

## **BOARD OF GOVERNORS MEETING**

The University of North Carolina

March 19, 2004

The Board of Governors met in regular session on March 19, 2004, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 10:20 a.m.

### **INVOCATION**

Mr. Barringer gave the invocation:

Our Father, may the words of our mouth and the meditations of our heart be acceptable in Thy sight, Oh Lord, our Strength and our Redeemer. Amen.

### **ROLL CALL**

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

J. Bradley Wilson	Willie J. Gilchrist
Bradley T. Adcock	Peter D. Hans
G. Irvin Aldridge	Peter Keber
James G. Babb	Adelaide D. Key
Brent D. Barringer	G. Leroy Lail
J. Addison Bell	Charles H. Mercer, Jr.
R. Steve Bowden	Charles S. Norwood
F. Edward Broadwell, Jr.	Cary C. Owen
William L. Burns, Jr.	Patsy B. Perry
C. C. Cameron	Jim W. Phillips, Jr.
Anne W. Cates	Gladys Ashe Robinson
Bert Collins	Benjamin S. Ruffin
John W. Davis III	Estelle W. Sanders
Jonathan L. Ducoté	J. Craig Souza
Ray S. Farris	Priscilla P. Taylor
Dudley E. Flood	Robert F. Warwick
Hannah D. Gage	

The following members were absent:

John F.A.V. Cecil  
H. Frank Grainger

James E. Holshouser, Jr.

## **MINUTES**

Mr. Collins moved, seconded by Mr. Davis, that the minutes of the meeting of February 13, 2004, be approved with minor grammatical changes. The motion carried.

On motion of Dr. Perry, seconded by Mr. Collins, the board voted to convene in closed session pursuant to North Carolina General Statutes 143-318.11(a)(2), 143-318.11(a)(3), 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 10:25 a.m. and returned to open session at 10:45 a.m.

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## **ADMINISTRATIVE ACTION ITEMS**

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

- |          |   |            |
|----------|---|------------|
| a. (B&F) | Authorization of Non-Appropriated Capital Improvements Projects | Appendix A |
| b. (B&F) | Acceptance of the Report on University Fiscal Liabilities       | Appendix B |
| c. (B&F) | Approval to Increase the Purchasing Benchmark, UNCG and WCU     | Appendix C |
| d. (B&F) | Authorization of New Capital Improvements Project, ECU          | Appendix D |
| e. (B&F) | Authorization of New Capital Improvements Project, UNCCH        | Appendix E |
| f. (B&F) | Authorization of New Capital Improvements Project, UNCC         | Appendix F |
| g. (B&F) | Approval of Disposition/Acquisition of Property, NCSU           | Appendix G |

h. (B&F)	Approval of the Lease of Space, NCSU	Appendix H
i. (EPPP)	Authorization to Discontinue the Master of Arts in Health and Physical Education, ASU	Appendix I
j. (EPPP)	Authorization to Rename the School of Art, ECU	Appendix J
k. (EPPP)	Authorization to Establish the Bachelor of Science in Engineering, ECU	Appendix K
l. (EPPP)	Authorization to Establish the Bachelor of Science in Mathematics, ECU	Appendix L
m. (EPPP)	Authorization to Establish the Bachelor of Science in Environmental Science/Studies, UNCP	Appendix M
n. (EPPP)	Authorization to Establish the Bachelor of Science in Clinical Research, UNCW	Appendix N
o. (EPPP)	Authorization to Establish the Joint Bachelor of Science in Engineering with a concentration in Mechatronics, NCSU and UNCA	Appendix O
p. (EPPP)	Authorization to Change the Name, Status, and Mission of ECU Cardiovascular Center	Appendix P
q. (P&T)	Approval of the Amendment to Policy 101.3.2, <i>Grievances Filed Pursuant to Section 607 of The Code</i>	Appendix Q

The motion carried.

