

Board of Governors Meeting
Friday, September 12, 2008
Chapel Hill, North Carolina

The Board of Governors met in regular session on September 12, 2008, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:30 a.m.

INVOCATION

Chairman Gage called upon Mrs. Goodnight to give the invocation.

ROLL CALL

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

Bradley T. Adcock	Adelaide Daniels Key
Brent D. Barringer	G. Leroy Lail
Peaches Gunter Blank	Ronald C. Leatherwood
R. Steve Bowden	Cheryl Ransom Locklear
Frank Daniels, Jr.	Charles H. Mercer, Jr.
John W. Davis III	Fred G. Mills
Phillip R. Dixon	Marshall B. Pitts, Jr.
T. Gregory Doucette	Gladys Ashe Robinson
Ray S. Farris	Irvin (Al) Roseman
Dudley E. Flood	Estelle "Bunny" Sanders
Hannah D. Gage	William G. Smith
Ann B. Goodnight	J. Craig Souza
Clarice Cato Goodyear	Priscilla P. Taylor
H. Frank Grainger	J. Bradley Wilson
Charles A. Hayes	David W. Young
James E. Holshouser, Jr.	

The following members were absent:

Laura W. Buffaloe (excused)
Peter D. Hans (excused)
Jim W. Phillips, Jr. (excused)

STATE ETHICS ACT

Chairman Gage stated that under that State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts. She asked if anyone had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. There were none.

MINUTES

Ms. Blank moved, seconded by Mr. Souza, that the minutes from the open sessions of the June 12 and June 13, 2008, meetings be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles welcomed everyone back from the summer recess. He reported that there was a great deal of work that took place over the summer and plenty of work ahead. For President Bowles' remarks, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Gage called attention to the Administrative Action Item listed on the agenda. Mr. Grainger moved, seconded by Mr. Davis, that the following Administrative Action Item be approved by consent:

- a. (BOG) Resolution honoring J.C. Boykin, Chairman of the UNC Staff Assembly

REPORT OF THE AUDIT COMMITTEE

Mr. Daniels, chair of the Audit Committee, reported that there were five items for the board's information. First, President Bowles and Chancellor Nelms made a presentation to the Committee regarding the unauthorized program that North Carolina Central University had operated at the New Birth Missionary Baptist Church in Lithonia, Georgia. Next, Mr. Daniels

reported that there were 55 audit findings on 11 different UNC campuses in 2007. Ernst & Young presented a plan to the Committee on the standardization and centralization of campus fiscal operations. Third, the State Auditor released a report that described the results of a Purchasing Card Audit at North Carolina State University. The card was found to be effective and adequate controls existed to prevent or detect improper charges. Next, the committee received a report on potential problems in the administration of a GEAR-UP grant at Appalachian State University. Lastly, the Committee received an update regarding ongoing UNC internal audit initiatives.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Lail, chair of the Committee on Budget and Finance, reported on three items. The Committee received a report regarding the emergency capital projects established by the chancellors from North Carolina Central University, North Carolina State University, and Winston-Salem State University. In June 2008, fires resulting from electrical equipment failure caused power outages at North Carolina Central University. Personnel worked with the State Construction Office to assess the damages and develop a proper recovery plan estimated to cost \$1.8 million that would both restore and upgrade the electrical facilities. Funding for the project was available from a combination of repair and renovation funds and campus operating funds. At North Carolina State University, masonry damage was observed on the exterior wall at the D.H. Hill Library. Repair costs were estimated at \$400,000. The project would be funded from repair and renovation funds previously authorized by the Board. At Winston-Salem State University, a wind storm caused damage to a section of the C.E. Gaines Center. The repair cost was estimated at \$180,000 and the project would be funded from the repair and renovation funds.

The Committee heard a report from East Carolina University and Winston-Salem State University related to additional student housing that had been secured to provide housing for higher than anticipated enrollments. The additional housing at East Carolina University would accommodate 244 students and the additional housing at Winston-Salem State University would accommodate 250 students. President Bowles directed staff from General Administration to develop policies to be followed in the future when campuses have a need for emergency housing. The Finance Division will make a report to the Budget & Finance Committee at a future meeting on this policy.

Finally, the Committee reviewed an analysis of the legality of the use of proceeds from the educational and technology fee that had been prepared by the Vice President for Legal Affairs and General Counsel Laura Luger. The North Carolina State Auditor had identified inconsistencies between the Board's policy 1000.1.1 (Establishing Tuition and Fees) and the Chart of Accounts as written. The staff was directed to correct the wording in the Chart of Accounts.

