanoengineering Program at North Carolina State University (see Appendix M), and a Master of Science in Nursing at UNC Pembroke (see Appendix N). None required additional funds.

On behalf of the Committee, Mrs. Gage moved approval of the above three Master's degree programs. The motion carried.

Next, Mrs. Gage stated that North Carolina had fewer than 4,000 nurse practitioners. Eighty-one counties in the state had fewer than four nurse practitioners per 10,000 county residents. UNC institutions play an important role in preparing advanced practice nurses. The American Association of Colleges of Nursing endorsed the position which called for moving the level of preparation necessary for advanced nursing practice roles from the master's degree level to the doctorate degree level. No UNC institution offered this type of degree program. Six campuses had requested authorization to establish the Doctor of Nursing Practice degree

programs (DNP) – East Carolina University, UNC Chapel Hill, UNC Charlotte (consortium with WCU), UNC Greensboro, Western Carolina University (consortium with UNCC) and Winston-Salem State University (see Appendix O). These six programs had moved through the academic planning approval process last June. In addition to UNC's internal review, UNC General Administration consulted with 16 external reviewers. The reviewers had affirmed that each program was justified and was needed to meet the demands for advanced practice nursing. To meet the additional costs of operating these programs, campuses had proposed internal reallocation of resources and the use of a differential tuition rate to support them.

On behalf of the Committee, Mrs. Gage moved approval of the request for authorization to establish the above six Doctor of Nursing Practice degree programs. The motion carried.

Next, Mrs. Gage stated that the Committee had reviewed the University of North Carolina Remedial/Developmental Activities Report 2011-12 (see Appendix P). In 2011-12, the report showed the annual enrollment of students in remedial education was 3,900 – a decrease of 16%. Expenditures for remedial education in 2011-12 totaled \$1.8 million – a decrease of 26% from the previous year. State funds provided \$1.4 million which was 78% of the total. This amount represented less than 1/10 of one percent of the total systemwide budget from state funds. Mrs. Gage remarked that our policy to raise admission standards was having a positive impact on the number of students needing remedial education.

Finally, the Committee reviewed the University of North Carolina Retention & Graduation Report 2011-12 (see Appendix Q). Highlights of the report indicated the following – the University had exceeded the national average in retention rates, four-year graduation rates, and six-year graduation rates. Freshman-to-sophomore retention rates increased 0.4%; Integrated Postsecondary Education Data System (IPEDS) four-year graduation rates increased 1.4%; IPEDS six-year graduation rates increased 0.8%; and four-year graduation rates of community college transfer students with an associate's degree increased 1%. Mrs. Gage explained that the U.S. Department of Education IPEDS definition of retention and graduation rates did not include as many as one-third of the students enrolled on our campuses. For example, transfer students, part-time students, and those who enroll in the spring semester were counted in the graduation and retention rates. The Committee continued to discuss other additional measures of graduation and retention rates and how to develop a model to help produce a complete and accurate chart of graduation and retention rates across the University.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported that the Committee had considered the University of North Carolina Federal Policy Agenda (see Appendix R). Vice President Rhinehardt's presentation included information shared that both Congress and The Administration were focused on making cuts to federal programs to reduce the national deficit. The Committee had discussed the importance of reducing entitlement spending in order to protect financial aid and research funding in the budget. The Committee had approved the statement of priorities (see Appendix S) that accompanied the University of North Carolina Federal Policy Agenda.

On behalf of the Committee, Mr. McMahan moved the approval of the statement of priorities and the University of North Carolina Federal Policy Agenda. The motion passed.

Next, Mr. McMahan reported that the Committee had heard a presentation from Vice President Moretz on the University of North Carolina Proposed 2013-14 Legislative Policy Agenda (see Appendix T). The Agenda focused on operational efficiencies and effectiveness and personnel efficiencies and services.

On behalf of the Committee, Mr. McMahan moved the approval of the University of North Carolina Proposed 2013-14 Legislative Policy Agenda. The motion passed.

In closing, Mr. McMahan urged the members to communicate the top priorities of the University with our elected leaders in Washington, D.C. and in Raleigh.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Powers, Chair of the Committee on University Governance, reported that the Committee had begun its review of trustee nominations received for the election or reelection of individuals to serve on the Boards of Trustees of our constituent institutions with terms beginning July 1, 2013. The next step for the Committee was to reach a consensus on the nominees to be elected or reelected on each of the campuses. Mr. Powers anticipated that a provisional slate of trustees would be presented to the Board for its consideration at the April meeting.

There was a partial term ending June 30, 2015, on the East Carolina University Board of Trustees. On behalf of the Committee, Mr. Powers recommended the appointment of Mr. Mark

Copeland of Charlotte to serve. The motion carried. There was a partial term ending June 30, 2013, on the Elizabeth City State University Board of Trustees. On behalf of the Committee, Mr. Powers recommended the election of Dr. Joseph Jenkins of Elizabeth City to serve. The motion carried. For informational purposes, Mr. Powers announced that there were nine terms ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees. There were four terms ending June 30, 2013, on the North Carolina Arboretum Board of Directors. There were three terms ending June 30, 2013, on the University of North Carolina Press Board of Governors. The Committee would seek recommendations to fill these vacancies.

