

Board of Governors Meeting

Friday, January 9, 2009

Chapel Hill, North Carolina

The Board of Governors met in regular session on January 9, 2009, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m. She welcomed Mr. Jim Deal, the Board of Trustees' Chair from Appalachian State University. She asked Mr. Doucette to introduce guests from the Association of Student Governments. Those present were Mr. Atul Bhula, Mr. Michael Boglavich, Mr. Chas Klevinger, Mr. David Mofford, and Ms. Rebekah Dunstan.

INVOCATION

Chairman Gage called upon Mr. Barringer to give the invocation.

ROLL CALL

Secretary Sanders called the roll. 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
T. Greg Doucette
Ray S. Farris
Dudley E. Flood
Hannah D. Gage
Ann B. Goodnight
Clarice Cato Goodyear
H. Frank Grainger
Peter D. Hans
Charles A. Hayes

James E. Holshouser, Jr.
Adelaide Daniels Key
G. Leroy Lail
Ronald C. Leatherwood
Cheryl Ransom Locklear
Charles H. Mercer, Jr.
Jim W. Phillips, Jr.
Marshall B. Pitts, Jr.
Gladys Ashe Robinson
Irvin (Al) Roseman
Estelle "Bunny" Sanders
William G. Smith
J. Craig Souza
Priscilla P. Taylor
J. Bradley Wilson
David W. Young

The following member was absent:

Fred G. Mills

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, she asked if anyone had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. Mr. Phillips and Dr. Taylor did not participate in the closed session agenda item regarding faculty appeals.

MINUTES

Mr. Grainger moved, seconded by Mrs. Blank, that the minutes from the open session of the November 14, 2008, meeting be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles reported that he was very pleased with yesterday's discussion on tuition and fees. For President Bowles' complete remarks, please refer to Appendix A.

ADMINISTRATION ACTION ITEMS

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

- a. (B&F) Authorization to Issue Refunding Bonds, University of North Carolina Hospitals at Chapel Hill
- b. (B&F) Approval of Acquisition of Property by Gift, ECSU
- c. (EPPP/GOV) Approval of Amendments to Section 203 of *The Code, Powers and Duties*

REPORT OF THE AUDIT COMMITTEE

Mr. Daniels, Chair of the Audit Committee, reported on four items. First, the Committee received an update on the activities of the North Carolina Council of Internal Auditing. The Council of Internal Auditing would conduct training sessions at the end of the month on the Quality Assurance Review Program for auditors to conduct peer reviews in accordance with professional standards.

Second, Ms. Stacie Tronto, Director of Internal Auditing and Management Advisory Services at East Carolina University, provided an overview to the Committee of ECU's internal audit planning process. Ms. Tronto indicated that she has reporting responsibilities to both the Audit Committee of the Board of Trustees at East Carolina University and to the Chancellor. The Committee directed Associate Vice President King to review the Internal Audit Charter on each of the University's campuses.

Third, Project Management Officer, Gwen Canady, provided an update on the Finance Transformation Project. Ms. Canady reported that short-term improvements have been developed and tested with several campuses, financial aid work is underway, and a development work plan in the general accounting area had begun. Progress with migrating nine UNC campuses from the State payroll system to the University payroll system was ongoing and expected to be fully implemented by July 2010.

Lastly, the Committee reviewed audit reports released since its last meeting. No audit findings were reported at North Carolina State University, the University of North Carolina at Chapel Hill, or the University of North Carolina at Charlotte. At Winston-Salem State University, an audit finding pertaining to a payment transaction made to the school's foundation was reported. Corrective actions had been taken.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Lail, Chair of the Committee on Budget and Finance, reported on one item. On behalf of the Committee, he introduced a resolution supporting legislative requests of the North

Carolina Community Colleges for the 2009 session of the General Assembly. The Community College System would consider a similar resolution supporting the University's 2009-10 Legislative Policy Agenda. President Bowles commented that the community college system plays an important role in educating the citizens of North Carolina especially in tough economic times. He said that the Community College System lags behind in equipment replacement lifecycle and faculty salaries. It needs the resources to train and educate students for the jobs of tomorrow.

On behalf of the Committee, Mr. Lail moved the approval of the resolution supporting legislative requests of the North Carolina Community Colleges. The motion carried. (See Appendix E)

Mr. Lail reported that at the Board's policy discussion on tuition and fees, Vice President Nelson presented pertinent historical information as well as tuition and fee increase proposals from the campuses. The Board would be sent more information and a videoconference would be scheduled prior to the February 2009 Board meeting as it considers the campuses' requests to increase tuition and fees.

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

Mr. Dixon, Chair of the Committee on Educational Planning, Policies, and Programs reported that the Committee heard a presentation from Mr. Charles Leffler, Vice President for Finance and Business at North Carolina State University, about the opportunity provided to North Carolina State University by the government of South Korea to build and operate a campus in the Incheon Free Economic Zone (IFEZ) in South Korea. The government of South Korea would fund the project. If such a campus is proposed, it would operate on a self-supporting basis and would not be dependent on state appropriations.

On behalf of the Committee, Mr. Dixon moved the recommendation to authorize North Carolina State University to receive a planning grant from the government of South Korea to study the feasibility of developing a campus. The motion carried. (See Appendix F)

Next, the Committee reviewed the UNC Center for School Leadership Development's Seventh Annual Report on Professional Development. The report described the seven programs operating at the Center and evaluated the professional development programs for public school employees.

On behalf of the Committee, Mr. Dixon moved the approval of the Seventh Annual Report on Professional Development and requested that the report be conveyed to the State Board of Education for their review. The motion carried. (See Appendix G)

Next, the Committee reviewed the 2008 Intercollegiate Athletic Report. The NCAA had fully implemented its system for tracking the academic progress rate of athletic teams. The Committee discussed revising the Intercollegiate Athletic Report to rely more directly on the NCAA reporting rules and thus not duplicate data collection. The General Administration staff will explore revamping the report and the Committee will consider the proposed changes in the future.