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

Mr. Dixon, chair of the Committee on Educational Planning, Policies, and Programs, presented one item for action and two items for information. Dr. Roper, Chief Executive Officer, UNC Health Care System, presented to the Committee the UNC Health Care System FY 2007-2008 annual report. The report provides an annual update on the impact the flexibility granted to the UNC Health Care System by the N.C. General Statute 116-37 has had on System operations. The report provided many examples of quality improvements and cost savings as a result of flexibility. During the year, the UNC Health Care System had initiated a program called "Commitment to Caring" to improve service provided to patients. In the construction arena, the use of single prime contractors had contributed both to dollar savings and better expedited construction projects.

On behalf of the Committee, Mr. Dixon moved the approval of the UNC Health Care System Annual Report (see Appendix B). The report will be sent to the Joint Legislative Commission on Governmental Operations. The motion carried.

The Committee received a report on the joint Pharmacy program between Elizabeth City State University and the University of North Carolina at Chapel Hill. There are 44 students enrolled in this program.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Dr. Taylor, chair of the Committee on Public Affairs, reported that Chairman Gage had charged the Committee to focus on a limited number of targeted issues. The Committee would focus its efforts on state and federal relations, especially on topics that require communication with the legislature. The Committee will keep the Board informed and engaged in governmental relations through policy briefings and regular updates.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Mercer, chair of the Committee on University Governance, reported several items for information and nine items for action. The Committee began the 2009 selection process for membership on institutional boards of trustees. A provisional slate will be presented for the Board's consideration in March 2009. The Committee reviewed and accepted the campus liaison assignments (see Appendix C). Associate Vice President Hanby-Sikora spoke to the committee about an initiative to identify and strengthen the key capacities needed for campus trustees.

The Committee reviewed proposed amendments to the *The Code* and other changes brought about by the name change to the School of the Arts. The Committee approved all of the proposed amendments.

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, the Board of Governors must pass a resolution naming the members who serve on the board who will not have access to the classified information and therefore will not be required to have personal security clearances.

On behalf of the Committee, Mr. Mercer moved the approval of the proposed resolution on security clearance thus meeting the requirements of the National Industrial Security Operations Manual (see Appendix D). The motion carried.

The Committee received notice from President Bowles appointing Mr. Timothy Burnett of Greensboro, Ms. Laura Clapp of Siler City, Mr. James Hyler of Raleigh, and the reappointment of Dr. Richard Krasno of Chapel Hill, to serve as members of the UNC Health Care System Board of Directors.

On behalf of the Committee, Mr. Mercer moved approval of the ratification of the President's appointments. The motion carried.

There was a partial term ending June 30, 2009, on the Board of Trustees of Fayetteville State University.

On behalf of the Committee, Mr. Mercer moved the approval of the election of Mr. Terence Murchison of Lake Wylie, South Carolina to fill the partial term. The motion carried.

There was a partial term ending on June 30, 2009, on the Board of Trustees of the North Carolina School of Science and Mathematics.

On behalf of the Committee, Mr. Mercer moved the approval of the appointment of Mr. Robert E. Slade of Upper Marlboro, Maryland to fill the partial term. The motion carried.

There was a term ending June 30, 2012, on the State Advisory Council on Indian Education.

On behalf of the Committee, Mr. Mercer moved the approval of the appointment of Dr. Zoe Locklear of the University of North Carolina at Pembroke to serve. The motion carried.

There is a second partial term ending June 30, 2009, on the Board of Trustees of North Carolina School of Science and Mathematics. The seat was vacated by Andrew Filipowski of Winston-Salem.

There was a partial term ending June 20, 2011, on the Board of Trustees of the University of North Carolina at Wilmington.

On behalf of the Committee, Mr. Mercer moved the approval of the election of Ms. Cynthia Marshall of Cary. The motion carried.

There was a partial term ending June 30, 2011, on the Board of Trustees of Western Carolina University.

On behalf of the Committee, Mr. Mercer moved the approval of the election of Dr. Betty Siegel of Marietta, Georgia to fill the term. The motion carried.

There was a term ending June 30, 2012, on the Board of Trustees of the University North Carolina Center for Public Television.

On behalf of the Committee, Mr. Mercer moved approval of the appointment of Mr. Gene Bell of Asheville. The motion carried.

There was a partial term ending June 30, 2011, on the Board of Governors of the University of North Carolina Press.

On behalf of the Committee, Mr. Mercer moved the approval of the appointment of Dr. Eric Muller of the University of North Carolina at Chapel Hill. The motion carried.

