

BOARD OF GOVERNORS MEETING

The University of North Carolina

July 9, 2004

The Board of Governors met in regular session on July 9, 2004, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 11:00 a.m.

INVOCATION

Mr. Grainger gave the invocation:

Father, we thank you for this day and we ask that you guide our thoughts as we endeavor to make decisions that will ultimately affect the lives of many, especially the young people who are attending our great universities. Thank you for the opportunity to gather here and guide us as we share our ideas and opinions with each other. Amen.

ROLL CALL

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

J. Bradley Wilson	Hannah D. Gage
Bradley T. Adcock	Willie J. Gilchrist
G. Irvin Aldridge	H. Frank Grainger
James G. Babb	Peter D. Hans
Brent D. Barringer	Adelaide D. Key
J. Addison Bell	G. Leroy Lail
F. Edward Broadwell, Jr.	Charles H. Mercer, Jr.
William L. Burns, Jr.	Charles S. Norwood
C. C. Cameron	Cary C. Owen
Anne W. Cates	Patsy B. Perry
John F.A.V. Cecil	Jim W. Phillips, Jr.
John W. Davis III	Estelle W. Sanders
Amanda M. Devore	J. Craig Souza
Ray S. Farris	Priscilla P. Taylor
Dudley E. Flood	Robert F. Warwick

The following members were absent:

R. Steve Bowden
Bert Collins
James E. Holshouser, Jr.

Peter Keber
Gladys Ashe Robinson
Benjamin S. Ruffin

MINUTES

Mr. Grainger moved, seconded by Mrs. Sanders, that the minutes of the meeting of May 14, 2004, be approved. The motion carried.

ADMINISTRATION OF OATH OF OFFICE

Chairman Wilson stated that the Oath of Office would be administered to Amanda Devore, President of the UNC Association of Student Governments and new *ex-officio* member of the board. He recognized Ms. Devore's parents, Linda and Harlan Devore of Fayetteville, who attended the meeting.

The chair called upon Ted Johnson, a Notary Public, and he came forth and administered the oath. Ms. Devore signed two copies of the oath, and was given a copy to keep, along with a certificate of board membership.

Chairman Wilson congratulated Ms. Devore and stated that the board looked forward to serving with her in the days ahead.

PRESIDENT'S REPORT

President Broad introduced the chancellors and representatives of affiliated organizations in attendance at the meeting and gave the board an update of the good news and accolades afforded many of the campuses.

She recognized Appalachian State University's new chancellor, Kenneth E. Peacock and welcomed him to his first meeting of the Board of Governors. She also acknowledged that Mr. Henry Heltzer, former chair and CEO of 3M Corporation, and his wife Geri, have made a deferred gift to ASU valued at approximately \$6 million in honor of Chancellor Peacock, a long time friend. She added that the gift would create an endowment that will provide scholarships and support service for students in Appalachian State University's Honors Program, which is being renamed in the Heltzers' honor. She stated that this also marks the first board meeting for East Carolina University's new chancellor, Steven Ballard and the last meeting for North Carolina State University's chancellor, Marye Anne Fox. She added that UNC Charlotte's chancellor, James H. Woodward formally announced his plans to retire at the conclusion of the 2004-2005 academic year.

In addition, the President acknowledged that in a couple of weeks, Senior Vice President J. B. Milliken would be leaving to become president of the four-campus University of Nebraska. She also reported on the status of the approval of the 2004-05 state budget, the safety of the campus community, and the mid-term progress of the \$3.1 billion Higher Education Bond Program. For the President's full report, see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Wilson called attention to the Administrative Action Items listed on the agenda. Mr. Broadwell moved, seconded by Mr. Warwick, that the following Administrative Actions Items be approved by consent:

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| a. (B&F) | Authorization to Sell Bonds, ECU | Appendix B |
| b. (B&F) | Approval of Disposition/Acquisition (Exchange) of Property, NCSU | Appendix C |
| c. (B&F) | Approval of Disposition of Property and Lease of Housing Space, WSSU | Appendix D |

