

BOARD OF GOVERNORS MEETING

The University of North Carolina

October 12, 2007

The Board of Governors met in regular session on October 12, 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

Dr. Buffaloe gave the invocation:

Heavenly Father, we bow before you today with hearts of thanks for everything you have done and continue to do in our lives. We are grateful to you for this opportunity to assemble together again at this our appointed time for our appointed tasks. We pray for the strength and wisdom to go forth with the responsibilities for which we have been charged. Make us a powerful source of encouragement to those in need. This day we commit ourselves and recommit ourselves to your service in order to appropriately serve this educational system and the thousands of students who ultimately rely on us. Keep us mindful that we have influence on many people and make us an influence for good.

We pray not only for each member of this Board of Governors and those who guide this process at UNC General Administration, but also for every chancellor and for every institution that they lead. We pray that they operate with sound judgment and above reproach. We ask that the University of North Carolina experiences unparalleled success this year and that every graduate leaves equipped to lead productive lives.

We know that with the help of the Almighty, we will continue to grow as a University, continue to offer the best we have, and continue to grow closer into one people with the common goal of achieving the best possible society that will nourish and support each and every citizen. Continue, oh Lord, to prick our hearts and help us to remain mindful of our primary purpose at all times. Amen.

ROLL CALL

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

Bradley T. Adcock
Brent D. Barringer
Peaches Gunter Blank

Adelaide D. Key
G. Leroy Lail
Ronald C. Leatherwood

R. Steve Bowden
 Laura W. Buffaloe
 Frank Daniels, Jr.
 John W. Davis III
 Phillip R. Dixon
 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.

Cheryl R. Locklear
 Charles H. Mercer, Jr.
 Fred G. Mills
 Jim W. Phillips, Jr.
 Marshall B. Pitts, Jr.
 Gladys Ashe Robinson
 Irvin A. Roseman
 Estelle W. Sanders
 J. Craig Souza
 William G. Smith
 Priscilla P. Taylor
 Bradley T. Wilson
 David W. Young

No members were absent.

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.

MINUTES

Mr. Grainger moved, seconded by Mrs. Robinson, that the minutes of the meetings of September 7, 2007, be approved. The motion carried.

ADMISTRATION OF OATH OF OFFICE

Chairman Phillips introduced Mr. Cody W. Grasty, President of the UNC Association of Student Governments. The Chair asked Assistant Secretary Manns to administer the oath of office to Mr. Grasty. The oath was administered and signed. Chairman Phillips

welcomed Mr. Grasty to the board and stated that the student member is an important member of the board and the board will welcome his input. Mr. Grasty thanked the students, the General Administration staff, and the board members for their support.

PRESENTATION OF THE AWARD FOR EXCELLENCE IN PUBLIC SERVICE

Chairman Phillips stated that some time ago, President Bowles and the Board of Governors recognized the need to place greater emphasis on and recognition of public service within the University. In February, the board established the Award for Excellence in Public Service, specifically to encourage, identify, recognize, and reward public service by the faculty of the University of North Carolina. He called upon President Bowles to make this inaugural presentation.

President Bowles stated that he was honored to help present the first Board of Governors Award for Excellence in Public Service. He added that there is no higher calling than that of public service. President Bowles thanked Chairman Phillips and members of the board for their support of this award.

President Bowles called upon Mrs. Robinson, chair of the 2007 Committee on the Award for Excellence in Public Service, to present the award. Mrs. Robinson recognized the other members of the committee, Mr. Bowden, Mr. Dixon, Mr. Farris, and Mrs. Gage. She then announced that the Board of Governors honors Dr. George P. Wilson, Sr., Professor of Criminal Justice and Chair of the Faculty Senate at North Carolina Central University as the recipient of the 2007 Award for Excellence in Public Service.

Mrs. Robinson introduced Dr. Wilson's wife and other guests who had come to share in the occasion. Following a short video highlighting Dr. Wilson's esteemed service,

Mrs. Robinson invited Dr. Wilson to the podium and President Bowles presented him with the newly created public service medallion and check. Dr. Wilson responded:

Thank you. Giving honor to God, my family, President Bowles, the Board of Governors, elected officials, university officials, and friends of the University of North Carolina. I am humbled and honored to receive this award. I am committed to the idea that we can sincerely make a difference. My background in Birmingham and Chicago, during some rough and some good times, has shown me that you can make a difference. People think you can't make a difference. But even if you can't change the world, you can make a difference by changing your community and making commitments to those things that you really believe in. My motto is that if you want to do something, you have to get involved. The things that drive me have been honesty, integrity and the willingness to take off your shoes and socks and jump in and get involved. If you do that and people see that you are honest and really working toward what they are working for, you can be successful. Thank you very much for this award.

Chairman Phillips added that when the board members discussed establishing this award, Dr. Wilson is exactly the kind of faculty member that they were thinking about.

REMARKS OF SENATOR RICHARD BURR

President Bowles introduced Senator Burr, stating that this University and state could not have a stronger, more effective champion in Washington than we do in Richard Burr.

