

BOARD OF GOVERNORS MEETING

The University of North Carolina

February 14, 2003

The Board of Governors met in regular session on February 14, 2003, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 10:15 a.m.

INVOCATION

Vice Chair Little gave the invocation:

Lord, thank you for the many blessings you have bestowed upon our University, our State, and our Nation. Thank you for the opportunity we have been given to serve and to use our talents in service to this University. Guide us in our decision-making that we may do what is good and right for the benefit of those we serve.

May you bless the many wonderful people who work each day throughout our University, educating the citizens of our State and may our students gain knowledge and understanding that will give them productive and meaningful lives. Amen.

ROLL CALL

Mr. Aldridge called the roll and the following members were present:

J. Bradley Wilson
Bradley T. Adcock
G. Irvin Aldridge
James G. Babb
J. Addison Bell
F. Edward Broadwell, Jr.
William T. Brown
Angela R. Bryant
William L. Burns, Jr.
C. C. Cameron
Anne W. Cates
John F.A.V. Cecil
Bert Collins
John W. Davis III
Jonathan L. Ducoté
Ray S. Farris

Hannah D. Gage
Willie J. Gilchrist
H. Frank Grainger
James E. Holshouser, Jr.
Peter Keber
Teena S. Little
Charles H. Mercer, Jr.
Patsy B. Perry
H. D. Reaves, Jr.
Gladys Ashe Robinson
Benjamin S. Ruffin
J. Craig Souza
Priscilla P. Taylor
Robert F. Warwick
Ruth Dial Woods

The following members were absent:

Dudley E. Flood
Barbara S. Perry
Jim W. Phillips, Jr.

The chair stated that Mrs. Perry and Mr. Phillips both had excused absences under the provisions of the statute.

MINUTES

Mrs. Robinson moved, seconded by Mr. Davis, that the minutes of the meeting of January 10, 2003, be approved. The motion carried.

* * *

Chairman Wilson informed the members that the order of the agenda had been modified due to a commitment that might necessitate his having to leave the meeting before it adjourned.

PRESIDENT'S REPORT

President Broad introduced the chancellors and representatives of affiliated organizations in attendance at the meeting. She welcomed Chancellor Muse who had been absent due to surgery.

The president commented on several matters, including an update on legislative and budget developments, The University of North Carolina and Monterrey Tech—Strengthening Relationships, and the University striving to become more military friendly. The president also expressed appreciation to Dr. John Hardin who was leaving the Office of the President to become Chief Policy Analyst for the North Carolina Board of Science and Technology. (For the full report, see Appendix A.)

CHAIRMAN'S REPORT

Affirmative Action - University of Michigan

Chairman Wilson called attention to a number of issues that had taken place in recent days. He said a number of members of the board and other constituents had voiced concern about the United States Supreme Court's decision to hear affirmative action cases involving the University of Michigan. He pointed out that the final outcome of these cases could impact efforts to achieve and sustain racial diversity throughout higher education. In commenting on the matter, Chairman Wilson said,

The University of North Carolina has been remarkably successful in achieving broad diversity, including racial diversity, in our student bodies, in making our campuses more accessible to students from all geographic areas of the state, and from all walks of life.

Several years ago, President Broad called upon our Chancellors to review and update affirmative out-reach programs across our 16 campuses to ensure that they would withstand scrutiny by the courts. The results that our campuses have achieved, while they are working within these parameters, speak for themselves.

As reflected in our annual report on enrollment, let me remind you, that despite severely constrained resources, our campuses continue to deliver on the promise of access and opportunity conveyed during the 2000 bond campaign, serving record numbers of students. Demand for distance programs continues to grow and demographic survey data confirm that they are primarily utilized by older, non-traditional students, who otherwise would not have had access to a UNC education.