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| d. (EPPP) | Authorization to Discontinue the Bachelor of Science in Manufacturing Engineering Technology, UNCC | Appendix E |
| e. (EPPP) | Authorization to Establish the Bachelor of Science in Birth-Kindergarten, ECSU | Appendix F |
| f. (EPPP) | Authorization to Establish the Master of Science in Computational Science and Engineering, NCA&T | Appendix G |
| g. (EPPP) | Approval of Licensure for the Art Institute of Charlotte to offer Degree Programs in Charlotte for the following programs:
- Bachelor of Arts in Fashion Marketing and Management
- Bachelor of Arts in Interior Design | Appendix H |
| h. (EPPP) | Approval of Licensure for Miller-Motte Technical College to offer Degree Programs in Wilmington for the following programs:
- Bachelor of Science in Business Administration
- Associate of Applied Science in Cosmetology | Appendix I |

The motion carried.

REPORT OF COMMITTEE ON BUDGET AND FINANCE

Mr. Phillips, chair of the Committee on Budget and Finance, presented the committee's report. He stated that the committee elected officers at its meeting yesterday.

Mr. Broadwell was elected secretary, Mrs. Gage was elected vice chair, and Mr. Phillips was re-elected chair of the committee.

Mr. Phillips stated that, as reported by President Broad, the committee received an extensive report on the mid-term progress of the \$3.1 billion Higher Education Bond Program. He added that the committee is pleased with the efforts of the President's staff that administer the bond program, and with the campuses and their pursuit of timely and under budget activity.

Board Delegation to the Committee on Budget and Finance for Allocation of Appropriations for the 2004-05 Fiscal Year

He reported that the committee had one item for the board's approval in open session, as other items were approved on the consent agenda. He stated that each year when the

General Assembly passes its budget, the Committee on Budget and Finance recommends allocations of the funds made available by the General Assembly to the Board.

On behalf of the committee, Mr. Phillips moved that the Board delegate to the Committee on Budget and Finance the authority to allocate funds made available by the General Assembly prior to the September meeting of the Board of Governors. The motion carried. (Appendix J)

REPORT OF SPECIAL COMMITTEE REVIEWING THE FUNDING MODEL FOR ENROLLMENT GROWTH

Mr. Phillips, chair of the Special Committee Reviewing the Funding Model for Enrollment Growth, presented the committee's report. He stated that the committee has met six times and is planning to bring recommendations to the board in the final quarter of the year. On behalf of the committee, Mr. Phillips requested the authority to further review the levels of state appropriations available to the campuses. Mr. Farris asked if the review would include discussions about new appropriations. Mr. Phillips responded that, based on the Committee's discussions, he thinks the focus would be on new funding rather than a re-division of money currently appropriated in a base budget. Chairman Wilson concurred with the committee's request and asked that they continue their work and report to the board when they are prepared to do so.

REPORT OF COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

Dr. Gilchrist, chair of the Committee on Educational Planning, Policies, and Programs, presented the committee's report. Dr. Gilchrist thanked Chairman Wilson for

appointing Ms. Devore to the committee. He stated that her knowledge would be an asset to the committee. He reported that the committee had elected new officers at its meeting yesterday. Mr. Norwood was elected secretary, Dr. Taylor was elected vice chair, and Dr. Gilchrist was re-elected chair of the committee.

Dr. Gilchrist stated that the committee had one item for consideration. He reported that the committee proposes to establish The William Friday Institute for Higher Education Leadership at the University of North Carolina. He stated that many educational leadership activities, presently conducted by UNC, would become part of the proposed institute and that over time the institute would develop programs to prepare faculty and administrators in North Carolina for leadership positions in higher education. He added that the North Carolina Senate has passed a resolution creating this institute and the House is expected to do so as well.

On behalf of the Committee on Educational Planning, Policies, and Programs, Dr. Gilchrist moved approval of the establishment of The William Friday Institute for Higher Education Leadership at the University of North Carolina. The motion passed. (Appendix K)

REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Adcock, chair of the Committee on University Governance, presented the committee's report. He stated that the committee elected officers at its meeting yesterday. Dr. Key was elected secretary, Mr. Grainger was elected vice chair, and Mr. Adcock was re-elected chair of the committee.