Last month, Chairman Hans had asked the Committee to review the University Award process. Mr. Powers reported that a subcommittee was formed to respond to the request. The subcommittee was chaired by Ms. Blank. Other members included Mr. Blackburn and Dr. Roseman. Mr. Powers called on Ms. Blank for her report. Ms. Blank reported that the subcommittee had reviewed all the details of the event including nomination procedures, timing, setting, and associated costs. The recommendations that were made to the award process included the continuation of the University Award and a supplemental language change to the original resolution that created the award in 1979. A resolution was introduced detailing the recommendations.

On behalf of the Committee, Mr. Powers moved that the Resolution on the University Award be approved. The motion carried. (see Appendix U).

Lastly, Mr. Powers referred to the 2013 Spring Commencement schedule. Mr. Powers recalled that a member would attend each commencement ceremony to bring greetings and present the annual Board of Governors Award for Excellence in Teaching. He encouraged the members to attend one or more commencement (graduation) ceremonies this spring.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported that the Committee had reviewed and recommended approval to Amendment No. 2 to the Optional Retirement Program of the University of North Carolina (see Appendix V). Amendments to the program were required to maintain the plan's tax-qualified status under the Internal Revenue Code.

On behalf of the Committee, Mr. Fennebresque moved that the amendment be approved. The motion carried.

Next, the Committee reviewed proposed changes to Policy 300.7.1, *Optional Retirement Program*. The proposed changes to the policy would be brought to the full Board at its April meeting. Due to time constraints of this month's meeting, the Committee would present a tutorial on post tenure review at the April meeting. He encouraged all the members to attend the presentation.

Lastly, the Committee had reviewed and approved a report on personnel actions delegated to the President and the Committee had appointed two Subcommittees on Appeals.

CHAIRMAN'S REPORT

Chairman Hans made the following announcements. The Committee on the 2013 Award for Excellence in Public Service would be chaired by Mr. Raiford Trask. Other members appointed to serve were Mr. Leroy Lail, Ms. Ann Maxwell, and Mr. Dick Taylor. He reminded the members to submit their 2013 Statement of Economic Interest (SEI) by April 15, 2013. Some members were required to complete a refresher ethics training course. Vice President and General Counsel Fjeld or Secretary Corgnati would provide correspondence that assisted with preparation of the SEI form and scheduling an ethics training session.

In closing, Chairman Hans expressed his thanks to the Committee chairs and all the members for accommodating this month's busy schedule. Their service has been exceptional. Chairman Hans acknowledged President Ross and the General Administration staff for their incredibly hard work in preparation for this month's meetings.

The next meeting of the Board of Governors was scheduled for Friday, April 12, 2013, at the University of North Carolina at Pembroke in celebration of the institution's 125th anniversary.

There being no further business, the meeting adjourned at 12:10 p.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	"Our Time, Our Future: The UNC Compact with North Carolina"	Posted Online
Appendix C	Remarks by Chancellor-Elect Debra Saunders-White	Posted Online
Appendix D	Authorization to Sell Special Obligation Bonds, UNCC	Posted Online
Appendix E	Authorization of New Capital Improvements Projects, ECSU and NCSU	Posted Online
Appendix F	Approval of Licensure for Middlebury College for a regular license to offer the following degree programs in Asheville, NC <ul style="list-style-type: none"> • Master of Arts (M.A.) in English • Master of Letters (M. Litt.) in English 	Posted Online
Appendix G	Authorization of Tuition 2013-14	Posted Online
Appendix H	Authorization of Fees 2013-14	Posted Online
Appendix I	Authorization of School-Based Tuition for Doctor of Nursing Practice (DNP) Programs for 2013-14	Posted Online
Appendix J	2013-15 Budget Priorities of the University of North Carolina	Posted Online
Appendix K	Authorization of Non-Appropriated Capital Improvements Projects	Posted Online
Appendix L	Authorization to Establish a Master of Science in Network Technology, ECU	Posted Online
Appendix M	Authorization to Establish a Master of Nanoengineering Program, NCSU	Posted Online
Appendix N	Authorization to Establish a Master of Science in Nursing, UNCP	Posted Online
Appendix O	Authorization to Establish Doctor of Nursing Practice degree programs, ECU, UNCCCH, UNCC (consortium with WCU), UNCG, WCU (consortium with UNCC) and WSSU	Posted Online
Appendix P	University of North Carolina Remedial/Developmental Activities Report 2011-12	Posted Online
Appendix Q	University of North Carolina Retention & Graduation Report 2011-12	Posted Online
Appendix R	University of North Carolina Federal Policy Agenda	Posted Online
Appendix S	Statement of priorities accompanying the University of North Carolina Federal Agenda Policy	Posted Online
Appendix T	University of North Carolina 2013-14 Legislative Policy Agenda	Posted Online
Appendix U	Resolution on the University Award	
Appendix V	Amendment No. 2 to the Optional Retirement Program of the University of North Carolina	Posted Online