This academic year, we experienced significant growth in every identified racial category, with minority enrollment increasing at more than double the rate of white enrollment. And to cite just one example, the Journal of Blacks in Higher Education now ranks UNC Chapel Hill first among the nation's top campuses in the percentage of African-American freshmen.

Today, the imperative for UNC to extend affordable higher education to all of the state's people who can benefit from it has never been greater. And as a board, and as a University, we should be proud of our demonstrated success in making this University more accessible and more welcoming to students of color.

2001-2002 Intercollegiate Athletic Report

Chairman Wilson also called attention to the 2001-2002 Intercollegiate Athletic Report included in each member's folder. He said several board members have asked for a more in depth understanding of the issue and how the component parts work together. He said the

report acknowledged that several campuses admitted a small number of student athletes who did not meet established campus admissions criteria. Although it varies from campus to campus, in each instance every student-athlete admitted as an exception to campus specific admission requirements met the minimum course requirements adopted by the Board of Governors and all NCAA requirements.

Chairman Wilson asked President Broad and her staff to undertake the compilation of a presentation, within the president's discretion, as to what the board should know and understand about the intercollegiate athletic report and its underpinnings. He further asked that the report be completed and presented to the Committee on Educational Planning, Policies, and Programs in time for the March meeting.

* * *

As a matter of information, Chairman Wilson noted the following:

- February 19 –15th Annual Meeting of the North Carolina Education Governing Boards (*The Role of Education in Economic Recovery*), Surry Community College
- March 1 – Annual CIAA Brunch (honoring ECSU, FSU, NCCU, and WSSU), Raleigh
- March 21 – Board of Governors Meeting

Note: Although there is no meeting scheduled for April, all members were asked to hold the regular April meeting dates (April 10 and 11) on their calendars.

- April 5-8 – AGB Annual Conference on Trusteeship, Seattle (Due to budget constraints, members were advised they could attend at their own expense.)

Chairman Wilson commented on his recent visits to North Carolina A & T State University and UNC Greensboro, particularly the interaction he had with the faculty, staff, and student leadership teams on each campus. He called special attention to the faculty's initiative at UNCG in raising money to assist needy staff members.

ADMINISTRATIVE ACTION ITEMS

Chairman Wilson called attention to the Administrative Action Items listed on the agenda and inquired if any member wished to have items removed for further discussion.

Mr. Keber moved, seconded by Dr. Brown, that the following Administrative Action Items be approved by consent:

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|-----------|---|------------|
| a. (B&F) | Authorization of New Capital Improvements Projects, ECU | Appendix B |
| b. (B&F) | Declaration of Emergency Capital Improvements Project, ECU | Appendix C |
| c. (B&F) | Acceptance of the Report on Activities undertaken under Exemptions to the Umstead Act | Appendix D |
| d. (B&F) | Approval of the Disposition of Properties, UNCCCH | Appendix E |
| e. (EPPP) | Authorization to Establish the Master of Science in Physician Assistant, ECU | Appendix F |
| f. (EPPP) | Authorization to Establish the Master of Arts in French Language and Literature, NCSU | Appendix G |
| g. (EPPP) | Authorization to Establish the Master of Arts in Spanish Language and Literature, NCSU | Appendix H |
| h. (EPPP) | Authorization to Establish the Master of Entrepreneurship, WCU | Appendix I |
| i. (EPPP) | Authorization to Establish the Doctor of Philosophy in Information Systems, UNCG | Appendix J |
| j. (EPPP) | Approval of Licensure for Virginia Polytechnic Institute and State University and Wake Forest University to offer degree programs at Winston-Salem in the following areas:
-Master of Science in Biomedical Engineering
-Doctor of Philosophy in Biomedical Engineering | Appendix K |

The motion carried.

REPORT OF COMMITTEE ON BUDGET AND FINANCE

Mr. Bell, chair of the Committee on Budget and Finance, presented the committee's report.

