

Board of Governors Meeting

Friday, October 17, 2008

Cullowhee, North Carolina

The Board of Governors met in regular session on October 17, 2008, in the University Center Grandroom at Western Carolina University. Chairman Gage called the meeting to order at 9:30 a.m.

INVOCATION

Chairman Gage called upon Dr. Key to give the invocation.

ROLL CALL

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

Laura W. Buffaloe
Frank Daniels, Jr.
John W. Davis
Phillip R. Dixon
T. Greg Doucette
Ray S. Farris
Dudley E. Flood
Hannah D. Gage
Ann B. Goodnight
Clarice Cato Goodyear
Peter D. Hans
Charles A. Hayes
James E. Holshouser, Jr.

Adelaide Daniels Key
G. Leroy Lail
Ronald C. Leatherwood
Fred G. Mills
Jim W. Phillips, Jr.
Marshall B. Pitts, Jr.
Irvin (Al) Roseman
Estelle "Bunny" Sanders
William G. Smith
J. Craig Souza
Priscilla P. Taylor
David W. Young

The following members were absent:

Bradley T. Adcock
Brent D. Barringer
Peaches Gunter Blank
R. Steve Bowden
H. Frank Grainger

Cheryl Ransom Locklear
Charles H. Mercer, Jr.
Gladys Ashe Robinson
J. Bradley Wilson

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

Mr. Souza moved, seconded by Mr. Young, that the minutes from the open session of the September 12, 2008, meeting be approved. The motion carried.

PRESENTATION OF THE AWARD FOR EXCELLENCE IN PUBLIC SERVICE

Chairman Gage announced that this was the 2nd annual Public Service Award. In 2007 the Board of Governors established the Award for Excellence in Public Service. She asked President Bowles to jointly present the award to this year's recipient. President Bowles thanked former chairman, Mr. Jim Phillips, and Mr. Leroy Lail, former chairman of the Committee on Public Affairs, for their efforts in making this award a reality. Mr. Dixon joined President Bowles for the announcement of this year's recipient. He noted that the committee consisted of Gladys Robinson, Adelaide Key, Marshall Pitts, David Young, and himself. He said it was a rare and special privilege to introduce the recipient of the 2008 Award of Excellence in Public Service, Dr. Lessie L. Bass, Associate Professor of Social Work and Executive Director of the Lucille Gorham Intergeneration Center, East Carolina University. Dr. Bass' guests were recognized as well. Dr. Bass has long been committed to public service and community engagement and her focus is to improve the quality of life for citizens in western Greenville, North Carolina. She has worked with residents in the area, the East Carolina University faculty and administrators, city and county officials, and Pitt County Community College faculty and administrators, to make the Lucille W. Gorham Center a reality. It has become a thriving center with assisting families and individuals in the community to reach their full potential through adult education, job training, counseling, and social work services. Her work has served as a national model in community organizations and urban planning, and it has the potential to help

residents in many other underdeveloped communities. Following a short video highlighting Dr. Bass' accomplishments, President Bowles presented Dr. Bass with an engraved bronze medallion and a stipend.

PRESIDENT'S REPORT

President Bowles thanked Chancellor Bardo and his team for their hospitality. He enjoyed visiting with the students and he recognized Dr. Bardo for the progress of the campus particularly in regard to the programs of applied research and engaged scholarship which is the cutting-edge of UNC Tomorrow. For President Bowles' remarks, see Appendix A.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization of Projects Funded with Special Obligation Bonds, NCSU and UNCCH
- b. (B&F) Authorization of new Capital Improvements Project, UNCC
- c. (B&F) Authorization of New Capital Improvements Project, UNCG
- d. (B&F) Authorization of Disposition of Property, UNCCH
- e. (B&F) Approval of Disposition by Lease, NCSU
- f. (EPPP) Authorization to Establish the Master of Arts in Teaching, NCSU
- g. (P&T) Approval of Proposed Policy 300.2.15, *UNC Pandemic and Communicable Disease Emergency*
- h. (P&T) Approval of Amendments to Policy 101.3.1, *Review of Nonreappointment Decisions Under Section 604 of The Code*
- i. (P&T) Approval of Amendments to Policy 300.1.1, *Senior Academic and Administrative Officers*
- j. (P&T) Approval of Amendments to Policy 300.2.1, *Employees Exempt from the State Personnel Act*
- k. (GOV) Approval of Amendments to Policy 400.3.3, *Performance Review of Tenured Faculty*
- l. (GOV) Approval of Amendments to Policy 400.3.6, *University Teaching Awards*
- m. (GOV) Approval of Amendments to Policy 600.2.3, *Distinguished Professors Endowment Trust Fund*
- n. (GOV) Approval of Amendments to *The Code*, Section 102, *Composition of the University*
- o. (GOV) Approval of Amendments to *The Code*, Section 301 D, *Committee on Personnel and Tenure*
- p. (GOV) Approval of Amendments to *The Code*, Section 400 A, *General Provisions*
- q. (GOV) Approval of Amendments to *The Code*, Chapter VI, *Academic Freedom and Tenure*