REPORT FROM THE ASG PRESIDENT

Mr. Doucette, President of the Association of Student Governments, reported on several items. Mr. Doucette introduced several members from ASG who were present. He reported that the Association held its first meeting last month at the University of North Carolina at Wilmington and 15 schools were represented at the meeting. He reported that discussions at the meeting focused on repairing the leadership deficit, adopting a budget, and ratifying amendments to the organization's constitution. One of the amendments was to change when future officers are appointed and his successor would now take office in April 2009. The members of the association also agreed to abide by the open meetings law and the public records law. A comprehensive strategic plan was developed that includes the Association's goals and objectives for the year.

Mr. Doucette said that the Association greatly appreciated the Board's support. He noted that Chairman Gage and Mr. Mercer attended the association's retreat last July. He also reported that Mr. Chas Klevinger of UNC Chapel Hill, former officer in the statewide association for the community college system, joined the Association of Student Governments to assist in collaborations between the university and the community colleges.

CHAIRMAN'S REPORT

Chairman Gage reported that the University was strong and growing. She reported that when the 'road map' of UNC Tomorrow was fully implemented, the University would be positioned to be more focused, would be stronger, and that our students would be fully prepared for the 21st century. She commended President Bowles for his outstanding leadership and the progress the University has made with him at the helm. The Chairman outlined her goals for the Board. She said that while the North Carolina legislature had been extremely generous to the University, the State has dealt with escalating fiscal pressures which will affect the ability of the State to respond to all needs of the University. She said that the Board needed to work to ensure that the University system is as strong in 25 years as it is today. First, the Board must recommit to fiscal responsibility and do what is proper for the entire University. Next, the Board must design a model for education that is affordable well into the future. It is critical that the University collaborate with the community colleges. She remarked that the community college transfer of students to a UNC institution needs to be a top priority. She said that the University should continue to expand online education and that graduation rates must be improved.

Chairman Gage then recognized Mr. J.C. Boykin, Chairman of the UNC Staff Assembly. Mr. Boykin served as the chair of the Staff Assembly from its founding in 2006 until October 2008. She presented Mr. Boykin with a resolution (see Appendix E).

On motion by Secretary Sanders and duly seconded, the board voted to convene in closed session to establish or instruct the staff or agent considering the negotiations of the amount of compensation or other terms of employment contract; and to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee, pursuant to North Carolina G.S. Sections 143-318.11 (a) (5) and (a) (6). The motion carried.

The Board of Governors went into closed session at 10:45 a.m. and returned to open session at 11:20 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Flood, chair of the Committee on Personnel and Tenure, recommended the approval of the items covered in closed session. President Bowles briefed the board regarding the contract offered to Mrs. Mary Easley by North Carolina State University. He said that North Carolina State University had misinterpreted the Board of Governors salary policy pertaining to fixed rate contracts. He further indicated that there was no evidence to suggest that NC State had attempted to circumvent the Board's policy or that officials at NC State were under any political pressure to offer a position to Mrs. Easley. He was convinced that given the expanded scope of the work and the other responsibilities associated with the new position that the salary was justifiable. Supporting documents which justified this action were made available to the public.

On behalf of the Committee, Chairman Gage moved the approval of Mrs. Easley's salary adjustment. The motion carried.

Dr. Flood reported that Vice President Luger discussed the process of considering faculty appeals and that the Legal Affairs staff would handle faculty appeals on a rotating basis. The Committee reviewed amendments to policy 100.3.1, policy 300.1.1, and policy 300.2.1 with respect to a change in the date by which campuses must submit revised promotion and tenure policies and procedures. In addition, the Committee reviewed the proposed policy 300.2.15 *UNC Pandemic and Communicable Disease Emergency Policy*. This policy would provide guidelines and procedures in the event of a major health threat. These policies will be submitted to the Board in October for its approval.

The Committee received the 2008 Board of Governors Awards for Excellence in Teaching Allocation and Distribution of Funds Report. Finally, the Committee received a copy of the Report on Personnel Actions Delegated to the President listing all personnel actions approved by the President since the last meeting. Included were approvals of conferrals of tenure from campuses without management flexibility.

Chairman Gage adjourned the meeting by thanking the President and staff at General Administration for the enormous amount of work they accomplished over the summer.

Secretary_____

APPENDICES

(All Appendices are a part of the official record of the meeting)

APPENDIX A	President Bowles' Report	Posted Online
APPENDIX B	UNC Health Care System Annual Report	Posted Online
APPENDIX C	2009 Campus Liaison Assignments	Posted Online
APPENDIX D	Approval of the Resolution on Security Clearance	Posted Online
APPENDIX E	Approval of the Resolution Honoring Mr. J.C. Boykin	Posted Online