

Board of Governors Meeting
November 13, 2009
Chapel Hill, North Carolina

The Board of Governors met in regular session on November 13, 2009, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m. She introduced The Honorable Beth Wood, North Carolina State Auditor. Ms. Wood would address the Board later in the meeting.

INVOCATION

Chairman Gage called on Mr. Young to give the invocation.

ROLL CALL

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

Brent D. Barringer	Charles A. Hayes
John M. Blackburn	James E. Holshouser, Jr.
Peaches G. Blank	Adelaide D. Key
R. Steve Bowden	G. Leroy Lail
Laura W. Buffaloe	Ronald C. Leatherwood
Frank Daniels, Jr.	Cheryl Ransom Locklear
Bill Daughtridge, Jr.	Franklin E. McCain
Walter C. Davenport	Charles H. Mercer, Jr.
John W. Davis III	Fred G. Mills
James M. Deal, Jr.	Burley B. Mitchell, Jr.
Phillip R. Dixon	Jim W. Phillips, Jr.
T. Greg Doucette	Marshall B. Pitts, Jr.
Dudley E. Flood	Gladys Ashe Robinson
Paul Fulton	Irvin A. Roseman
Hannah D. Gage	Estelle 'Bunny' Sanders
Ann B. Goodnight	Priscilla P. Taylor
Peter D. Hans	David W. Young

The following members were absent:

Clarice Cato Goodyear	J. Bradley Wilson
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STATE ETHICS ACT

Chairman Gage 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 the meeting, Chairman Gage asked if any member had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. There were none.

MINUTES

Mr. Doucette moved, seconded by Mr. Fulton, that the minutes from the open session of the October 9, 2009, meeting be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles remarked that yesterday's signing ceremony of the Memorandum of Agreement between The University of North Carolina and the U.S. Army Special Operations Command (USASOC) was one of the highlights of his tenure at the University. For President Bowles' report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Gage called attention to the Administrative Action Items listed on the agenda. Mr. Blackburn moved, seconded by Mr. Hayes, that the following Administrative Action Items be approved by consent.

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| a. (B&F) | Authorization to Sell Special Obligation Bonds, UNCC |
| b. (B&F) | Authorization to Sell Special Obligation Bonds, UNCCH |
| c. (B&F) | Authorization of New Capital Improvements Projects, ECSU, ECU, and NCCU |
| d. (B&F) | Approval of the Annual Report of the Committee on Budget and Finance |
| e. (GOV) | Approval of the Annual Report of the Committee on University Governance |

REPORT OF THE AUDIT COMMITTEE

Mr. Young, Chair of the Audit Committee, reported on three items. First, Mr. Young stated that the Committee had heard from State Auditor Beth Wood at its meeting. He then introduced State Auditor Wood and Deputy State Auditor Linda Hollar. He asked Ms. Wood to make remarks to the Board.

State Auditor Wood spoke to the Board about the initiatives and mission of her office. She said that her office had an outstanding senior management team in place. The staff consisted of 190 members of which 155 were auditors and half were CPAs with many years of experience. There were no political appointments in her office. She said that her office was committed to perform audits without bias and that teams were in place to review the findings to ensure the audits were factual and supported by evidence. She said that she would continue to talk to the Audit Committee as requested, attend exit conferences, and provide information that was useful to the University. President Bowles stated that he had had a chance to work with Ms. Wood for almost one year and that he had been extremely impressed by her professionalism, candidness, and the manner in which she has conducted her responsibilities. He said it was a pleasure working with the State Auditors Office.

Next, Mr. Young reported that the Committee reviewed four fiscal audit reports since its last meeting. Audit reports from Appalachian State University, North Carolina A&T State University, the University of North Carolina at Wilmington, and Winston-Salem State University were all issued with audit findings. Corrective actions had been taken.