Senator Burr discussed the global shift, both internationally and domestically; what change is needed to prepare ourselves for that shift; and what is North Carolina's future and are we really ready. During his presentation, Senator Burr showed a video that can be found at *www.YouTube.com* entitled *Did You Know?*

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On motion of Mrs. Sanders, and seconded by Mrs. Gage, the board voted to convene in closed session pursuant to North Carolina General Statutes 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 10:35 a.m. and returned to open session at 10:55 a.m.

PRESIDENT'S REPORT

Upon suggestion from President *Emeritus* William C. Friday, President Bowles recommended to the board that the General Administration Building be named in honor of President *Emeritus* C.D. Spangler, Jr.

Mr. Souza moved, duly seconded, that this recommendation be added to the agenda and that the rules be suspended for an immediate vote. The motion carried.

Mr. Souza moved, duly seconded, that the General Administration Building be named in honor of President *Emeritus* C.D. Spangler, Jr. The motion carried.

For President Bowles' complete remarks, see Appendix A.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization of Projects with Special Obligation Bonds, NCSU and UNCCH
- b. (B&F) Approval of a Declaration of an Emergency Capital Improvements Project, UNCCH
- c. (B&F) Approval of Ground Lease at Centennial Campus, NCSU
- d. (B&F) Approval of Disposition by Lease, NCSU
- e. (B&F) Approval of Acquisition of Property by Gift, NCSU
- f. (B&F) Approval of Acquisition of Property, ASU
- g. (B&F) Approval of Amendments to Policy 600.3.1, Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions
- h. (EPPP) Authorization to Discontinue the Bachelor of Science in Occupational Therapy, WSSU

- i. (EPPP) Approval of Licensure of South College-Asheville to offer a new degree programs in Asheville:
Bachelor of Science in Radiological Sciences
- j. (EPPP) Approval of Pre-Major Agreement in Middle-Grades Education
- k. (EPPP) Approval to Change the School of Nursing at ECU to College of Nursing
- l. (EPPP) Approval to Change the School of Allied Health at ECU to College of Allied Health

The motion carried.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated the committee received a report on the audits released since its last meeting. He noted that a financial audit report on Elizabeth City State University was released with one finding and an investigative management letter for East Carolina University was also released with two findings.

Mr. Smith stated that the committee also received a report on the internal audit plans for FY 2008 and that the audit committees of the boards of trustees for each campus approved the internal audit plans.

Mr. Smith reported that the committee received a brief overview of a new state law which will affect the internal audit activities at every campus. The new state law, entitled The North Carolina Internal Audit Act, created a Council of Internal Auditing at the state level. This Council will hold its first meeting on October 31, 2007. He added that the committee is concerned about the new qualification requirements of Internal Auditors for state agencies including the University, and the committee will be working with the new Council of Internal Auditing to determine the new requirements' impact on the University.

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.

Mr. Farris stated that Chancellor Hackley of Fayetteville State University gave a report on the Nursing Program. Chancellor Hackley discussed the necessity of having support systems in place to assist students who may come to the university without strong prior preparation. He stated that reforms have been put in place for nursing and the diagnostic tests that are being used to assess students' strengths and weaknesses. He added that individual plans are being developed for students based on the results of the diagnostic exams.

Chancellor Hackley reported that the State Board of Nursing changed the status of the program from *Temporary Approval* to *Approval with Warning* on September 20, 2007. In addition, a consultant has been hired to advise the program, and General Administration, in consultation with Chancellor Hackley, has arranged for a two-person team of nursing deans to visit the program in November.

In anticipation of the many issues the committee and the board will face in the spring when the results of the UNC Tomorrow initiative are available to shape our priorities and planning process, the committee received updates on a number of topics including long-range planning, the UNC accountability plan, the new national Voluntary System of Accountability, the University of North Carolina Online, and higher education demographics in North Carolina.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mrs. Gage, chair of the Committee on Personnel and Tenure, presented the committee's report

Approval of Amendment to Policy 1100.3, *Head Coaches' and Athletic Directors'*

Contracts

Mrs. Gage reported that the committee reviewed an amendment to Policy 1100.3, *Head Coaches' and Athletic Directors' Contracts*, which would replace the former policy and repealed Guideline 1100.3.1. This change will ensure that campuses who are undertaking a financial risk pertaining to these contracts receive Board of Governors approval prior to entering into such contracts. The primary substantive change relates to deferred compensation as this policy was originally adopted in 1990 when deferred compensation was not a common practice.

On behalf of the committee, Mrs. Gage moved approval of the amendment to Policy 1100.3, *Head Coaches' and Athletic Directors' Contracts*. The motion carried.

(Appendix M)

Requests to Establish New SAAO Positions

Mrs. Gage reported that the committee also reviewed requests to establish the following new Senior Academic and Administrative Officer positions: Vice Chancellor for Strategic and Management Initiatives at Winston-Salem State University; and Vice Chancellor for Information Technology and Telecommunications, which is a change in title from Chief Information Officer, at Fayetteville State University.

