

**Board of Governors Meeting
Friday, March 7, 2008
Chapel Hill, North Carolina**

The Board of Governors met in regular session on March 7, 2008, at the Spangler Center, formerly known as the General Administration Building, Chapel Hill, North Carolina.

Mr. Phillips, the chairman, called the meeting to order at 10:00 a.m.

INVOCATION

Mr. Pitts gave the invocation: First, I would like to pray for the family of Eve Carson, for Chapel Hill, and for the families in this nation and across the world who have suffered senseless acts of violence against members of their family and loved ones. Our hearts go out to them.

I also pray that, at this meeting today, we will all be humbled and selfless and that we will realize that in this room there are no big I's and there are no little U's. We will be mindful and understand that regardless of our position, regardless of our level of education, regardless of our wealth, that along the way, to achieve this place where we are today, that we all had a little help from somebody else. I pray that we will be humble and selfless.

I also pray that we will be honest and ethical in our dealings today. That we will mean what we say and that we will say what we mean, and that we will realize that even though we have the power to do something does not always mean that it is the right thing to do. I pray that we will have focus, that we will concentrate on the things that matter for this University and the State of North Carolina. We will concentrate on the things that will move us forward and disregard the things that won't.

I pray for perseverance. That we know when we do the community service work of this nation, it is often frustrating work, it is often thankless work, and often we may say to ourselves: Why do I still do it? But I want us to be reminded that it is very important that we keep the

fight up. Because as the old saying goes, “Success is largely a matter of hanging on after others have let go.” We pray for perseverance.

We pray for open minds here today that we will be able to be tolerant of other opinions and we will realize the need to embrace and adapt to new ideas, new concepts, if we are to progress in this new millennium. We know that the cities, the communities, the institutions that fail to adapt or evolve, will become stagnant and cease to be relevant. I pray for open-mindedness here today.

I pray for wisdom and I realize that we have a room full of highly intelligent people. Let us be mindful and remember that there is often a great divide between intelligence and wisdom. The history of the world is wrought with intelligent individuals who have made unwise decisions. We pray for wisdom in our business dealings. I pray that we have courage to deal with the obstacles and the challenges that lie ahead of us. We know that in order to get to something worth something you have to go through something. As Mr. Frederick Douglas said, “You cannot have progress without struggle. The struggle must come first.” I pray that when our days are done on earth that it can be said that we used every ounce of talent and ability that was given us to provide and help our communities and when all is said and done, our communities a better place as a result. Amen.

ROLL CALL

Secretary Sanders called the roll and 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 R. Locklear
Laura W. Buffaloe	Charles H. Mercer, Jr.
Frank Daniels, Jr.	Fred G. Mills
John W. Davis III	Jim W. Phillips, Jr.
Phillip R. Dixon	Marshall B. Pitts, Jr.
Ray S. Farris	Gladys Ashe Robinson
Dudley E. Flood	Irvin A. Roseman
Hannah D. Gage	Estelle W. Sanders
Ann B. Goodnight	William G. Smith
H. Frank Grainger	J. Craig Souza

Cody W. Grasty
Peter D. Hans
James E. Holshouser, Jr.

Priscilla P. Taylor
J. Bradley Wilson
David W. Young

The following members were absent:

Clarice Cato Goodyear, (excused)

Charles A. Hayes

MINUTES

Chairman Phillips made a motion to approve the minutes from the open session of the February 8, 2008, meeting. The motion carried.

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. In looking at the agenda for the 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. Dr. Roseman spoke to consent agenda item 8d, Authorization of New Capital Improvements Project at UNC Chapel Hill. This item requests authorization to proceed with a ground lease and new construction at Raleigh Durham International Airport in support of the Medical Air Program. See Appendix O for Dr. Roseman's remarks. Mr. Mercer reported that he had a potential conflict of interest with consent agenda item 8g and recused himself from consideration of the approval of the acquisition of property at UNC Chapel Hill.

On motion and duly seconded, the Board voted to convene in closed session to prevent the premature disclosure of an honorary award or scholarship; 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, 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.

