

DRAFT

BOARD OF GOVERNORS MEETING

The University of North Carolina

September 7, 2007

The Board of Governors met in regular session on September 7, 2007, in the Board Room of the General Administration Building, Chapel Hill. Mr. Phillips, the chairman, called the meeting to order at 9:30 a.m.

INVOCATION

Mr. Mercer gave the invocation:

Oh God, our help in ages past. We thank you for our rich heritage and ask for strength of body, mind, and soul to use our inheritance to your glory and the good of all people. You have made your people to be persons, not puppets. You have made us for a purpose. You have made us strong, now direct our strength. Help us, lest in our plenty we neglect those in need. Give us wisdom that even in the good about us may not blind us to that which is better. Send your blessing upon the people of this University whose decisions mean so much to so many. Give them wisdom greater in dimension than the problems with which they are confronted. Grant each one the understanding that all truth has not been revealed to any one person, but that to each one some truth has been revealed. To those of whom so much is expected, may much be given. Blessed be the tie that binds this group of public servants together in devotion to you and in service to all people, this University, and the state of North Carolina. Grant these things, oh God, we ask in great humility. Amen.

ROLL CALL

Secretary Perry called the roll and the following members were present:

Bradley T. Adcock
Brent D. Barringer
Peaches Gunter Blank
R. Steve Bowden
Laura W. Buffaloe
Frank Daniels, Jr.
John W. Davis III
Phillip R. Dixon
Ray S. Farris

Adelaide D. Key
G. Leroy Lail
Ronald C. Leatherwood
Cheryl R. Locklear
Charles H. Mercer, Jr.
Fred G. Mills
Jim W. Phillips, Jr.
Marshall B. Pitts, Jr.
Gladys Ashe Robinson

Dudley E. Flood
Hannah D. Gage
Ann B. Goodnight
Clarice Cato Goodyear
H. Frank Grainger
Peter D. Hans
Charles A. Hayes

Irvin A. Roseman
Estelle W. Sanders
J. Craig Souza
William G. Smith
Priscilla P. Taylor
Bradley T. Wilson
David W. Young

The following member was absent:

James E. Holshouser, Jr.

STATE ETHICS ACT

Chairman Phillips 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 today's meeting, Chairman Phillips asked if any members were aware of any conflict of interest or an interest that would give rise to the appearance of a conflict of interest.

Mr. Mercer asked to be excused from voting on an item on the Committee on University Governance agenda relating to the UNC Health Care System.

MINUTES

Mr. Young moved, seconded by Mrs. Robinson, that the minutes of the meetings of June 8 and July 12, 2007, be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles introduced several of the chancellors and representatives of affiliated organizations in attendance at the meeting. For President Bowles' transcribed remarks, see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Phillips called attention to the Administrative Action Items listed on the agenda. Dr. Taylor moved, seconded by Mrs. Gage, that the following Administrative Action

Items be approved by consent:

- a. (B&F) Authorization of New Capital Improvements Projects, NCSU
- b. (B&F) Authorization of New Capital Improvements Projects, UNCC
- c. (B&F) Authorization of New Capital Improvements Projects, UNCG
- d. (EPPP) Authorization to Reinstate the Bachelor of Science in Pharmaceutical Sciences, UNCCH
- e. (EPPP) Authorization to Establish the Bachelor of Arts in Archaeology, UNCCH
- f. (EPPP) Authorization to Establish the Bachelor of Science in Systems Engineering, UNCC
- g. (EPPP) Authorization to Establish the Bachelor of Science in Entrepreneurship, WCU
- h. (EPPP) Authorization to Establish the Master of Science in Information Technology, NCA&T
- i. (EPPP) Authorization to Establish the Master of Healthcare Administration, WSSU
- j. (EPPP) Approval of Licensure of Miller-Motte College to offer the following new degree programs in Wilmington:
 - Bachelor of Science in Nursing (RN to BSN)
 - Associate of Applied Science in Dental Assisting
- k. (EPPP) Approval of Licensure of Lesley University to offer the following new degree programs in Laurinburg / Scotland County, Durham, and Charlotte:
 - Master of Education (MEd) in Curriculum and Instruction with a specialization in Integrated Teaching through the Arts
 - Master of Education (MEd) in Curriculum and Instruction with a specialization in Literacy
 - Master of Education (MEd) in Technology in Education

- Master of Education (MEd) in Elementary Education:
Profession and Practice
- l. (EPPP) Approval of the Request to Establish University College, ASU
- m. (P&T) Approval of Amendments to Policy 300.7.1, *Optional Retirement Program*
- n. (P&T) Approval of Amendments to Policy 300.7.2, *The University of North Carolina Phased Retirement Program*
- o. (BOG) Approval of Amendments to Policy 100.1, *The Code*, Chapter III, Section 302 A, *Appointment of Members*

The motion carried.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated the committee held officer elections and re-elected him chairman, elected Mr. Lail vice chairman, and Dr. Buffaloe secretary.