Authorization of Fees for 2003-04

On behalf of the committee, Mr. Bell moved approval of the authorization of fees for 2003-04, in accordance with the procedures and guidelines adopted by the board in May 1993. The motion carried. (Appendix L)

Report on Overhead Receipts [Facilities and Administrative (F&A) Receipts]

Mr. Bell reminded the members that the 2001 General Assembly enacted legislation directing the Board of Governors to report on the amount and uses of facilities and administrative receipts. On behalf of the committee, Mr. Bell moved that the 2001-02 Report on Overhead Receipts [Facilities and Administrative (F&A) Receipts] be approved and transmitted to the Joint Legislative Education Oversight Committee. The motion carried. (Appendix M)

Lease of Land at UNC Pembroke

Mr. Bell presented a request from UNC Pembroke to lease a tract of land to the UNC Pembroke Foundation. He said the Foundation would sublease the land to a private developer to construct student housing with 350 beds. On behalf of the committee, he moved that the request be approved and transmitted to the Council of State for final action. The motion carried. (Appendix N)

UNC Bond Program Report – February 2003

As a matter of information, Mr. Bell reported the committee reviewed the progress of the \$2.5 billion bond project and said he was happy to report the construction projects are on time, on budget (sometimes below budget), and benefiting from the lowest interest rates in 40 years. He called attention to the UNC Bond Program Report, dated February 2003, that was prepared at the request of Vice Chair Little, and details the economic impact of the bond program. (Appendix O) Mr. Bell commended the Chancellors for their strict oversight and management of the projects and particularly Mr. Kevin MacNaughton and Mr. Dwayne Pinkney of the Office of the President.

REPORT OF COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

Annual Report on Teacher Assistant Scholarship Fund

Mr. Keber, chair of the Committee on Educational Planning, Policies, and Programs, reported the 2002 General Assembly established and funded the Teacher Assistant Scholarship Fund, a fund that would provide scholarships to teacher assistants to attend colleges or universities to become certified teachers. He said the legislature also requested that an annual report be provided to the General Assembly. On behalf of the committee, Mr. Keber moved that the Report on Teacher Assistant Scholarship Fund be approved. The motion carried.

(Appendix P)

REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE

Dr. Brown, chair of the Committee on University Governance, presented the committee's report.

Proposed Changes to The Code – Faculty Dispute Resolution

Dr. Brown reported that the committee considered changes to The Code and policies that would be required to implement the Faculty Dispute Resolution Report and asked Vice President and General Counsel Winner to comment on the matter.

Vice President Winner said the Faculty Dispute Resolution Task Force, in a joint meeting between the Committee on University Governance and the Committee on Personnel and Tenure, looked at ways to improve faculty dispute resolutions throughout the University and made three major recommendations.

The recommendations include:

- Increasing the use of mediation to resolve faculty disputes;
- Improving the quality of the campus hearings; and
- Streamlining the appellate process.

Vice President Winner called attention to the proposed Code changes and two new proposed policies (one on faculty grievances and the other on appeals of non-reappointment of faculty) included in each member's folder. She noted there were six policies that will need to be repealed—Policies 100.3.1 through 100.3.6—that were included in the notebooks mailed to the members. She said the board would be asked to adopt the Code changes, to adopt the new policies, and to repeal the six policies, guidelines, and regulations. Dr. Brown said the board would be asked to consider this matter at the March meeting.

Election to Board of Trustees – North Carolina State University

On behalf of the committee, Dr. Brown moved that Cassius S. Williams of New Bern, be elected to the Board of Trustees of North Carolina State University, for a partial term ending June 30, 2003. The motion carried.

Election to Board of Trustees – Western Carolina University

Dr. Brown moved that Joan G. MacNeill of Webster, be elected to the Board of Trustees of Western Carolina University, for a partial term ending June 30, 2005. The motion carried.