### **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.

In her report, the President discussed the Engineering Degree Program at East Carolina University and UNC Asheville, the Task Force on Meeting Teacher Supply and Demand concluding its work, UNC graduation and retention rates, and research and sponsored programs within the University. For the President's full report, see Appendix R.

### **ELECTION OF A CHANCELLOR – EAST CAROLINA UNIVERSITY**

President Broad stated that she was about to make a recommendation for the appointment of a chancellor at East Carolina University and that this is a moment eagerly awaited by the students, faculty, staff, and the Board of Trustees of ECU. She began by

introducing Mr. James R. Talton, Jr., chairman of the East Carolina University Board of Trustees and chairman of the Search Committee.

Mr. Talton thanked President Broad and the Board of Governors for the chance to report on behalf of the search committee. He then asked all members of the search committee to stand and be recognized. In addition, he thanked President Broad and her staff for their support during the search process. Mr. Talton also extended a very special “thank you” from the entire East Carolina University community to Interim Chancellor William E. Shelton. He stated that ECU was very fortunate to have had an experienced, forceful, dynamic, and decisive leader on the campus when Dr. Muse stepped down. He thanked President Broad for having the insight and confidence to select Dr. Shelton to be ECU’s interim chancellor. Mr. Talton reported that the first meeting of the search committee was on October 11, 2003. During that meeting, President Broad and members of her staff provided an outline of the search committee’s responsibilities and the committee, with President Broad’s approval, decided upon a March 1, 2004, deadline. He stated that the search committee, along with Ms. Shelly Storbeck from the Executive Search Consulting Firm of A. T. Kearney, worked diligently to meet this deadline. He then commented that the ratification the Board of Governors was about to make would thrust East Carolina University strongly into the future, as the board would be selecting and naming the architect who would design the plan for ECU.

President Broad stated that she was pleased to announce the recommendation of Dr. Steven Ballard as chancellor of East Carolina University, effective on or before June 1, 2004, at an annual salary of \$215,000. She then reviewed the qualifications of Dr. Ballard, who currently serves as Provost and Vice Chancellor for Academic Affairs at the University of Missouri-Kansas City.

Mr. Souza moved approval of the recommendation, and Mr. Davis seconded it. The chair put forth the question and it carried unanimously. At the request of Chairman Wilson, Mr. Collins, Mr. Lail, Mrs. Sanders, and Mr. Souza escorted Dr. Ballard into the room. For Dr. Ballard's remarks, see Appendix S.

### **REPORT OF COMMITTEE ON PERSONNEL AND TENURE**

Mr. Davis, chair of the Committee on Personnel and Tenure, presented the committee's report.

#### **Summary Personnel Report**

On behalf of the committee, Mr. Davis moved approval of the committee's summary personnel report as presented in closed session. The motion carried. (Appendix T)

#### **2004 Board of Governors Awards for Excellence in Teaching**

On behalf of the committee, Mr. Davis moved approval of the nominations for the 2004 Board of Governors Awards for Excellence in Teaching, as presented in closed session. The motion carried.

### **REPORT OF COMMITTEE ON THE FUTURE OF INFORMATION TECHNOLOGY**

Mr. Davis, vice-chair of the Committee on the Future of Information Technology, presented the committee's report. He stated that the committee met via video conference on March 11, 2004. He added that Mr. Cecil chaired the meeting, which was attended by committee members at various UNC campuses and other locations across the state. The committee worked on the draft documents of its report. An initial outline of the draft report was presented and discussed at the committee's January meeting and members were asked to provide their feedback and comments to Associate Vice President Verma. These suggestions were then incorporated

and the expanded draft report was discussed in detail. He added that the committee plans to meet prior to recommending its final report to the board at its May meeting.

### **REPORT OF COMMITTEE ON BUDGET AND FINANCE**

Mr. Phillips, chair of the Committee on Budget and Finance, presented the committee's report. The first item for consideration was the authorization for tuition and fees for 2004-2005. He asked that these items be considered in four separate votes, based upon the recommendations of the committee.