Mr. Smith reminded members that when the Audit Committee was formed, the board agreed that during the committee's discussions of investigative audits in closed session, only members of the committee were to be in attendance.

Mr. Smith reported that the committee received a report on the audits released since its last meeting. He stated that there were two financial audits released: one information system audit with no public findings, and one investigative audit with two findings.

Mr. Smith welcomed the newest member of the Finance Division. Mr. David King joins General Administration from the North Carolina State Auditor's Office, where he led the Investigative Audit Division. He is a North Carolina State University graduate and a Certified Public Accountant and Certified Fraud Examiner. He will oversee the auditing requirements of the University and assist campuses with auditing processes and internal controls.

He added that Mr. King comes with the highest of recommendations and brings with him great insight and over 24 years of experience and wisdom.

Mr. Smith stated that the committee would also like to thank George Burnette for his support of the Audit Committee during these past two years and wish him much success at the North Carolina School of the Arts.

In closing, Mr. Smith reported that Mr. Les Merritt, State Auditor, will be attending the committee meeting and the board meeting in October.

Please note that Mr. Merritt's scheduled visit is now in November.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Adcock, chair of the Committee on Budget and Finance, presented the committee's report. He stated the committee held officer elections and elected him chairman, Mr. Young vice chairman, and Ms. Blank secretary.

Changes to Policy 600.3.1, Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions

Mr. Adcock reported that the 2007 non-budget legislative agenda contained items designed to implement efficiencies within the University as recommended by the President's Advisory Committee on Efficiency and Effectiveness (PACE). One recommendation was the elimination of the Annual Report on Management Flexibility. This recommendation was included in House Bill 749 which was enacted by the General Assembly and signed into law by Governor Easley. Repeal of this statute eliminates the statutory requirement for the report and, therefore, requires a corresponding change in board policy. The proposed change to Policy 600.3.1, *Selection Criteria and Operating Instructions for Special Responsibility Constituent*

Institutions, was included in the board folders and will be presented for board approval at the October meeting.

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

Mr. Farris, chair of the Committee on Educational Planning, Policies, and Programs, presented the committee's report. He stated the committee held officer elections and elected him chairman, Mr. Dixon vice chairman, and Mrs. Robinson secretary.

UNC Health Care System Annual Report FY 2006-2007

Mr. Farris stated that Dr. William Roper presented the annual report on the UNC Health Care System. He stated that the report, which was included in the board notebooks, provides many examples of quality improvements and cost savings as a result of flexibility. The UNC Health Care System has effectively used the flexibility provided by the General Assembly to increase quality of care and to significantly reduce costs in many areas. Also, the system has provided over \$122 million of uncompensated care in FY 2006, the largest amount in history.

On behalf of the committee, Mr. Farris moved that the UNC Health Care System Annual Report FY 2006-2007 be approved. The motion carried. (Appendix Q)

Mr. Farris reported that Dr. Roper also provided an update of discussions regarding the expansion of the UNC Chapel Hill Medical School. The school is exploring several options for expansion from a first-year class of 160 to 230 students, including development of satellite campuses elsewhere in the state. Discussions have taken place with the Carolinas Healthcare System regarding a possible Charlotte location and teams have been reviewing this and several other options. Each option envisions that the first two years of

medical education would occur in Chapel Hill and then students would be dispersed to one or more locations in the state for the second two clinical years.

Mr. Farris added that these options will be explored in detail and financial analyses will be developed over the next few weeks, with the expectation that a more detailed progress report will be available by the end of October.

Mr. Farris stated that North Carolina A&T State University (NCA&T) Provost Janice Brewington provided an update on the progress of the nursing program at NCA&T. The campus has made changes in the deanship and the associate deanship, and has an arrangement with Moses Cone Health Care Systems to have their director of nursing on loan for two years to be NCA&T's clinical coordinator. Also, requirements for admission to the program have been increased. Details of the many changes to the program were available in the board notebooks.