- r. (GOV) Approval of Amendments to *The Code*, Section 702 C, *Transfer of Property and Obligation*
- s. (GOV) Approval of Amendments to *The Code*, Section 901, *University of North Carolina School of the Arts*

REPORT OF THE AUDIT COMMITTEE

Mr. Daniels, chair of the Audit Committee, reported that there were six items for the board's information. First, the "Report & Findings Regarding the Unauthorized Creation and Operation of the New Birth Program in Lithonia, Georgia" was discussed. Second, an audit report on the use of purchasing cards at the University of North Carolina at Greensboro was released with favorable results. Next, the committee received an update on the ongoing review at Appalachian State University by the U.S. Department of Education on the GEAR UP grant. A report from the U.S. Department of Education would be released soon. Next, the Committee discussed Winston-Salem State University's 2006 Financial Aid Review Report issued by the U.S. Department of Education. In 2008, the U.S. Department of Education determined that the University had a \$1.1 million liability. A 3-year repayment plan was negotiated with the U.S. Department of Education to satisfy the obligation. Winston-Salem State University continues to improve its administration of federal financial aid with the support of General Administration. Next, the Committee received an update on the finance transformational project. Ms. Gwen Canady, Project Management Officer, was hired by General Administration to manage the financial operations project. Lastly, the Committee received a report on the annual meeting of the UNC Internal Auditors.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Lail, chair of the Committee on Budget and Finance, reported on two items. He noted that the Board of Governors was responsible for the issuance of tax exempt bonds to finance capital improvements on the campuses. Due to historical disruptions in the financial markets, the Committee introduced a resolution which would allow the President of the University to enter into agreements and other instruments in connection with financial service products to protect the University's own financial standing.

On behalf of the Committee, Mr. Lail moved the approval of a resolution to authorize the President of the University of North Carolina in consultation with the Chair of the Board of Governors and the Chair of the Budget & Finance Committee, to take such actions as appropriate in the best interest of the University. (See Appendix B). The motion carried.

Mr. Lail reported that in 1999 the Board issued variable rate bonds to fund construction of the Partners Building on the Centennial Campus at North Carolina State University. At the time the bonds were issued, North Carolina State University entered into an agreement with Lehman Brothers for the majority of the bonds. Due to the turmoil in the financial markets, North Carolina State University determined that it would refund the bonds and terminate the swap with Lehman Brothers through issuance of commercial paper within its existing commercial paper program.

On behalf of the Committee, Mr. Lail moved the approval of the resolution refunding the 1999 bonds. (See Appendix C). The motion carried.

The Committee reviewed a report from the CommonFund Institute entitled *Higher Education Price Index* for fiscal year 2007-08. After hearing the HEPI report, the Committee discussed the requirements of the Board's tuition and fees policy. A moratorium on tuition increases for 2009-10 was suggested but no action was taken. The Committee reviewed the economic situation in North Carolina and learned that proposals for 2009-10 tuition increases would be submitted to UNC General Administration in December for consideration in February 2009. The Committee decided to take no action on tuition and fees until they had the opportunity to evaluate data submitted by the campuses and to study the President's recommendations. Staff was instructed to consider the state's economy and its impact on students and their families when reviewing requests for campus-based tuition increases.

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 consideration and three items for information. Appalachian State University proposed to reorganize its current college structure and establish a new College of

Health Sciences and Allied Professions. (See Appendix D). The reorganization is plausible and fits within the UNC Tomorrow initiative.

On behalf of the Committee, Mr. Dixon moved the approval of the request to establish a College of Health Sciences and Allied Professions at Appalachian State University. The motion carried.