Lastly, Mr. Young said that the Committee received a report from Assistant Vice President Henderson on the status of Elizabeth City State University's financial audit. The 2008 financial audit report had been released. The report contained three audit findings. The review of the 2009 financial statements had also been completed and some errors were noted. Corrective action had been taken and a plan was in place to have corrections completed prior to the end of the current fiscal year.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Davis, Chair of the Committee on Budget and Finance, reported that the Committee heard from Mr. Doucette and the student body presidents from Appalachian State University, UNC Chapel Hill, and UNC Wilmington regarding their concerns of the rising cost of textbooks.

Next, Mr. Davis said the Committee discussed tuition rates. He said that as part of the budget deliberations earlier this year, the N.C. General Assembly set tuition rates for the 2010-11 academic year which had increased the existing rates by \$200. Mr. Davis said that based on conversations with the legislative leadership, the President would ask the General Assembly to consider an alternative proposal. The President would require that half of the revenue raised from tuition increases be used for need-based financial aid and the other half be used for campus-based initiatives including improving graduation and retention rates. Discussions on this topic would continue at the next meeting.

Lastly, the Committee heard an update from Chancellor Dubois regarding the University of North Carolina at Charlotte's plan to add an intercollegiate football team. He said that the Board of Trustees was evaluating whether to move forward with the original timetable of initiating the football program or to postpone it.

REPORT OF THE COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

Mr. Pitts, Chair of the Committee on Educational Planning, Policies, and Programs, reported on several items. First, the Committee considered proposals for approving new degree programs and carefully considered the cost of implementing new programs in the current economy. The Committee agreed to separate approval of a program from the issue of when State resources would reasonably be expected in order to implement the program. The Committee would look at other funding options to implement new degree programs.

Next, Mr. Pitts asked that the following programs be approved subject to funding availability: Bachelor of Arts and Intelligence Studies at Fayetteville State University; Bachelor of Science in Genetics at North Carolina State University; Bachelor of Science in

Entrepreneurship at the University of North Carolina at Greensboro; and the Master of Science in Nanoscience at the University of North Carolina at Greensboro.

On behalf the Committee, Mr. Pitts moved approval of the above degree programs subject to funding availability. The motion carried. (See Appendix G).

Next, the Committee had reviewed the campus mission statements and noted that a modification was made to UNC Chapel Hill's statement.

On behalf of the Committee, Mr. Pitts moved the approval of the mission statements of the campuses. The motion passed. (See Appendix H).

Next, Mr. Pitts informed the Board that the Committee approved doctoral programs in physical therapy at Western Carolina University and Winston-Salem State University since future accreditation standards would require physical therapists to have a doctorate degree in order to practice the profession.

Next, the Committee reviewed the 2008-09 Future Teachers of North Carolina Scholarship Loan (FTNC) report. Mr. Pitts reported that since the inception of FTNC in 2005, the program never attracted enough applicants and therefore, the legislature decided to repeal the program effective July 1, 2011.

On behalf of the Committee, Mr. Pitts moved approval of the 2008-09 Future Teachers of North Carolina Scholarship Loan report and its transmittal to the Joint Legislative Education Oversight Committee. The motion passed. (See Appendix I).

Lastly, the Committee reviewed the 2008-09 Teacher Assistant Scholarship Fund (TASF) report. Grants for the 2008-09 academic year were awarded to 438 full-time public school teacher assistants pursuing initial teacher licensure at North Carolina institutions.

On behalf of the Committee, Mr. Pitts moved approval of the 2008-09 Teacher Assistant Scholarship Fund report and its transmittal to the Joint Legislative Education Oversight Committee. The motion passed. (See Appendix J).

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Ms. Blank, Chair of the Committee on University Governance, reported on several items. First, the Committee discussed defining trustee selection protocol. She reminded the Board of the Committee's protocol for filling vacancies.