* * *

Dr. Brown announced vacancies on the following boards:

- University of North Carolina at Chapel Hill, a partial term ending June 30, 2003
- UNC Press Board of Governors, a partial term ending June 30, 2007
- State Building Commission, a partial term ending June 30, 2003

Dr. Brown also reported the committee was hard at work on the 2003 trustee selection process and would bring a provisional slate to the board at the March meeting.

REPORT OF COMMITTEE ON COMMITTEES

In the absence of Mr. Phillips, Vice Chair Little, a member of the 2002-2003 Committee on Committees, gave the committee's report.

Vice Chair Little reminded the members that the board approved an amendment to The Code in November 2002 that would reduce the membership of the Committee on Educational Planning, Policies, and Programs from 12 to 9 and increase each of the remaining standing committees from six to seven members. On behalf of the committee, Vice Chair Little moved that the following committee assignments be approved, each for a term ending in 2003:

- Anne W. Cates – University Governance
- Ray S. Farris – Budget and Finance
- H. D. Reaves, Jr. – Personnel and Tenure

The motion carried.

REPORT OF COMMITTEE ON TUITION AND FEES POLICIES

Mr. Cecil, chair of the Committee on Tuition and Fees Policies, thanked the members of the committee, Mr. Bell, Mr. Ducoté, Mr. Farris, Dr. Patsy Perry, Mr. Phillips, Mr. Reaves, Mrs. Robinson, and Mr. Warwick, and summarized the work of the committee over the past seven months. Mr. Cecil reminded the board that the committee would make further recommendations to (1) continuously review institutional missions and the associated funding of all tuition rates and (2) to conduct a review of the funding model.

On behalf of the committee, Mr. Cecil moved that the Policy Establishing Tuition and Fees (Policy 1000.1.1), be approved. In the discussion that followed, Mr. Farris, a member of the committee, said he was unable to support the committee's report. Following additional statements from members in support of the policy, Mr. Adcock called the question and it was put and carried. Chairman Wilson then put the motion to approve the committee's recommendations and it carried. (Appendix Q)

REPORT OF COMMITTEE ON THE FUTURE OF INFORMATION TECHNOLOGY

Mr. Cecil, chair of the Committee on the Future of Information Technology, reported the committee had met a number of times and considered a number of questions, i.e.

efficiency and effectiveness, economic development, funding, investments and return on investments. He said the committee considered 11 broad questions and then narrowed its focus to one question: how best to serve all sixteen campuses, how to appropriately communicate this to the external constituencies at the legislature, and how to communicate it to the other non-UNC constituencies around the state. The committee agreed to focus on that one question at its March meeting. Mr. Cecil said the committee also discussed the possibility of a presentation to the General Assembly centered on four areas: (1) K-12 and teacher preparation, (2) economic development, (3) efficiency and effectiveness, and (4) research, computing, and computation modeling for the future.

REPORT OF COMMITTEE ON PUBLIC AFFAIRS

Mr. Babb, chair of the Committee on Public Affairs, reported the committee's one item for action, a proposal from UNC Pembroke, considered earlier under the report of the Committee on Budget and Finance.

Mr. Babb reported the committee met earlier in the day and discussed a number of matters, including the comprehensive report on the organization of the General Assembly. The committee received copies of materials provided during the legislative briefing session.

* * *

Governor Holshouser asked for a moment of personal privilege. In his comments concerning the President's Report, he said,

I just had a couple of thoughts after listening to the President's Report this morning. When we went hunting for a new president several years ago, I think we all looked for a president who was going to build on the fine record that this University has had over the years to take us to a new level. And every month she comes in and tells us good things that are happening and makes us feel pretty good about that.

It seems to me that this morning's report went to a different level altogether. Those of you who attended or heard about the Emerging Issues Forum at North Carolina State University these past few days, when Louis Gerstner, former Chairman and CEO of IBM, said we need to think globally. That's really hard for some of us who seem to let our minds stop at the state line, but it is very important and technology makes it not only possible, but also essential for us to do it. And the alliance that has been built with

Monterrey Tech is exactly the kind of step that I think that speaker was talking about and should make a great deal of difference to the future education we make available to the students in North Carolina and should help build some bridges to other parts of the world and the country.