#### **Board-Initiated Tuition Increases**

On behalf of the committee, Mr. Phillips recommended that no across the board tuition increases be approved. The motion carried.

#### **Campus-Initiated Tuition Increases**

On behalf of the committee, Mr. Phillips recommended the following increases for in-state resident students: an increase of \$250 at the University of North Carolina at Chapel Hill and North Carolina State University, an increase of \$225 at all remaining schools, excluding the North Carolina School of the Arts. The recommendation for the North Carolina School of the Arts is an increase of \$450 for undergraduate students, and an increase of \$750 for graduate students.

Mr. Ducoté offered an amendment, seconded by Dr. Gilchrist, to decrease the proposed amounts to \$225 at UNC-CH and NCSU and to \$200 at all other campuses with the exception of the NCSA. After considerable discussion, the board voted on the motion, and the amendment failed.

Mr. Aldridge moved, seconded by Mr. Souza, to amend the committee's recommendation to add the following statement: *We, the Board of Governors, ask the Governor*

*and the General Assembly to match a part or all of this tuition increase, when and if funds are available, after funding all of our current budget priorities; and this amount of money, if any, be used to roll back the tuition increase amount equal to the funding that is available from the General Assembly and the Governor.* The board voted on the amendment and it passed as an addendum to the recommendation of the committee.

Mr. Ducoté moved, seconded by Dr. Gilchrist, to amend the non-resident tuition increase at UNC Chapel Hill by spreading the \$1500 increase over a 2-year period, thereby making the increase \$750 per year. After considerable discussion, the board voted on the amendment, and the amendment failed.

The board voted on the committee's primary motion on campus-initiated tuition increases, as amended. The motion carried. (See Appendix U - Authorization of Tuition for 2004-05)

#### Authorization of Fees for 2004-05

Mr. Phillips reported that the fee proposals recommended by the committee are lower than those previously presented to the board. He added that, combined with the lower tuition rates just set, the committee's recommendations are on average 14% lower than those previously considered by the committee. On behalf of the committee, he moved that the board approve the fees for 2004-05 as stated in the Resolution Authorizing Fees. (Appendix V)

Mr. Bell offered an amendment to the committee's recommendation, to include fees to implement Banner software at four institutions. These fees are \$50 for Western Carolina University, \$50 for East Carolina University, \$50 for UNC Greensboro, and \$53 for UNC Charlotte. The motion was seconded and it carried.

The board voted on the committee's primary motion on fees as amended. The motion carried.

Increases in Tuition for Professional Schools

On behalf of the committee, Mr. Phillips recommended approval of the committee's recommendation for increases in tuition for professional schools. The motion passed.

(See Appendix U - Authorization of Tuition for 2004-05)

2004-05 Supplemental Budget Request

On behalf to the committee, Mr. Phillips recommended approval of the 2004-05 Supplemental Budget Request for presentation to the Governor and the General Assembly for consideration during the upcoming 2004 Legislative Session. The motion passed.

(Appendix W)

**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.

Approval of the Film Industry Feasibility Study

Dr. Gilchrist stated that the Film Industry Feasibility Study was mandated by the 2003 General Assembly to assess the strategic opportunities in the arts and entertainment industry in Forsyth County and its environs, in the creation of programs, facilities, job opportunities, and tourism demand related to the film industry. On behalf of the committee, Dr. Gilchrist recommended approval of the Film Industry Feasibility Study. The motion passed.