Next, Ms. Blank reported that there were two terms ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional Districts 2 and 5. On behalf of the Committee, Ms. Blank moved the appointment of Mr. Richard Sparks of Boone to serve representing Congressional District 5. The motion passed. The Committee would continue to seek nominations to fill the Congressional District 2 vacancy.

Next, Ms. Blank announced that there was a partial term ending June 30, 2011, on the Fayetteville State University Board of Trustees. On behalf of the Committee, Ms. Blank moved the election of Mr. Roosevelt Wright of Roseboro to serve. The motion passed.

Next, Ms. Blank reported that the University of North Carolina at Greensboro Board of Trustees had a partial term ending June 30, 2011, that resulted from the resignation of Mr. James Smith of Greensboro. The University of North Carolina Center for Public Television Board of Trustees had a partial term ending June 30, 2012, that resulted from a seat vacated by Mr. Gene O. Bell. The Pitt County Memorial Hospital Board of Trustees had two terms ending February 28, 2105. Incumbent trustees, Mr. Ernest L. Evans of Ahoskie and Robert V. Owens, Jr. of Manteo, were ineligible for reappointment.

Lastly, Ms. Blank referred to the Winter Commencement schedule. She encouraged the members of the Board to sign up for one or more commencement ceremonies.

CHAIRMAN'S REPORT

Chairman Gage reiterated President Bowles' comment that phenomenal things were taking place on our campuses. The work of the University was continuing and a lot of progress was being made. She said that the Joint School of Nanoscience and Nanoengineering was an example of how the University of North Carolina Greensboro and North Carolina A&T State University were collaborating to make a positive impact on the future. She said that the signing

of the Memorandum of Agreement between the University and USASOC was another wonderful example of what the University was doing to improve collaborations. Chairman Gage gave another example of how the University had maximized its facilities by offering unused classroom space to community college faculty who teach late night or early morning classes due to student demand in the North Carolina Community College System.

She reported that Charles Hayes, Ann Goodnight, and she attended the Joint Education Oversight Committee meeting this past week. Chairman Gage said she would send the Board the meeting dates of the Joint Education Oversight Committee and encouraged them to attend. Lastly, she said that the Board would continue to discuss separation rights.

On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to consult with its attorney, to preserve the attorney-client privilege concerning the handling of a judicial matter or administrative proceeding, and under North Carolina G.S. Sections 143-318.11(1), to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes, specifically concerning student records under the Family Educational Rights and Privacy Act; and to consult with its attorney to consider and give instructions concerning a judicial action titled Bryan v. UNC, pursuant to North Carolina General Statutes, 143-318.11(a)(3); and to consult with its attorney to establish or instruct the staff or agent concerning the negotiations of the amount of compensation or other terms of employment contract; to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee; and to hear or investigate a complaint, charge, or grievance by or against a public officer or employee, pursuant to North Carolina G.S. Sections 143-318.11 (a)(5) and (a)(6). The motion carried.

The Board of Governors went into closed session at 10:05 a.m. and returned to open session at 10:15 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Robinson, Chair of the Committee on Personnel and Tenure, reported that the Committee discussed proposed amendments to Policy 300.1.6.2, *Administrative Separation of the President and Chancellors*. The Committee voted to approve the amendments to the Policy with an additional provision. The amended policy would be presented at the next meeting.

Next, Dr. Robinson reported that Senior Vice President Mabe and Associate Vice President Waldrup presented changes to the campuses' post-tenure review policies. The Committee approved the revised post-tenure review policies submitted by Elizabeth City State University and Fayetteville State University.

On behalf of the Committee, Dr. Robinson moved the approval of the revised post-tenure review policies by Elizabeth City State University and Fayetteville State University. The motion carried. (See Appendix K).

Next, Dr. Robinson said the Committee accepted the report on the Phased Retirement Program and the report on Post-Tenure Review. (See Appendix L and Appendix M, respectively).

On behalf of the Committee, Dr. Robinson moved the approval of the amendments to the flexible-furlough program. The motion passed. (See Appendix N).