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

ADMINISTRATIVE ACTION ITEMS

Chairman Phillips called attention to the Administrative Action Items listed on the agenda. There were no items removed from the agenda for discussion by the Board members. The following Administrative Action Items were approved by consent:

- a. (B&F) Authorization of Optional Redemption of Revenue Bonds, NCSU
- b. (B&F) Authorization of the Amendment to Previously Approved Disposition of Property and lease of Housing Space, UNCG
- c. (B&F) Authorization of New Capital Improvements Project, NCCU
- d. (B&F) Authorization of New Capital Improvements Project, UNCCH
- e. (B&F) Approval of Disposition of Property by Lease, UNCCH
- f. (B&F) Authorization of Disposition of Property and Lease of Housing and Parking, UNCW
- g. (B&F) Approval of Acquisition of Property, UNCCH
- h. (EPPP) Approval of the Report on Prospective Teacher Scholars Focused Growth Pilot, 2008
- i. (EPPP) Approval of Licensure for ECPI to offer the following degree programs in Raleigh:
 - Associate of Science Degree in Computer Electronics Engineering Technology
 - Associate of Science Degree in Criminal Justice
 - Associate of Science Degree in Computer & Information Science
 - Bachelor of Science Degree in Criminal Justice
 - Bachelor of Science Degree in Electronic Engineering Technology
- j. (EPPP) Approval to Configure a new College of Arts and Architecture at UNC Charlotte
- k. (P&T) Approval of Amendments to Policy 300.5.2, *Implementation Policy on Policy on Political Candidacy and Officeholding*
- l. (GOV) Approval of Amendments to Section 603 of *The Code*

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chairman of the Audit Committee, reported that there were no action items for consideration. Mr. Smith reported that the Committee received a report on the financial audits released since the last meeting. The 2007 Financial Audit Reports from the University of North

Carolina at Greensboro and from North Carolina State University were issued with unqualified audit opinions and no audit findings. The 2007 Audit Reports for the University of North Carolina at Charlotte and the University of North Carolina at Wilmington were issued with unqualified audit opinions; however, the University of North Carolina at Charlotte report contained one audit finding and the University of North Carolina at Wilmington report contained four audit findings. Corrective actions had been implemented to address each deficiency or compliance issue that was identified in the reports. At North Carolina Central University, a special audit report contained six findings and recommendations concerning improper activities and internal control deficiencies. North Carolina Central University had taken corrective action and developed action plans in response to the findings.

The Committee received a report on the State Controller's new internal control program entitled: "EAGLE." This program provides guidance and training for state agencies and universities to ensure compliance with requirements of the State Governmental Accountability Internal Control Act passed by the General Assembly in 2007.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Adcock, chairman of the Committee on Budget and Finance, reported four items for consideration.

First, the Board of Governors has an existing biennial budget priority list for the Governor and the General Assembly for 2007 through 2009. The President and the Chancellors have reviewed the items in preparation for the second year of the biennium. The 2008-09 Budget Priorities identify the operating and capital funding needed to carry out the highest priorities of the Chancellors, the President, and the Board of Governors. Much of the budget was assembled in 2007 prior to the UNC Tomorrow study; however, the budget priorities of the Board have been confirmed through the process. The Committee approved the Budget Priorities as presented in the notebooks with the exception of Item 7e (Center for Applied Public Policy) of \$1.25 million. That item will be reconsidered at the May meeting.

On behalf of the Committee, Mr. Adcock moved to adopt the 2008-09 Budget Priorities as amended for presentation to the Governor and the North Carolina General Assembly for consideration during the 2008 Legislative Session and that the Vice President for Finance be

authorized to make refinements to the request in the interest of accuracy and completeness. The motion carried.

Second, the Committee approved the issuance of pooled bonds for long-term debt for several campuses. Pooled bonds offer an attractive alternative for institutional investors and, for our campuses, result in lower interest rates and sharing of bond issuance expenses. Appalachian State University, East Carolina University, the University of North Carolina at Charlotte, the University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University have asked to be included in a ninth pooled issue to provide bonds for new construction and to refund bonds previously approved and issued by the Board of Governors currently outstanding at higher interest rates. The size of the bond issue will be finalized closer to the issuance date and is anticipated to be approximately \$100 million with \$38.8 million for refunding and \$61.2 million for new construction. Moody's Investors has assigned a rating of A1 to the 2008 Series A Pool Revenue Bonds.

On behalf of the Committee, Mr. Adcock moved to adopt the supporting resolution and recommended that the Vice President for Finance be authorized to sell the bonds between the March 2008 and May 2008 meetings of the Board of Governors at a time when the refunding bonds would have net present value savings equal to or exceeding 2%. The motion carried.