(Appendix X)

**REPORT OF TASK FORCE ON MEETING TEACHER SUPPLY AND DEMAND**

Dr. Gilchrist, chair of the Task Force on Meeting Teacher Supply and Demand, presented the committee's report. The report contains an extensive set of recommendations and strategies meant to address all aspects of the teacher supply and demand issue. On behalf of the committee, Dr. Gilchrist recommended approval of the Report and Final Recommendations of the Task Force on Meeting Teacher Supply and Demand. The motion passed. (Appendix Y)

**Report on Teacher Education/Distance Education Funds (2002-03)**

Dr. Gilchrist stated that the Report on Teacher Education/Distance Education Funds (2002-03) is a legislatively required report on how the campuses have used special funding of almost \$2 million to increase distance education and electronically delivered courses in teacher education. He added that the report demonstrates that the funds are being put to good use by our campuses. On behalf of the committee, Dr. Gilchrist recommended approval of the Report on Teacher Education/Distance Education Funds (2002-03). The motion passed. (Appendix Z)

**Principal Supply and Demand Report**

Dr. Gilchrist reported that the Principal Supply and Demand Report is also required by the legislature. A revised version of the report was distributed to the board. On behalf of the committee, Dr. Gilchrist recommended approval of the Principal Supply and Demand Report. The motion passed. (Appendix AA)

**REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE**

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

**Election to Board of Trustees – North Carolina School of the Arts**

On behalf of the committee, Mr. Adcock moved that Mr. Don Flow of Winston-Salem be elected to the Board of Trustees of the North Carolina School of the Arts, for a partial term ending June 30, 2007. The motion carried.

State Advisory Council on Indian Education

On behalf of the committee, Mr. Adcock moved that Dr. Louise Maynor of Durham be reappointed to the State Advisory Council on Indian Education, for a term ending June 30, 2008. The motion carried.

Mr. Adcock noted that there are five terms ending June 30, 2008, on the University of North Carolina Center for Public Television Board of Trustees and that there are three terms ending June 30, 2009, on the University of North Carolina Press Board of Governors. He stated that the committee is accepting nominations for these vacancies.

Changes to Policy 200.5, *Initiating and Settling Lawsuits*

Mr. Adcock reported that during its January meeting, the committee considered and approved changes to Policy 200.5, *Initiating and Settling Lawsuits*, Policy 1200.4, *Policy Authorizing the University of North Carolina Hospitals at Chapel Hill to Initiate Lawsuits*, and Policy 1200.5, *Policy Authorizing the Initiation of Lawsuits on Behalf of The University of North Carolina at Chapel Hill for the Benefit of UNC Physicians and Associates*. He stated that after further discussions at its February meeting, the Governance Committee decided to return these changes to the committee for further discussion. Following a March 9, 2004, meeting of its subcommittee, a new draft of Policy 200.5 was submitted to the Governance Committee for consideration at its March 18 meeting. The committee will bring this proposed change to the board at its May meeting. This proposed change, along with Policy 1200.4 and 1200.5, were distributed to board members.

Mr. Adcock called the board's attention to the 2004 Spring Commencement schedule and asked that members consider volunteering to attend the commencements on behalf of the Board of Governors.

### **REPORT OF COMMITTEE ON PUBLIC AFFAIRS**

Mr. Babb, chair of the Committee on Public Affairs, presented the committee's report. He stated that during its meeting, the committee heard a very informative report from Jim Johnson, Director of the Fiscal Research Division of the North Carolina General Assembly.

The chair also reported on the successes of the February meeting of the North Carolina Congressional Delegation and members of the board. He stated that Associate Vice President Samors and his staff did a wonderful job to prepare for that visit, and that they are highly respected on Capitol Hill, both by members of Congress and by their staffs.

#### **Board of Governors 2004-05 Non-Budget Legislative Initiatives**

Mr. Babb stated that the committee had a set of actions relating to the Board of Governors 2004-05 Non-Budget Legislative Initiatives. The committee considered and adopted a set of initiatives at its February meeting, but at that time there were some caveats. At its March meeting, the committee reconsidered the proposed board initiatives and adopted the Board of Governors 2004-05 Non-Budget Legislative Initiatives, as amended. On behalf of the committee, Mr. Babb moved approval of this set of initiatives. The motion passed.

