

Board of Governors Meeting
January 8, 2010
Chapel Hill, North Carolina

The Board of Governors met in regular session on January 8, 2010, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m.

INVOCATION

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

ROLL CALL

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

Brent D. Barringer	Charles 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
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
Clarice Cato Goodyear	J. Bradley Wilson
Peter D. Hans	David W. Young

The following members were absent:

Walter C. Davenport	Charles H. Mercer, Jr.
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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

Chairman Gage pointed out a correction to the minutes of November 13, 2009, which applied to the Report of the Committee on Personnel and Tenure. On page 8, the first sentence of paragraph 5 should read: "On behalf of the Committee, Dr. Robinson moved the approval of the amendments to the Optional Retirement Program (ORP)." Mr. Phillips moved, seconded by Mr. Wilson, that the minutes from the open session of November 13, 2009, with the described amendment be approved. The motion carried.

Chairman Gage explained that the order of the meeting was altered so that the closed session could precede the committee reports followed by the President's Report. On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to establish or instruct the staff or agent considering 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, 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 9:10 a.m. and returned to open session at 9:25 a.m.

ADMINISTRATIVE ACTION ITEMS

Chairman Gage called attention to the Administrative Action Items listed on the agenda. Dr. Robinson moved, seconded by Dr. Buffaloe, that the following Administrative Action Items be approved by consent.

- a. (AUDIT) Review and Approval of Campus Internal Audit Plans
- b. (B&F) Approval of the Budget Adjustment for Exceeding the 18%
Limit on Nonresident Freshmen Enrollment for Two
Consecutive Years, ECU
- c. (B&F) Authorization of New Capital Improvements Projects, UNCW
- d. (B&F) Authorization of New Capital Improvements Projects, UNCC

REPORT OF THE AUDIT COMMITTEE

Mr. Young, Chair of the Audit Committee, reported on four items. First, Mr. Young stated that the Committee received an update on the UNC FIT project from Project Management Officer Canady. The implementation of the Payroll project was extended to December 2010.

Next, Mr. Young reported that the Committee reviewed and approved the internal audit plans from each of the 17 constituent institutions.

Next, the Committee reviewed an annual compliance checklist to ensure that the provisions of the Committee's charter were being achieved.

Lastly, Mr. Young reported that the Committee reviewed the Information Systems (IS) audit at Western Carolina University and seven audit findings were issued. Corrective actions had been taken.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Davis, Chair of the Committee on Budget and Finance, reported on the following items. First, he said that Vice President Nelson had given an excellent overview of the 2010-11 tuition and fee process at the policy discussion session the previous day. Last year the General Assembly established tuition rates for the 2010-11 academic year and imposed an increase in tuition of 8% or \$200, whichever was less, on all UNC students. The revenues from these legislatively mandated tuition increases would be deposited directly into North Carolina's

General Fund. President Bowles recommended that the Board ask the General Assembly to consider an alternative plan. Mr. Davis explained that the alternative plan would be consistent with the Board of Governors' Four -Year Plan for tuition and it would set rates for North Carolina students that are lower than those proposed by the legislature. Additionally, the alternative plan would allow the revenues from tuition to be expended by the campuses. The President was requiring that any proposals for tuition increases would set aside 50% of the revenues for need-based financial aid, and further requiring that 25% of the revenues be targeted to initiatives for improving graduation and retention rates. The balance would be used by the campuses to meet other critical needs. Mr. Davis reported that the Chancellors had submitted their requests for tuition and fee increases. The Board would consider increases in tuition and fee rates at its next meeting.

Next, Mr. Davis reported that the Committee continued to discuss the proposed football program at the University of North Carolina at Charlotte. The program required a \$120 debt service fee on students to cover the costs to build training and practice facilities and a new stadium on campus. In December 2009, the University of North Carolina at Charlotte Board of Trustees unanimously affirmed a plan to use a debt service fee to support the capital needs of the football program. Chancellor Dubois, Chair of the UNC Charlotte Board of Trustees Dr. Ruth Shaw, and UNC Charlotte Student Body President Joey Lemons shared information with the Committee about their support for the program. UNCC's recommendations for tuition and fee increases would be presented to the Board at its February meeting.