And the second step involving the military has not only local implications, but global implications as well. North Carolina's economy is changing big time, as we know. Our history with tobacco, furniture, and textiles served us well in another era, but we are moving to a different kind of thing. Some of you have seen statistics recently of how much that change has taken place. We recognize that the Department of Defense is still the largest employer in eastern North Carolina, so what we do there makes a difference across the state. The United States needs its military leadership to be at the highest level, and so the alliance there in the program serves the country well, and locally it serves North Carolina well.

Now these things just didn't happen obviously. It's taken, I guess, months of work and contacts. But this is the kind of thing, it seems to me, that has taken us to the new level of service, not just in North Carolina, but also for the country. And being President of this University is a little like being Governor—you get shot at a lot from all sorts of folks about all sorts of different things. It sort of comes with the territory. But every now and then it seems to me we need to sort of lift our heads up and look at the sky a little bit, because I think these are just substantial examples of real leadership by the president—not just for the students of our University, although they are definitely going to be positively affected, but it is important for the country and the state if these things are happening. I just want to say “thank you” Madam President.

COUNCIL OF UNC ALUMNI ASSOCIATION PRESIDENTS

Chairman Wilson introduced the members of the Council of UNC Alumni Association Presidents who were present at the meeting and called on its President, Misty Hathcock, to give the Council's report. On behalf of the Council, Ms. Hathcock gave a brief history of the Council, highlighted its current ongoing initiatives, and expressed the Council's willingness to help out as needed during the current legislative session. (For the full report, see Appendix R)

At Ms. Hathcock's request, Mr. Robert Kennel, executive director of the Council, introduced the latest basketballs representing the Department of Public Instruction and the Principal Fellows Program. Mr. Kennel called Chancellor Leutze, Ms. Pat Smith, and Mr. Ray Cockrell from UNC Wilmington to come forward. On behalf of the Council, Mr. Cockrell presented the UNCW basketball to Chancellor James Leutze, who will retire in June following

13 years of service to the university as chancellor. Chancellor Leutze thanked Mr. Kennel, Ms. Hathcock, and the other members of the Council.

Mr. Kennel pointed out that Chancellor McLeod would receive a basketball at a later date when his alumni representative, who had recently undergone surgery, could be present.

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Mr. Aldridge, chair of the Committee on Board Efficiency, reported the committee and several members of the board attended a training session earlier in the day at the Center for School Leadership Development. He said several workshops will be held to improve efficiency with the computer and encouraged all members to attend. He thanked Vice President Render and her staff for their assistance with the workshop.

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On motion of Mr. Aldridge, seconded by Mr. Bell, the board voted to convene in closed session pursuant to North Carolina General Statutes Sections 143-318.11(a)(5) and 143-318.11(a)(6). The motion carried.

APPENDICES

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

Appendix A	President's Report	Attached
Appendix B	Authorization of New Capital Improvements Projects, ECU	Attached
Appendix C	Declaration of Emergency Capital Improvements Project, ECU	Attached
Appendix D	Acceptance of the Report on Activities undertaken under Exemptions to the Umstead Act	Attached
Appendix E	Approval of the Disposition of Properties, UNCCH	Attached
Appendix F	Authorization to Establish the Master of Science in Physician Assistant, ECU	Attached
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Appendix N	Lease of Land at UNC Pembroke	Attached
Appendix O	UNC Bond Program Report – February 2003	Attached
Appendix P	Annual Report on Teacher Assistant Scholarship Fund	Attached
Appendix Q	Report of Committee on Tuition and Fees Policies	Attached
Appendix R	Report of Council of UNC Alumni Association	
	Presidents	Attached
Appendix S	Summary Personnel Report	Attached