(Appendix BB)

**REPORT OF THE TASK FORCE ON THE UNIVERSITY OF NORTH CAROLINA –  
COMMUNITY COLLEGE SYSTEM PARTNERSHIPS**

Mr. Hans, co-chair of the Task Force on the University of North Carolina – Community College System Partnerships, presented the committee's report. He first reminded board members that the purpose of the Task Force is to discover and develop practices to further enhance the cooperative efforts of the University of North Carolina and the North Carolina Community College System to provide students with access to higher education. He stated that during the first meeting of the task force on February 24, 2004, the committee reviewed the considerable progress made in recent years through many collaborative efforts between the systems. He added that implementation of the comprehensive articulation agreement, which governs how students transfer credits, was discussed in detail. The committee decided that any possible recommendations on this issue would await results of a study currently underway that was commissioned by the state legislature. The next meeting of the committee will be held on April 12, 2004. Mr. Hans asked the board members to forward their thoughts and suggestions about different ways to achieve the goal of working more closely together to any member of the committee or its staff, so that they can be discussed at its next meeting.

**CHAIRMAN'S REMARKS**

Chairman Wilson recognized and congratulated Mr. Bert Collins for having been presented the 2004 Citation for Distinguished Citizenship by the North Carolina Citizens for Business and Industry.

The chair announced the creation of a special committee to address issues related to nursing. The Committee on the Future of Nursing will be chaired by Mr. Craig Souza.

Committee members will be Mr. Brent Barringer, Dr. Dudley Flood, Dr. Adelaide Key, Mr. Leroy Lail, and Mrs. Gladys Robinson.

Chairman Wilson reminded the board that in accordance with *The Code*, Board of Governors election of officers will be held in May. Also in May, the board will present the Awards for Excellence in Teaching. He reminded members to be available to attend the Awards Luncheon following the May board meeting.

The chair also reminded members that the installation date for Chancellor DePaolo at the University of North Carolina at Wilmington is April 16, 2004, and that the installation date for Chancellor Bryan at Fayetteville State University is April 23, 2004.

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There being no further business, the meeting adjourned at 1:30 p.m.

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Secretary

## APPENDICES

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

Appendix A	Authorization of Non-Appropriated Capital Improvements Projects	Attached
Appendix B	Acceptance of the Report on University Fiscal Liabilities	Attached
Appendix C	Approval to Increase the Purchasing Benchmark, UNCG and WCU	Attached
Appendix D	Authorization of New Capital Improvements Project, ECU	Attached
Appendix E	Authorization of New Capital Improvements Project, UNCCH	Attached
Appendix F	Authorization of New Capital Improvements Project, UNCC	Attached
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Appendix I	Authorization to Discontinue the Master of Arts in Health and Physical Education, ASU	Attached
Appendix J	Authorization to Rename the School of Art, ECU	Attached
Appendix K	Authorization to Establish the Bachelor of Science in Engineering, ECU	Attached
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Appendix O	Authorization to Establish the Joint Bachelor of Science in Engineering with a concentration in Mechatronics, NCSU and UNCA	Attached
Appendix P	Authorization to Change the Name, Status, and Mission of ECU Cardiovascular Center	Attached
Appendix Q	Approval of the Amendment to Policy 101.3.2, <i>Grievances Filed Pursuant to Section 607 of The Code</i>	Attached
Appendix R	President's Report	Attached
Appendix S	Remarks of Dr. Steven Ballard	Attached
Appendix T	Summary Personnel Report	Attached
Appendix U	Authorization of Tuition for 2004-05	Attached
Appendix V	Authorization of Fees for 2004-05	Attached
Appendix W	2004-05 Supplemental Budget Request	Attached
Appendix X	Film Industry Feasibility Study	Attached
Appendix Y	Report and Final Recommendations of the Task Force on Meeting Teacher Supply and Demand	Attached
Appendix Z	Report on Teacher Education/Distance Education Funds (2002-03)	Attached
Appendix AA	Principal Supply and Demand Report	Attached
Appendix BB	Board of Governors 2004-05 Non-Budget Legislative Initiatives	Attached

March 19, 2004

**CLOSED SESSION****APPROVAL OF MINUTES OF CLOSED SESSION**

In accordance with procedures established to comply with the Open Meetings Law, Dr. Gilchrist moved, seconded by Mr. Souza, that the closed session minutes for February 13, 2004, be approved. The motion carried.

**REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE**

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

**Request to Initiate Litigation – North Carolina State University**

As a matter of information, Mr. Adcock reported that the committee approved a request from North Carolina State University to initiate litigation, in the name of the Board of Governors, against Origen Therapeutics, Inc., to collect a debt totaling more than \$167,000.

(Exhibit A)

**Request to Initiate Litigation – UNC Wilmington**

As a matter of information, Mr. Adcock reported that the committee approved a request from the University of North Carolina at Wilmington to initiate litigation, in the name of the Board of Governors, against the South Brunswick Water and Sewer Authority to collect a debt in the amount of \$435,856. (Exhibit B)

**REPORT OF COMMITTEE ON THE O. MAX GARDNER AWARD**

Dr. Taylor, chair of the Committee on the O. Max Gardner Award, presented the committee's report. She stated that she and the members of the committee committed themselves, to the best of their ability, to follow the provisions of Governor Gardner's will, and to choose that member of the faculty who has made the greatest contribution to the welfare of the human race. After careful consideration of all the nominees, the committee recommended Dr. W. Randolph Chitwood, Jr., Professor of Surgery and Chief of Cardiothoracic and Vascular Surgery at East Carolina University and Dr. Branislav Vlahovic, Professor of Physics at North Carolina Central University for consideration as recipients of the 2004 O. Max Gardner Award. After reviewing highlights of the careers of Dr. Chitwood and Dr. Vlahovic, Dr. Taylor moved approval of the recommendation of the committee. The motion carried.

**REPORT OF COMMITTEE ON BUDGET AND FINANCE****Acquisition of Property – North Carolina State University**

Mr. Phillips presented a request from North Carolina State University for authorization to acquire a 1.36-acre parcel in Raleigh upon which is a one-story, 1,308 square-foot, wood-frame house built in 1917. The property, located at 801 Lake Raleigh Road, is contiguous on three sides to the NCSU Centennial Campus and the acquisition provides for future expansion consistent with the Master Plan. The State Property Office agrees with the \$325,000 purchase price and funds for the proposed purchase are available from the 2000 Higher Education Bonds. He moved that the request be approved and transmitted to the Council of State for final action. The motion carried. (Exhibit C)

**REPORT OF COMMITTEE ON PERSONNEL AND TENURE**Summary Personnel Report

Mr. Davis, chair of the Committee on Personnel and Tenure, presented and moved approval of the committee's summary personnel report, subject to approval in open session. He said the report included two recommendations for administrative appointments.

Board of Governors Awards for Excellence in Teaching

Mr. Davis, on behalf of the committee, submitted the list of nominees to receive the 2004 Board of Governors Awards for Excellence in Teaching. He stated that this award is a public and tangible symbol of the value the Board of Governors places on teaching. After reviewing the fine points of the award, Mr. Davis moved the selection of these persons as recipients of the Board of Governors Awards for Excellence in Teaching for the year 2004, and that each one of them receive a stipend in the amount of \$7,500 and an engraved medallion. The motion carried. The recipient list is presented as Exhibit D.

Election of a Chancellor at East Carolina University

Mr. Davis stated that at its meeting on the preceding day, President Broad reported on the search for a new chancellor at East Carolina University. At the chair's request, the staff distributed President Broad's memorandum as she reported on the chancellor's search and recommended the election of Dr. Steven Ballard as chancellor of East Carolina University, effective on or before June 1, 2004, at an annual salary of \$215,000. (Exhibit E)

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On motion of Mr. Keber, duly seconded, the board voted to reconvene in open session.