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

Mr. Pitts, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee had several proposed degree programs for its consideration. He thanked Senior Vice President Mabe for providing detailed background information on the degree proposals. Mr. Pitts said that the Committee approved the following degree programs subject to funding availability: Bachelor of Science in Nursing at Appalachian State University (see Appendix E) and the Master of Science in Sustainable Tourism at East Carolina University (see Appendix F). Both programs fit well in the priorities established by the UNC Tomorrow initiative.

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

Next, Mr. Pitts said the Committee considered three doctoral programs for approval: Doctor of Philosophy in Computational Science and Engineering at North Carolina A&T State University (see Appendix G); Doctor of Philosophy in Nanoscience at the University of North Carolina at Greensboro to be housed at the UNC Greensboro and North Carolina A&T State University Joint School of Nanoscience (see Appendix H); and Doctor of Philosophy in Environmental Health Science at the University of North Carolina at Greensboro (see Appendix I).

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

Next, Mr. Pitts reported that the Committee approved the following doctoral programs for planning subject to funding availability: Doctor of Philosophy in American Studies at the University of North Carolina at Chapel Hill and the Doctor of Philosophy in Bioinformatics and Computational Biology at the University of North Carolina at Charlotte. These programs would be brought to the Board at a later time.

Next, Mr. Pitts said that the Committee reviewed and approved the revised mission statement from the North Carolina School of Science and Mathematics. (See Appendix J).

On behalf of the Committee, Mr. Pitts moved the approval of the revised mission statement from the North Carolina School of Science and Mathematics. The motion carried.

The Committee considered a request to reorganize the administration at the University of North Carolina at Greensboro. The proposal would change the current position of Provost to a position entitled "Provost and Executive Vice Chancellor." The proposal would reduce the number of administrators, but would not result in any change in the salary level of the position. Mr. Doucette asked if students had been engaged in this process. Chancellor Brady replied that input from students was available primarily through the Student Government Association.

On behalf of the Committee, Mr. Pitts moved the request from the University of North Carolina at Greensboro to reorganize its administration. The motion carried.

Lastly, the Committee reviewed the proposed Policy on Student Conduct and the UNC Study Commission Report to Review Student Codes of Conduct as They Relate to Hate Crimes. The report recommended that policy provisions be considered. The Committee approved the recommendations and would bring the policy before the Board at its next meeting. Mr. Pitts thanked Vice President and General Counsel Luger for her extraordinary effort in working with the various groups in putting together the Policy on Student Conduct.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Ms. Blank, Chair of the Committee on University Governance, reported on several items and two action items. First, the Committee reported that significant progress had been made in strengthening communication between campus liaisons and their assigned campus board of trustees. The Committee continued its discussion regarding trustee selection protocol. The Committee had received valuable input from each member as well as the Chancellors that attended the Governance Committee meetings. The Committee would continue to refine this initiative at its next meeting.

Next, Ms. Blank reported on Board of Trustees' vacancies. There was a term ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional District 2. Nominations were being sought for this vacancy. There was a term ending June 30, 2011, on the University of North Carolina at Greensboro Board of Trustees due to the resignation of Mr. James Smith of Greensboro.

There was a partial term ending June 30, 2012, on the University of North Carolina Center for Public Television Board of Trustees. On behalf of the Committee, Ms. Blank moved the appointment of William W. Mance, Jr., to serve. The motion carried. There were two terms ending on February 28, 2015, on the Pitt County Memorial Hospital Board of Trustees. On behalf of the Committee, Ms. Blank moved the appointments of Mr. Bruce N. Austin, Jr., of Roanoke Island and Mr. Arthur H. Kenney III, of Engelhard to serve. Mr. Wilson abstained from any discussion of this issue. The motion carried. Ms. Blank noted that each of these recommended appointments resulted from the effective coordination between the assigned liaison and the governing board.

Next, Ms. Blank reported that Vice President and General Counsel Luger briefed the Committee on three recent Executive Orders issued by Governor Perdue. The Committee focused on Executive Order 34: Ethics and Attendance Standards for Gubernatorial Appointees to Boards. Ms. Blank said that the Committee would continue to work with Vice President Luger to evaluate the impact this order would have on our Boards of Trustees.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Robinson, Chair of the Committee on Personnel and Tenure, reported that the Committee finalized its discussion on the recommended provisions of Policy 300.1.6.2 Administrative Separation of the President and Chancellors. She thanked the Board for its deliberate and thoughtful work in making the recommended improvements to the policy. (See Appendix K).