University of North Carolina Center for Public Television Board of Trustees

On behalf of the committee, Mr. Adcock moved that Ervin L. Hester, Sr., of Durham, Betty R. McCain of Wilson, and Peggy Ward of Charlotte be reappointed to serve on the University of North Carolina Center for Public Television Board of Trustees, for terms

ending June 30, 2008. He also moved that David F. Paulson, Jr., of Raleigh and Norma Ware Mills of Manteo be appointed to serve on the University of North Carolina Center for Public Television Board of Trustees, for terms ending June 30, 2008. The motion carried.

University of North Carolina Press Board of Governors

On behalf of the committee, Mr. Adcock moved that Professor Loren Schwening of the UNC Greensboro faculty be appointed to serve on the Board of Governors of the University of North Carolina Press. This partial term ends June 30, 2008. The motion carried.

Mr. Adcock added that there is a vacancy ending June 30, 2005, on the North Carolina Central University Board of Trustees; a vacancy ending June 30, 2005, on the Winston-Salem State University Board of Trustees; a term ending June 30, 2007, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional District 4; and a term ending June 30, 2005, on the North Carolina School of Science and Mathematics Educational Advisory Council.

REPORT OF COMMITTEE ON THE FUTURE OF INFORMATION TECHNOLOGY

Mr. Cecil, chair of the Committee on the Future of Information Technology, presented the committee's report. He stated that the committee, coming very close to the end of their work, is editing the draft document for their final report. He added that the committee plans to schedule a workshop at the September meeting of the board to present its final report. He also thanked Associate Vice President Verma and his staff for their hard work since the last board meeting.

REPORT OF THE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT AND THE UNIVERSITY

Mr. Cecil, chair of the Special Committee on Economic Development and the University, presented the committee's report. He stated that the committee, at its inaugural meeting, had tremendous participation by members of the board. He added that the committee, which will be staffed by President Broad and Scott Daugherty of the Small Business & Technology Development Center, reviewed the committee's charge by Chairman Wilson and discussed past efforts by the UNC system in the area of economic development. The committee also gathered a baseline of information and outlined a draft of the committee's work plan for the coming meetings. Mr. Cecil stated that the committee will meet in August and report to the board at the September meeting.

REPORT OF COMMITTEE ON THE FUTURE OF NURSING

Mr. Souza, chair of the Committee on the Future of Nursing, presented the committee's report. He stated that the committee had its organizational meeting yesterday, and plans to meet again on August 9, 2004. The committee will invite a group of people who are stakeholders in nursing to come and discuss solutions to barriers to increasing the supply of nurses. He added that the committee expects to have a preliminary report at the September board meeting and a final report in October.

REPORT OF COMMITTEE ON PUBLIC AFFAIRS

Mr. Babb, chair of the Committee on Public Affairs, presented the committee's report. He stated that the committee received a state legislative update from Associate Vice President Fleming. He also stated that the Joint Conference Committee is close to reaching an

agreement on the budget and that both the House and the Senate's budgets were favorable to the University. He encouraged the members of the board to contact members of the North Carolina General Assembly and thank them for their steadfast support of the University.

Mr. Babb stated that Associate Vice President Fleming informed the committee that the General Assembly is close to adjourning, but there are several large issues that remain undecided. He added that the Senate approved a bill that included the Cardiovascular Center at East Carolina University and the Cancer Center at UNC Chapel Hill, both approved by the Board of Governors. In addition, the House approved a bill that included projects at Elizabeth City State University, UNC Charlotte, and UNC Asheville.

Mr. Babb stated that the committee heard from Assistant Vice President Rhinehardt for a brief overview of where Congress is in the appropriations process, and the current status of the Higher Education Act.

REPORT OF THE TASK FORCE ON THE UNC – COMMUNITY COLLEGE SYSTEM

PARTNERSHIPS

Mr. Hans, chair of the Task Force on the UNC – Community College System Partnerships, presented the committee's report. He stated that the task force completed its third meeting in late June and tentatively scheduled meetings in August and September. The task force is compiling a list of recommendations around the goals of increased cooperation to alleviate the teaching and nursing shortages, more online degrees and distance learning, and possible joint legislative initiatives. In addition, the task force is considering ways of enhancing communication between the decision makers in both systems.