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

Mrs. Gage stated that the committee also reviewed the Annual Plan for the Committee on Personnel and Tenure, the Annual Report on Committee Activities, and the Annual Report on the Distinguished Professors Endowment Trust Fund, which were included in the board notebooks. She added that 346 endowments have been fully funded and the University received \$14 million from the Legislature at the last session in support of this fund. This year 46 endowments were fully funded.

Lastly, the committee received the *Report on Personnel Actions Delegated to the President Pursuant to Policy 200.6*, listing all personnel actions approved by the President from September 7, 2007, to October 11, 2007.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Barringer, chair of the Committee on Public Affairs, presented the committee's report.

National Bio and Agro-Defense Facility

Mr. Barringer reported that the Department of Homeland Security came to Granville County on September 18, 2007, for a public comment session regarding the Butner location proposed for the National Bio and Agro-Defense Facility (NBAF). There was a very strong showing of support from industry, the University and local and state leaders; however, work continues with local groups and officials to educate the public about the benefits of having NBAF in Butner. This project could mean a \$1.65 billion in new revenue for North Carolina during its first 20 years. The next stage of the process is the Environmental Impact Statement with a draft statement expected to be released next spring, followed by another public hearing.

He stated that the committee will continue to keep members updated and may be asking for support of this project in the coming months.

Mr. Barringer reported that Congress continues their work on appropriations bills and the committee is also monitoring several pieces of legislation including Patent Reform and the Higher Education Reauthorization bill.

Mr. Barringer added that Associate Vice President Boney provided an update and highlighted the comments that focused on economic development from the UNC Tomorrow Listening Forums.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Davis, chair of the Committee on University Governance, presented the committee's report.

Report of Vacancies on Boards of Trustees

Mr. Davis reported that there are two partial terms ending June 30, 2009, on the Elizabeth City State University Board of Trustees. He asked members of the board to send any recommendations to fill these vacancies to him or to Chancellor Gilchrist.

Election to the UNC Charlotte Board of Trustees

Mr. Davis reported that there is a term ending June 30, 2011, on the University of North Carolina at Charlotte Board of Trustees. On behalf of the committee, he moved the election of Joe L. Price of Charlotte to serve on the UNC Charlotte Board of Trustees. The motion carried.

Proposed Amendments to Policy 200.1, *Dual Memberships and Conflicts of Interest*

Mr. Davis stated that the committee received proposed amendments to Policy 200.1, *Dual Memberships and Conflicts of Interest*, which would eliminate the duplication between the Statement of Economic Interest required by the State Ethics Act and the Disclosure of Substantial

Interests required by this policy. The committee will bring the proposed amended policy to the board for consideration at the November meeting.

Upcoming Winter Commencements

Mr. Davis asked members to please consider attending one of the upcoming winter commencements to bring greetings on behalf of the Board of Governors. He stated that the matrix available in the board folders indicates the date and times of these commencements and asked members to let Secretary Corgnati know if they can attend.

REPORT OF THE CODE REVISION COMMITTEE

Mr. Young, chair of the Code Revision Committee, presented the committee's report. He stated that the committee approved an amendment to Section 302 B of *The Code*, Officers of Standing Committees. The proposed amendment, which would allow the Chairman of the Board of Governors to name the committee officers, is included in the board folders and will be brought to the board for consideration at the November meeting.

CHAIRMAN'S REPORT

Chairman Phillips thanked board members and members of the president's staff for very successful October board meetings. He discussed his interest in the board focusing more closely on public service as seen in the lives of Dr. George Wilson, Sr., Senator Richard Burr, and Professor Oliver Smithies.

Chairman Phillips thanked President Bowles for his hospitality on the previous evening and for inviting the choral group from Elizabeth City State University.

Chairman Phillips stated that the next meeting of the board is November 9, 2007. This meeting coincides with the presentation of the 2007 University Award on November 8 and a meeting of the UNC Tomorrow Commission on November 7 at 10:00 a.m.

Chairman Phillips stated that Assistant Secretary Michelle Manns will be leaving the Office of the Secretary after seven years. He added that she has been a valuable member of the team that supports the Board of Governors and will be greatly missed.

There being no further business, the meeting adjourned at 11:35 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 Projects with Special Obligation Bonds, NCSU and UNCCH	Posted Online
Appendix C	Approval of a Declaration of an Emergency Capital Improvements Project, UNCCH	Posted Online
Appendix D	Approval of Ground Lease at Centennial Campus, NCSU	Posted Online
Appendix E	Approval of Disposition by Lease, NCSU	Posted Online
Appendix F	Approval of Acquisition of Property by Gift, NCSU	Posted Online
Appendix G	Approval of Acquisition of Property, ASU	Posted Online
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Appendix L	Approval to Change the School of Nursing to College of Nursing and Approval to Change the School of Allied Health to College of Allied Health, ECU	Posted Online
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