Third, the Board of Trustees of North Carolina State University requested approval to acquire 197 acres on Bull's Bay in Tyrrell County, North Carolina. This purchase will help restore and conserve wetlands and a fragile coastal watershed and will protect against commercial development. The price is \$2.3 million and will be funded by a North Carolina Clean Water Management Trust Fund Grant (\$1.7 million) and the Endowment Fund of North Carolina State University (\$600,000).

On behalf of the Committee, Mr. Adcock moved that the request of the Board of Trustees of North Carolina State University be approved and transmitted to the Council of State for final action. The motion carried.

Fourth, the Board of Trustees of North Carolina State University requested approval to lease space that will support the Institute for Advanced Analytics and its new graduate program in Analytics. NCSU will lease 8,500 sq. ft. of office and classroom space in the Venture II building at Centennial Campus from Venture City, L.L.C. The lease will be for 10 years and is

anticipated to cost \$30/per square foot annually depending on final upfit costs. Payments will be made from state operating funds that are budgeted for this purpose.

On behalf of the Committee, Mr. Adcock moved that the request of the Board of Trustees of North Carolina State University be approved and transmitted to the Council of State for final action. The motion carried.

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

Mr. Farris, chairman of the Committee on Educational Planning, Policies, and Programs, had two items for consideration and three items to report:

The first item for consideration was a proposed Plan for Expansion of Medical Education in North Carolina that had been jointly developed by the University of North Carolina at Chapel Hill School of Medicine and the East Carolina University Brody School of Medicine in collaboration with the University of North Carolina at Charlotte. The goal of the plan is to address the shortage of physicians in North Carolina. The expansion of the medical school would increase the number of residencies in North Carolina, increase the number of doctors in North Carolina, and increase the number of doctors in the underserved areas of the State. A task force has been established by the medical schools in North Carolina and the North Carolina Medical Center. The plan is estimated to cost \$40 million in recurring costs and \$239 million in non-recurring costs for UNC Chapel Hill and an estimated \$24 million recurring costs and \$150 million non-recurring costs for East Carolina University.

On behalf of the Committee, Mr. Farris moved that the Board endorse the Plan for Expansion of Medical Education in North Carolina jointly developed by the University of North Carolina at Chapel Hill School of Medicine and East Carolina University Brody School of Medicine in collaboration with the University of North Carolina at Charlotte. Each component of the plan would be presented for approval by the Board of Governors (i.e., programmatic, enrollment, expansion, operational, or facilities). The motion carried.

The second item for consideration was the planning for Carolina North, the mixed-use academic and research campus located two miles north of the main campus. Dr. Jack Evans, Director of Carolina North, made a presentation to the Committee on March 6, 2008. Early

development will be done through private and self-liquidating funding. Carolina North will contribute to the state's economic development and the plan aligns with the recommendations of the UNC Tomorrow study.

On behalf of the Committee, Mr. Farris moved that the Board adopt the Resolution in Support of Carolina North. The motion carried.

The first item for reporting was the proposed establishment of a Center for Applied Public Policy to be added to the Agenda as a part of the Programmatic Planning Process. Dr. Mike Smith of the School of Government made a presentation to the Committee. After review, the Committee members were satisfied with the proposal and believed the Center was consistent with the recurring demand of those who attended the UNC Tomorrow forums. This Center is intended to create a capacity to develop neutral data and to broker research across the system to address public policy issues. The Center will be housed at the University of North Carolina at Chapel Hill and governed by a non-partisan board. The Committee on Educational Planning, Policies, and Programs recommended that this proposal be forwarded to the Committee on Budget and Finance for its consideration of funding for the Center at its May meeting.

The second item for reporting was the proposed revisions to the Academic Planning Process that began with the Board's policy discussion on March 6, 2008. A meeting was planned for April 3, 2008, at 10:00 a.m. to continue consideration of this matter. The Committee will provide further information to the Board members and the Chancellors for their input and feedback on changes to this process.

The last item for reporting was the Annual Research Report. The University-wide total for FY 2007 for sponsored program activity was \$1 billion. This is five percent over the previous year.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Barringer, chairman of the Committee on Public Affairs, reported that it discussed and approved the 2008 Legislative Policy Agenda. This year's agenda reflects the priorities of the Chancellors and the University and the agenda will guide the President, staff, and our campuses to pursue state policy changes. The most significant agenda items include modifying

the current repair and renovation formula, providing immunity for dealing with campus mental health and other health professionals, and allowing the campuses to retain energy-savings through performance contracting.