In closing, Mr. Farris added that due to time constraints the committee and Chancellor Hackley jointly agreed to postpone the report on the Fayetteville State University nursing program until the October meeting.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Barringer, chair of the Committee on Public Affairs, presented the committee's report. He stated the committee held officer elections and elected him chairman, Ms. Blank vice chairman, and Mr. Mills secretary.

National Bio and Agro-Defense Facility

Mr. Barringer reported that the Department of Homeland Security is currently traveling to the top five states for scoping meetings for the location of the National Bio and Agro-Defense Facility – Georgia, Texas, Kansas, Mississippi, and North Carolina. These scoping meetings will allow for public comment on the facility and the University is very

engaged with state leaders, both in government and industry to organize our scoping meeting on September 18, 2007, in Creedmoor. This project could mean a \$1.65 billion in new revenue for North Carolina during the first 20 years. The committee will continue to keep members updated and may be asking for help in the coming months.

Mr. Barringer stated that Congress has just returned from their August recess and have picked up their work and are focusing on financial aid issues.

Also, the University had an extremely successful year in the state legislature. All ten priorities from the non-budget agenda were approved by the General Assembly and the committee thanked President Bowles, the chancellors, the board members, and the faculty and staff for such excellent work during this session.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Davis, chair of the Committee on University Governance, presented the committee's report. He stated the committee held officer elections and re-elected him chairman, elected Dr. Roseman vice chairman, and Mr. Hayes secretary.

Report of Vacancies on Boards of Trustees

Mr. Davies reported that there are two partial terms ending June 30, 2009, on the Elizabeth City State University Board of Trustees and a partial term ending June 30, 2011, on the University of North Carolina at Charlotte Board of Trustees.

Appointments to the NC Center for the Advancement of Teaching Board of Trustees

Mr. Davis reported that there are four terms ending October 31, 2011, on the North Carolina Center for the Advancement of Teaching Board of Trustees.

On behalf of the committee, Mr. Davis moved the reappointment of Eddie U. Byers of Jefferson to represent Education District 7 and the appointment of Wanda Dawson of

Kinston to represent Education District 2, Ferrell Guillory of Raleigh to represent Education District 3, and Eugene McLaurin to represent Education District 4, all to serve on the NCCAT Board of Trustees. The motion carried.

Appointments to the UNC Health Care System Board of Directors

Mr. Davis reported that the committee received the recommendation from President Bowles appointing Don Curtis of Raleigh, Lillian Lee of Chapel Hill, Jordan Whichard of Greenville, and Richard Williams of Charlotte to serve four-year terms as members of the UNC Health Care System Board of Directors. On behalf of the committee, he moved the ratification of the President's appointments. The motion carried. Mr. Mercer abstained.

Resolution to Meet the Requirements of the National Industrial Security Program Operations Manual

Mr. Davis reported that as part of the accreditation process for the UNC Charlotte Closed Facility and to meet the requirements of the National Industrial Security Program Operations Manual under which the campus will be conducting research involving Department of Defense classified information, the board must pass a resolution naming those members who will not have access to the information and will, therefore not be required to have personal security clearances. The resolution excludes all members of the Board of Governors from this requirement. On behalf of the committee, he moved approval of this resolution, thus meeting the requirements of the National Industrial Security Program Operations Manual. The motion carried. (Appendix R)

CHAIRMAN'S REPORT

Chairman Phillips congratulated Chancellor Peacock and the Appalachian State University Family for their victory against the University of Michigan.

Chairman Phillips welcomed the members back after the summer break and welcomed the new members of the board and new chancellors to their first regular meeting of the Board of Governors.

On behalf of the board and the University community, Chairman Phillips expressed appreciation to the Governor and members of the General Assembly for the University's budget that was passed since the last meeting. He also thanked members of the Board of Governors, President Bowles, Vice President Willis, Vice President Nelson, and their staffs for their tireless work throughout the summer to secure the budget.

Chairman Phillips congratulated the new standing committee officers and thanked them for being willing to take those leadership positions.

The Chair appointed the 2008 O. Max Gardner Award Committee. Dr. Flood will chair the committee. Members will include Dr. Locklear, Mr. Lail, Mr. Mercer, and Dr. Taylor.