Mr. Dixon reported that the regulations for the Revised Academic Program Planning Policy were circulated to all the campuses for their review and comments. The Committee reviewed a proposed policy for the establishment of branch campuses. Lastly, regarding financial aid, General Administration has developed a reporting format for financial aid. The Committee reviewed the Financial Aid Report of 2005-06 & 2006-2007. A final version of the report will be released soon.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Souza, a member of the Committee on University Governance, reported one item for consideration and one item for information. The Committee considered the appointment of Mr. David W. Young to serve on the North Carolina Center for International Understanding Advisory Board. The bylaws of the advisory board call for a member of the Board of Governors to serve as an ex-officio member.

On behalf of the Committee, Mr. Souza moved the appointment of Mr. Young to serve on the North Carolina Center for International Understanding Advisory Board. The motion carried.

Mr. Souza referred to the 2008 Winter Commencement schedule and encouraged the members to sign-up to represent the University at one or more of the commencements.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Dr. Taylor, chair of the Committee on Public Affairs, reported that it was critical for the Board members to advocate for the University's budget and that the process would begin in January 2009. The Committee held an informal online discussion and decided to forego next year's trip to Washington, D.C. to meet with the congressional delegation. The committee would

discuss one-on-one meetings or videoconferencing with the delegates once they are in their home districts and the Committee would request that the Chancellors participate in these meetings as well. Dr. Taylor said that other ideas to advance the federal agenda would be welcomed.

CHAIRMAN'S REPORT

Chairman Gage thanked Chancellor Bardo for hosting the Board of Governors and thanked him and his staff for all the wonderful events. She thanked Dr. Mary McDuffie, Executive Director of the North Carolina Center for Advanced Teaching, for hosting an event at the Center which enabled the Board members to learn more about their important mission. She remarked that the previous day's policy discussions were very important and insightful. Despite the sobering economic news, she said that the University of North Carolina and the State of North Carolina is in much better condition than others and we are mindful of the tough challenges the University has experienced in the past. Chairman Gage noted that we are extremely fortunate to have President Bowles leading UNC because of his significant expertise in dealing with the economic challenges.

Next, the chairman congratulated Chancellor Boarman from the North Carolina School of Science and Mathematics. Sixty-three students from the School were recognized as national merit semi-finalists. She announced that Mr. Phil Dixon will travel to Ireland next month to study its economy with a group from the North Carolina Center for International Understanding, North Carolina Community School System, and the Public School Forum. The trip will be underwritten by Burroughs Wellcome.

Mr. Charles Hayes was appointed to a three year term as a corporate member of the Research Triangle Institute and Mr. Peter Hans was appointed to serve on the Committee of Budget & Finance. Chairman Gage commented on the installation of Chancellor Holden Thorp. She attended his installation on October 12, 2008, along with President Bowles and noted that it was a great occasion.

The next meeting will be held on November 14, 2008, and the University Awards will be presented on November 13, 2008, recognizing Dr. Roy Carroll and General Hugh Shelton.

Chairman Gage recognized Dr. Al Roseman who made remarks on his visit to Elizabeth City on October 8 for the groundbreaking ceremony of the Aviation Research & Development Commerce Park.

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 10:30 a.m. and returned to open session at 10:40 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 at Appalachian State University for the Dean of the College of Health Sciences and Allied Professions. (Refer to Appendix D). The establishment of the proposed college was reviewed at the Committee on Educational Planning, Policies and Programs meeting as well.

On behalf of the Committee, Dr. Flood moved the approval of the establishment of a Senior Academic and Administrative Officer position at Appalachian State University. The motion carried.

The Committee reviewed the Personnel & Tenure Annual Report. Included in the report was information regarding the Distinguished Professors Endowed Trust Fund. As of September 30, 2008, the fund had a total of 373 fully funded endowments and 30 endowments were fully

funded in 2007-08. The North Carolina General Assembly, at its last session, provided a total of \$12.6 million. Lastly, the Committee received a report on Summary Personnel Actions delegated to the President. (See Appendix E)

Chairman Gage thanked the Board for making the trip to Cullowhee. Mr. Davis added that he strongly recommended that the Board continue to consider holding periodic meetings at other campuses. Chairman Gage thanked him for his input. The meeting adjourned at 10:45 a.m.

Secretary _____

APPENDICES

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

APPENDIX A	President Bowles' Report	Posted Online
APPENDIX B	Resolution Authorizing the President of the University to Enter Into Agreements in Connection with Financial Service Products	Posted Online
APPENDIX C	Resolution Authorizing Special Obligation Bond Projects	Posted Online
APPENDIX D	Establishment of College of Health Sciences and Allied Professions at Appalachian State University	Posted Online
APPENDIX E	Summary Personnel Report	Posted Online