On behalf of the Committee, Mr. Barringer moved that the Board approve the 2008 Legislative Policy Agenda. The motion carried.

In April, members of the Board will be asked to meet with their local state legislators to review the Budget and Policy Agenda. The state legislature will convene on May 13th, but will begin informal work in April.

Finally, the Committee reviewed the Board's trip to Washington, DC on February 25-26, 2008. Overall, the visit was a success. Several Board members participated and numerous small group meetings with federal elected and appointed officials were very beneficial. Mr. Barringer thanked the Board members for their personal sacrifice of time and resources, and noted that this year's cost was 50% lower than the previous year and will be used as a model going forward.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Davis, chairman of the Committee on University Governance, reported that there was a partial term ending June 30, 2009, on the Fayetteville State University Board of Trustees. This resulted from the vacancy of Mr. Nathan Garrett of Durham. There were five terms ending June 30, 2012, on the University of North Carolina Center for Public Television Board of Trustees. The positions were held by Mr. Carl Hester, Mrs. Betty McCain, Mr. David Paulson, Mr. Carl Ventures, and Ms. Peggy Ward. Mrs. McCain, Mr. Paulson, and Mr. Ventures are eligible for reappointment. There was also a partial term ending June 30, 2010, on the University of North Carolina Center for Public Television Board of Trustees. The seat was vacated by Col. Donald Porter. There are three terms ending June 30, 2013, on the University of North Carolina Press Board of Governors. The incumbents are Dr. W. Fitzhugh Brundage, Dr. Sherman James, and Dr. Loren Schweninger. All are eligible for reappointment.

The Committee considered the nomination of Western Carolina University Chancellor John Bardo to serve on the Business and Education Technology Alliance. Session Law 2002-126 provides that the Board of Governors may appoint a Chancellor who demonstrates effective and innovative use of technology for education to serve on this Alliance.

On behalf of the Committee, Mr. Davis moved that Chancellor Bardo be appointed to serve on the Business and Education Technology Alliance. The motion carried.

A matrix with the dates and times of the upcoming Spring Commencements was provided to the Board members. Mr. Davis asked that the Board members consider attending one of these events to officially represent the Board of Governors.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mrs. Gage, chair of the Committee on Personnel and Tenure, announced that the Committee approved the request to grant Management Flexibility to appoint and fix compensation to North Carolina Central University making it the 13th campus that has been granted such approval.

The Committee received President Bowles' recommendation for election of the next Chancellor at Fayetteville State University in closed session. On behalf of the Committee, Mrs. Gage moved the election of Dr. James A. Anderson to serve as the next Chancellor at Fayetteville State University. The motion carried.

PRESIDENT'S REPORT

President Bowles solemnly remarked that Chairman Phillips began the renaming of the Spangler Center ceremony earlier in the morning with a moment of silence for Eve Carson, the former UNC-Chapel Hill student government body President, that had been the victim of a violent crime. He noted that Eve was an extraordinary young woman and a leader in every sense. For President Bowles' transcribed remarks, see Appendix A.

ELECTION OF A CHANCELLOR

Mr. Ben Brown, chair of the Fayetteville State University Board of Trustees and chair of the Chancellor Selection Committee, gave a brief summary of the search process. For Mr. Brown's transcribed remarks, please see Appendix P.

President Bowles introduced the new Chancellor and remarked that it was his honor to recommend the election of Dr. James A. Anderson as the 11th Chancellor of Fayetteville State University effective June 9, 2008.” For President Bowles’ remarks, please see Appendix Q.

Chairman Phillips remarked that the Board in closed session unanimously approved the appointment. Chairman Phillips moved the election of Dr. James A. Anderson as Chancellor of Fayetteville State University. The motion was unanimously approved.

Dr. James A. Anderson remarked that he was deeply honored to be elected as the next Chancellor at Fayetteville State University and looked forward to “coming home.” For Dr. Anderson’s remarks, please see Appendix R.

CHAIRMAN’S REPORT

Chairman Phillips welcomed Chancellor-elect Anderson and indicated that he was excited to have him join the University. He thanked Mr. Brown, chair of the Search Committee, and Dr. Vic Hackley. He also remarked that the event early in the morning, renaming the General Administration Building, was a great occasion.