Lastly, Dr. Robinson reported that the Committee reviewed a timeline for the 2010 Board of Governors' Awards for Excellence in Teaching. Senior Associate Vice President Mallette reported that last year a member of the Board presented a medallion and stipend to the teaching award recipient at each of the Spring Commencement ceremonies. The process for recognizing the teaching award recipients was well-received, cost-effective, and Senior Associate Mallette recommended that the process be duplicated in 2010. Dr. Robinson asked the members to consider attending the Spring Commencements to present the award to the teaching award recipients. General Administration would post a photo and citation of the award winners on its web site.

At the conclusion of Dr. Robinson's report, Mr. Fulton commented on the proposed revisions to the policy on Administrative Separation of the President and Chancellors. He said

that the policy had some positive aspects such as more accountability and structure, but he questioned reducing leave from 12 months to six months. He commented that compensation and benefits needed to improve. He observed that the 12 month leave was an attractive benefit to a prospective chancellor and it provided balance to our compensation package as a whole. He noted that the job of a chancellor was extremely demanding and stressful and that the year was well earned and should be retained.

The discussion evolved into the issue of whether the Board should grant the President authority to increase the six month leave period by an additional six months leave, or if the authority should lie with the Board. Flexibility and timeliness during negotiations were noted as reasons to grant the authority to the President. It was also suggested that the policy establish a six month floor. Chairman Gage said that she thought important points were made during the discussion among the members. She told the members that this was a starting point and that the Board would have additional discussion at the next meeting. Dr. Robinson asked staff to clarify the provisions of the policy since the item would be voted on at the next meeting. Chairman Gage reminded the Board to respond to the email correspondence that Dr. Robinson had sent them so that the Board was prepared to vote on the proposed changes at the next meeting.

At the conclusion of the meeting, Mr. Doucette thanked Chairman Gage and the other members of the Board for their warm reception welcoming the student body presidents and other student body representatives who attended the previous day's meetings. Dr. Locklear announced that November was designated American Indian Heritage Month. She said that North Carolina is home to eight tribes and that posters celebrating American Indian Heritage Month were available.

Chairman Gage announced that the next meeting of the Board of Governors was scheduled for January 8, 2010, at the Spangler Center.

The meeting adjourned at 10:35 a.m.

APPENDICES

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

APPENDIX A	President Bowles' Report	Posted Online
APPENDIX B	Authorization to Sell Special Obligation Bonds, UNCC	Posted Online
APPENDIX C	Authorization to Sell Special Obligation Bonds, UNCCH	Posted Online
APPENDIX D	Authorization of New Capital Improvements Projects, ECSU ECU, and NCCU	Posted Online
APPENDIX E	Approval of the Annual Report of the Committee on Budget and Finance	Posted Online
APPENDIX F	Approval of the Annual Report of the Committee on University Governance	Posted Online
APPENDIX G	Approval of the following degree programs: <ul style="list-style-type: none">- Bachelor of Arts and Intelligence Studies at Fayetteville State University;- Bachelor of Science in Genetics at North Carolina State University- Bachelor of Science in Entrepreneurship at the University of North Carolina at Greensboro- Master of Science in Nanoscience at the University of North Carolina at Greensboro	Posted Online
APPENDIX H	Campus Mission Statements	Posted Online
APPENDIX I	Future Teachers Scholarship Loan Program Annual Report 2008-09	Posted Online
APPENDIX J	Teacher Assistant Scholarship Fund Annual Report 2008-09	Posted Online
APPENDIX K	Post-Tenure Review Policies, ECSU (revised) and FSU	Posted Online
APPENDIX L	Report on UNC Phased Retirement Program (November 2009)	Posted Online
APPENDIX M	Report on Post-Tenure Review 2008-09	Posted Online
APPENDIX N	Amendment to the Optional Retirement Plan (ORP)	Posted Online