Chairman Phillips advised members that if they have not yet completed the financial disclosures required by Policy 200.1, *Dual Memberships and Conflicts of Interest*, they may wait to see if the requirement of the State Ethics Commission will suffice.

Chairman Phillips thanked members for their participation in the policy discussions on the previous day. He added that in the coming months, the board will move forward with approving specific goals associated with the accountability initiative, look at the curricula on the campuses to be sure the students are being taught the things they will need to succeed in the 21st century, determine if University-wide minimum admission standards should be established, discuss the relative adequacy and equity of funding on the 17 campuses, examine public safety, and deal with myriad issues arising from UNC Tomorrow.

Chairman Phillips reminded members of several upcoming important dates:

- There will be 11 Community Listening Forums around the state. The first will be hosted Monday, September 10 at East Carolina University.
- The installation of Dr. Willie Gilchrist as chancellor of Elizabeth City State University will be held on Tuesday, September 25 at 10:00 a.m.
- The next meeting of the board is October 12, 2007. The board will present the initial Award for Excellence in Public Service to a member of the University faculty.
- The 2007 University Award will be presented on November 8, 2007, in conjunction with the November board meetings.

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On motion of Mrs. Sanders, and seconded by Mr. Smith, the board voted to convene in closed session pursuant to North Carolina General Statutes 143-318.11(a)(2), 143-318.11(a)(5) and 143-318.11(a)(6). The motion carried.

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The Board of Governors went into closed session at 10:25 a.m. and returned to open session at 11:20 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mrs. Gage, chair of the Committee on Personnel and Tenure, presented the committee's report. She stated the committee held officer elections and elected her chairman, Mr. Grainger vice chairman, and Mr. Hans secretary.

Mrs. Gage moved approval of the appointment approved in closed session for the Chief Academic Officer at the North Carolina School of the Arts. The motion carried.

Mrs. Gage reported that the committee reviewed requests to establish the following new Senior Academic and Administrative Officer positions: Vice Chancellor for Human Resources at Elizabeth City State University, Dean of the University College at the University of North Carolina at Charlotte, Vice Chancellor for Information Technology at North Carolina State University, and Vice President for Communications at UNC General Administration.

On behalf of the committee, Mrs. Gage moved approval of these requests. The motion carried.

Mrs. Gage reported that the committee received the 2007 Board of Governors Awards for Excellence in Teaching Allocation and Distribution of Funds Report. This report was included in the board notebooks. She added that the committee also received a copy of the *Report on Personnel Actions Delegated to the President Pursuant to Policy 200.6*, listing all personnel actions approved by the President from June 7, 2007, to September 6, 2007.

There being no further business, the meeting adjourned at 11:30 a.m.

Secretary

APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	President's Report	Posted Online
Appendix B	Authorization of New Capital Improvements Projects, NCSU	Posted Online
Appendix C	Authorization of New Capital Improvements Projects, UNCC	Posted Online
Appendix D	Authorization of New Capital Improvements Projects, UNCG	Posted Online
Appendix E	Authorization to Reinstate the Bachelor of Science in Pharmaceutical Sciences, UNCCH	Posted Online
Appendix F	Authorization to Establish the Bachelor of Arts in Archaeology, UNCCH	Posted Online
Appendix G	Authorization to Establish the Bachelor of Science in Systems Engineering, UNCC	Posted Online
Appendix H	Authorization to Establish the Bachelor of Science in Entrepreneurship, WCU	Posted Online
Appendix I	Authorization to Establish the Master of Science in Information Technology, NCA&T	Posted Online
Appendix J	Authorization to Establish the Master of Healthcare Administration, WSSU	Posted Online
Appendix K	Approval of Licensure of Miller-Motte College to offer the following new degree programs in Wilmington: <ul style="list-style-type: none"> • Bachelor of Science in Nursing (RN to BSN) • Associate of Applied Science in Dental Assisting 	Posted Online
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Appendix M	Approval of the Request to Establish University College, ASU	Posted Online
Appendix N	Approval of Amendments to Policy 300.7.1, <i>Optional Retirement Program</i>	Posted Online
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Appendix P	Approval of Amendments to Policy 100.1, <i>The Code</i> , Chapter III, Section 302 A, <i>Appointment of Members</i>	Posted Online
Appendix Q	UNC Health Care System Annual Report FY 2006-2007	Posted Online
Appendix R	Resolution to Meet the Requirements of the National Industrial Security Program Operations Manual	Posted Online