Mr. Hans invited board members to share any thoughts and ideas they may have with the task force. He stated that the task force will present its final report at the September meeting.

On motion of Dr. Perry, seconded by Mr. Warwick, the Board voted to convene in closed session 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.

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The Board of Governors went into closed session at 11:40 a.m. and returned to open session at 12:00 noon.

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REPORT OF COMMITTEE ON PERSONNEL AND TENURE

Mr. Davis, chair of the Committee on Personnel and Tenure, presented the committee's report. He reported that the committee had elected new officers at its meeting yesterday. Mr. Mercer was elected secretary, Mr. Keber was re-elected vice chair, and Mr. Davis was re-elected chair of the committee.

Summary Personnel Report

On behalf of the committee, Mr. Davis moved approval of the committee's summary personnel reports as presented in closed session. The motion carried. (Appendix L)

Proposed Policy Revisions

On behalf of the committee, Mr. Davis moved approval of the proposed revisions to policies on *University Teaching Awards* and *The University of North Carolina Phased Retirement Program*. The motion carried. (Appendix M)

Resolution on Faculty and Non-Faculty EPA Salary Increases 2004-2005

Mr. Davis reported that the committee has presented the board with an updated version of the “Resolution on Faculty and Non-Faculty EPA Salary Increases 2004-2005,” which reflects anticipated action by the Legislature for 2004-2005 salary funds. On behalf of the committee, Mr. Davis moved approval of the Resolution. The motion carried. (Appendix N)

Delegation of Authority for Academic Salary Resolution 2004-2005

On behalf of the committee, Mr. Davis requested that the board delegate to the committee the authority to act on a substitute salary resolution, if necessary, to carry out the academic salary policies for 2004-2005, and to delegate to the President the authority to implement the resolution. The motion carried. (Appendix O)

Mr. Davis reported that the committee met on June 7, 2004, and discussed the issue of chancellors’ compensation and approved some preliminary principles. At their meeting on the previous day, the committee continued the discussion and affirmed the following:

That the Board of Governors adopt as a guiding principle that the chancellors’ salaries and the president’s salary should be at the 25th percentile at a minimum, subject to availability of funds and performance reviews.

On behalf of the committee, Mr. Davis requested the board’s approval of this affirmation. The motion carried.

Mr. Davis reported that the committee also affirmed the current prohibition of the use of private or foundation funds for chancellors’ salaries, as stated in Policy 300.1.1, paragraph II.b. On behalf of the committee, he asked the board to vote to affirm this principle. After some discussion, the motion carried.

Mr. Davis stated that the committee plans to bring salary recommendations for the chancellors, the president, and the president’s staff to the board at its September meeting.

RESOLUTION HONORING CHANCELLOR MARYE ANNE FOX

Chairman Wilson stated that Chancellor Marye Anne Fox would soon be stepping down from her position at North Carolina State University to assume the leadership of the University of California, San Diego. He added that Chancellor Fox has served the campus with distinction since 1998, and then the Chair called upon Mr. Burns for a special presentation honoring Chancellor Fox. On behalf of the board, Mr. Burns presented and moved approval of a resolution honoring Chancellor Mary Anne Fox. The motion was unanimously approved, and Chancellor Fox was honored with a standing ovation. See Appendix P for the resolution and Chancellor Fox's remarks.

RESOLUTION HONORING SENIOR VICE PRESIDENT JAMES B. MILLIKEN

Chairman Wilson stated that Senior Vice President for University Affairs James B. (J.B.) Milliken would soon be leaving to assume the leadership of the 4-campus University of Nebraska system. He stated that, like Chancellor Fox, Mr. Milliken has served the University since 1998, and then he called upon Mr. Babb for a special presentation honoring J.B. Milliken. On behalf of the board, Mr. Babb presented and moved approval of a resolution honoring Senior Vice President James 'J.B.' Milliken. The motion was unanimously approved, and Mr. Milliken was honored with a standing ovation. See Appendix Q for the resolution and Mr. Milliken's remarks.