On behalf of the Board of Governors, he thanked Chancellor Boarman for hosting Thursday’s visit to the School of Science and Mathematics. The Board enjoyed the opportunity to talk with the students and faculty at that institution. He thanked Dr. Boarman for his hospitality.

Chairman Phillips noted that the Board took action on the Resolution in Support of Carolina North that was presented by Mr. Farris, chair of the Committee on Educational Planning, Policies, and Programs. He stressed the importance of Carolina North, not only to the University of North Carolina at Chapel Hill, but it is critical to the entire University and to the State of North Carolina. Chairman Phillips read the resolution offered by the Planning Committee in support of Carolina North. Several years ago, the General Assembly gave the Board the authority to establish a millennial campus in connection with each of our 16 universities. This Board strongly supports the effort on behalf of the entire University of North Carolina and the people of the State of North Carolina. He urged that the campus and community proceed.

The Chairman indicated that the Committee on Educational Planning, Policies, and Programs will meet on April 3, 2008, at 10:00 a.m. to continue discussions on the Academic Program Planning Process. He urged the Board members and the Chancellors to read the materials that Dr. Mabe would distribute and to provide Dr. Mabe or Mr. Farris feedback.

Chairman Phillips thanked Vice President Rhinehardt in connection with the Committee on Public Affairs for organizing the trip to Washington, DC. He reminded the Board of two Chancellor installations that are scheduled in April. The installation of Chancellor Reaves was scheduled for April 11, 2008, and the installation for Chancellor Battle was scheduled for April 25, 2008.

He noted that the legislature will convene in May and the budget request was approved by the Board. Campus safety and R&R are two very important non-budget legislative agenda items. He noted that the next meeting is scheduled for May 9, 2008.

Chairman Phillips closed by saying this had been a day of celebration for the Spangler Family and for Fayetteville State University. He reflected on Eve Carson's life as an outstanding human being. Chairman Phillips indicated that he draft a resolution honoring Eve Carson's memory and thanking her family for her service to the University. The resolution would then be forwarded to her family. The resolution will be presented to the Board at the May meeting.

There being no further business, the meeting adjourned at 11:40 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 Optional Redemption of Revenue Bonds, NCSU	Posted Online
APPENDIX C	Authorization of the Amendment to Previously Approved Disposition of Property and Lease of Housing Space, UNCG	Posted Online
APPENDIX D	Authorization of New Capital Improvements Project, NCCU	Posted Online
APPENDIX E	Authorization of New Capital Improvements Project, UNCCH	Posted Online
APPENDIX F	Approval of Disposition of Property by Lease, UNCCH	Posted Online
APPENDIX G	Authorization of Disposition of Property and lease of Housing and Parking, UNCW	Posted Online
APPENDIX H	Approval of the Report on Prospective Teacher Scholars Focused Growth Pilot, 2008	Posted Online
APPENDIX I	Approval of the Report on UNC Sponsored Research, 2007	Posted Online
APPENDIX J	Approval of Undergraduate Teacher Scholarship Loan and Information, 2007-2008	Posted Online
APPENDIX K	Approval of Licensure for ECPI to offer the following degree Programs in Raleigh: <ul style="list-style-type: none"> • Associate of Science Degree in Computer Electronics Engineering Technology • Associate of Science Degree in Criminal Justice • Associate of Science Degree in Computer & Information Science • Bachelor of Science Degree in Criminal Justice • Bachelor of Science Degree in Electronic Engineering Technology 	Posted Online
APPENDIX L	Approval to Configure a new College of Arts and Architecture at UNC Charlotte	Posted Online
APPENDIX M	Approval of Amendments to Policy 300.5.2, <i>Implementation Policy On Political Candidacy and Officeholding</i>	Posted Online
APPENDIX N	Approval of Amendments to Section 603 of <i>The Code</i>	Posted Online
APPENDIX O	Statement from Dr. Irvin Roseman	Posted Online
APPENDIX P	Mr. Ben Brown's Remarks on the Election of a Chancellor, FSU	Posted Online
APPENDIX Q	President Bowles' Remarks on the Election of a Chancellor, FSU	Posted Online
APPENDIX R	Chancellor-Elect, Dr. James Anderson's Remarks	Posted Online
APPENDIX S	Report on the 2008 O. Max Gardner Award Committee	Posted Online
APPENDIX T	2008 Board of Governors Awards for Excellence in Teaching Nominees	Posted Online