The Committee reviewed the UNC Fall 2008 Enrollment Report. In the fall 2008, the total number of students enrolled in the University of North Carolina was 215,692. In the fall 2007, the total number of students enrolled in the University of North Carolina was 209,059; this represented a 3.2% overall growth rate. Enrollment in distance education was up 20.2%.

Next, the Committee reviewed the UNC Research and Sponsored Programs Report for Fiscal Year 2008. In 2007-08, the University was awarded \$1.12 billion in grants and contracts. This was an increase of over 18% in the past five years and a testimony to the high quality faculty at the University. The Office of Research and Sponsored Programs began to explore additional ways to assist research efforts and to make the transfer of innovations and technology into the marketplace.

Lastly, Mr. Dixon reported on his travel to Ireland last November as part of a delegation studying Ireland's economy and visiting its universities. The delegation, led by the North Carolina Center for International Understanding, also included representatives from the North Carolina Community School System and the Public School Forum.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Dr. Taylor, Chair of the Committee on Public Affairs, announced that the Committee approved the 2009-10 Legislative Policy Agenda. The Agenda was developed with input from all of the campuses and affiliates of the University. The highest priorities on the agenda are the modification of the repairs and renovations allocation formula, changes to statutes to encourage more energy efficient projects, extension of the phased retirement program, and the consolidation of teacher education reports.

On behalf of the Committee, Dr. Taylor moved the recommendation to approve the 2009-10 Legislative Policy Agenda. The motion carried. (See Appendix H)

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Mercer, Chair of the Committee on University Governance, reported on two items for action. First, there was a partial term ending June 30, 2009, on the Board of Trustees at Winston-Salem State University.

On behalf of the Committee, Mr. Mercer moved the approval of the election of Dr. Karen McNeil-Miller to serve on the Board of Trustees at Winston-Salem State University. The motion carried.

There was a term ending February 28, 2014, on the Pitt County Memorial Hospital Board of Trustees.

On behalf of the Committee, Mr. Mercer moved the approval of the appointment of Mr. William David Harris of Elizabeth City to serve on the Board of Trustees at Pitt County Memorial Hospital. The motion carried.

Mr. Mercer reported that there was a partial term ending June 30, 2011, on the Board of Trustees at the University of North Carolina at Greensboro. This vacancy resulted from the resignation of Ms. Linda Carlisle from Greensboro.

CHAIRMAN'S REPORT

Chairman Gage thanked the President and all those who contributed to the tuition and fees policy discussion. She reported that there was a lot of common ground and she was confident that the Board can reach a final decision. There were several unknown factors related to the economy that could impact the decision. She encouraged the Board to review all the information that they received at the policy discussion and that further information would be forthcoming from General Administration. A videoconference would be scheduled for later in the month and she stated that it was necessary to vote on the matter at the February 2009 meeting due to the financial aid deadline. She remarked that President Bowles would continue to work with the legislature to ascertain the economic landscape.

Chairman Gage said that the current condition of the economy has made it necessary to focus on ways that the University can function more efficiently such as streamlining programs, eliminating programs that are duplicative and strengthening online and distance education programs. She reported that she recently met with Governor Perdue to discuss the Governor's education priorities and noted that the Education Cabinet would be reemphasized in the Governor's new administration. Chairman Gage said that this would give the Board a more powerful platform to collaborate with the community colleges and K-12.

On motion by the 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; to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee; to hear or investigate a complaint, charge, or grievance by or against a 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 10:05 a.m. and returned to open session at 10:15 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Flood, Chair of the Committee on Personnel and Tenure, reported that the Committee reviewed a request to establish a new Senior Academic and Administrative Officer position for the Vice Chancellor for Research and Economic Development at the University of North Carolina at Greensboro.

On behalf of the Committee, Dr. Flood moved the approval of the recommendation to establish this position. The motion carried.

The Committee received the Report on Post-Tenure Review. Vice Chairman Hans inquired about the progress that had been made on the Post-Tenure Review process. Senior Vice President Martin stated that the campuses were required to revise their policies in accordance with changes to the regulations. The revised policies are due by March 10, 2009, to General Administration. The final revised policies are scheduled to go into effect on August 1, 2009.

Lastly, Dr. Flood stated that the Committee received the Summary Personnel Report on items delegated to the President and all personnel actions approved by the President since its last meeting. (See Appendix I)

In closing, Chairman Gage reminded the Board that they would meet to further discuss tuition and fees. They will be notified of the date as soon as it was determined. The next Board of Governors meeting will be held February 13, 2009. The meeting adjourned at 10:22 a.m.

APPENDICES

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

APPENDIX A	President Bowles' Report	Posted Online
APPENDIX B	Authorization to Issue Refunding Bonds, University of North Carolina Hospitals at Chapel Hill	Posted Online
APPENDIX C	Approval of Acquisition of Property by Gift, ECSU	Posted Online
APPENDIX D	Approval of Amendments to Section 203 of <i>The Code</i> , Powers and Duties	Posted Online
APPENDIX E	Resolution by the Board of Governors' Support for Community Colleges' Legislative Requests	Posted Online
APPENDIX F	Authorization to Study the Feasibility of an NC State Campus in South Korea	Posted Online
APPENDIX G	UNC Center for School Leadership Development Seventh Annual Report on Professional Development	Posted Online
APPENDIX H	The University of North Carolina 2009-10 Legislative Policy Agenda	Posted Online
APPENDIX I	Summary Personnel Report	Posted Online