RESOLUTION HONORING G. IRVIN ALDRIDGE

Chairman Wilson stated that the board welcomes Mr. Souza as he assumes his leadership role as Vice Chair; therefore, it is appropriate that we recognize the out-going Vice

Chair, Mr. G. Irvin Aldridge. On behalf of the board, Chairman Wilson presented and moved approval of a resolution honoring G. Irvin Aldridge as the outgoing Vice Chair of the Board of Governors. The motion passed. See Appendix R for the resolution.

RECOGNITION OF MRS. SANDRA POFFENBARGER

Chairman Wilson stated that this would be the last board meeting for Mrs. Sandra Poffenbarger, who has served the board well for the last five years as Senior Receptionist for General Administration and the Office of the President. He called Mrs. Poffenbarger to the podium, and on behalf of the board, he presented her with a bouquet of fresh flowers.

Mrs. Poffenbarger responded by saying:

I just thank you all for the many acts of kindness and all the fun I have had serving for this board and with this board. I love this place. I have been working since I was 15, and these are the nicest people I have ever worked with. I am going to enjoy retirement!

RECOGNITION OF DR. CYNTHIA BONNER

Chairman Wilson stated that this would also be the last board meeting for Dr. Cynthia Bonner, Associate Vice President for Faculty and Staff Resources, who will be retiring from the Office of the President in August to begin a second career in student services at Virginia Polytechnic Institute and State University (Virginia Tech). He added that in her new role at Virginia Tech, Dr. Bonner will be serving as Chief of Staff and Director of Administration for the Division of Student Affairs beginning September 1, 2004. Chairman Wilson recapped some of Dr. Bonner's professional achievements and wished her the best in her new position at Virginia Tech. Dr. Bonner responded by saying:

Thank you, I really did not expect this, so I have not prepared any remarks. However, I do appreciate the good send off and look forward to working with you and seeing you through the Atlantic Coast Conference contact. I am looking forward to getting back on a campus and working again with students in the student affairs division. Thank you very much.

CHAIRMAN'S REMARKS

- Yesterday the standing committees elected their new officers, and the committee list is in the folders.
- The Committee on Health Affairs, upon completion of its work, will be folded into the Committee on Educational Planning, Policies, and Programs (EPPP). The Chairman and Dr. Gilchrist will discuss how to structure the committee so that when there are matters that need particular focus in the health affairs area, they can go to a subcommittee within EPPP.
- Mrs. Robinson has agreed to serve as a member of the North Carolina Teacher Academy Board of Trustees.
- Mr. Barringer has agreed to represent the board in the comprehensive assessment of Chancellor Hobgood, Mr. Mercer in the assessment of Chancellor Moeser, and Mr. Babb in the assessment of Chancellor Bardo.
- Please note the Board of Governors meeting schedule for the remainder of CY 2004 and for CY 2005 are in the folders.
- Laminated BOG membership cards have been prepared for all members and are at your place today.

- Next meeting of the board will be September 10, 2004, in the General Administration Building, Chapel Hill.

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There being no further business, the meeting adjourned at 12:15 p.m.

Secretary

APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	President's Report	Attached
Appendix B	Authorization to Sell Bonds, ECU	Attached
Appendix C	Approval of Disposition/Acquisition (Exchange) of Property, NCSU	Attached
Appendix D	Approval of Disposition of Property and Lease of Housing Space, WSSU	Attached
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Appendix J	Board Delegation to the Committee on Budget and Finance for Allocation of Appropriations for the 2004-05 Fiscal Year	Attached
Appendix K	The Establishment of the William Friday Institute for Higher Education Leadership at the University of North Carolina	Attached
Appendix L	Summary Personnel Reports	Attached
Appendix M	Proposed Revisions to Policies on University Teaching Awards and The University of North Carolina Phased Retirement Program	Attached
Appendix N	Resolution on Faculty and Non-Faculty EPA Salary Increases 2004-2005	Attached
Appendix O	Delegation of Authority for Academic Salary Resolution 2004-2005	Attached
Appendix P	Resolution Honoring and Remarks of Chancellor Marye Anne Fox	Attached
Appendix Q	Resolution Honoring and Remarks of Senior Vice President James 'J. B.' Milliken	Attached
Appendix R	Resolution Honoring G. Irvin Aldridge	Attached