On behalf of the Committee, Dr. Robinson moved the approval of the revised Policy 300.1.6.2 Administrative Separation of the President and Chancellors. Chairman Gage acknowledged Dr. Robinson and the Committee for their outstanding effort in completing the work on strengthening this policy. The motion carried.

Next, Dr. Robinson said the Committee discussed proposed amendments to Policies 1000.2.1 and 1000.2.2 pertaining to tuition waivers. Due to legislative action in the last session, the General Assembly took away tuition-free enrollment for students over 65 years old and reduced the number of courses an employee could take tuition-free from three to two. These policy amendments would be brought to the Board at its next meeting.

Next, Chairman Gage called on President Bowles for his report. He welcomed the “Wolfpack Nation” and acknowledged his lifelong hero, President Emeritus William C. Friday, who attended the meeting. For President Bowles’ report, please see Appendix L.

ELECTION OF A CHANCELLOR

President Bowles offered his sincerest gratitude and thanks to Chancellor James Woodward for his truly remarkable leadership as chancellor on an interim basis at North

Carolina State University since June 2009. He indicated that Chancellor Woodward had restored stability and credibility on the campus.

Next, President Bowles called on the Honorable Bob Jordan, Chairman of the Search Committee at North Carolina State University.

Governor Jordan said that this was a special day for North Carolina State University. He first recognized the distinguished members of the Board of Governors, President Emeritus Friday, Chairman Gage, President Bowles, members of the Search Committee, and others. He then reported on the work of the Search Committee. The Committee had convened on July 15, 2009. The 18-member Search Committee was comprised of students, faculty, staff, alumni, trustees and community leaders. The Committee chose Baker Consultants to help with the search process. Public forums were held to discuss the qualities sought in a new leader. A survey of faculty conducted by the Committee had received over 80 recommendations on the qualifications and characteristics the members of the faculty wanted to see in the next chancellor. Next, the job description for the position was developed based on the input received from the forums and the survey. Mr. Jordan said that it was obvious that the position was a highly desired educational opportunity because of the caliber of North Carolina State University. Next, the Search Committee met multiple times to discuss the credentials of the applicants. Six applicants were interviewed and three finalists were chosen, then presented to the Board of Trustees and forwarded to the President. Governor Jordan thanked all those involved with the search and acknowledged the General Assembly for funding higher education in a special way.

Next, President Bowles reiterated that North Carolina's higher education system works so well because of extraordinary leadership and support from the legislature. He then announced the nomination of Dr. William Randolph Woodson, Executive Vice President for Academic Affairs and Provost at Purdue University, to be the next chancellor of North Carolina State University. President Bowles said that Dr. Woodson was absolutely the right person for the job and indicated that Dr. Woodson was a proven and effective leader who promoted openness and collaboration and was a strategic thinking, a creative problem-solver, and an individual with a real-life commitment to academic excellence and student success. He had earned a reputation for integrity, sound judgment and had an unwavering commitment to the special mission of the land-grant university.

The President indicated that Dr. Woodson had been raised in Arkansas and he received his Bachelor of Science degree from the University of Arkansas and his Master of Science and PhD degrees from Cornell University in horticulture and plant physiology. Dr. Woodson began his academic career at Louisiana State University and joined Purdue University in 1998. From 1998 – 2004, he served as an associate dean of agriculture and director of the Office of Agricultural Research Programs. In 2004, he served as the Glenn W. Sample Dean of Agriculture. Since 2008, he has served as executive vice president for academic affairs and provost. President Bowles recognized Dr. Woodson's family who were present – Susan, his wife, and their three children, Samantha, Patrick, and Chloe.

On the recommendation from the President, Chairman Gage asked if there was a motion from the floor to approve President Bowles' recommendation. Ms. Blank enthusiastically moved the approval of President Bowles' recommendation and the nomination of Dr. Randy Woodson to be the next chancellor at North Carolina State University. Mr. Doucette seconded the motion. The motion carried.

President Bowles introduced Dr. Woodson as the next Chancellor of North Carolina State University. For excerpts of Dr. Woodson's remarks, please see Appendix M.

CHAIRMAN'S REPORT

Chairman Gage gave a brief report. She noted that a lot of work had been accomplished this week. She thanked the Search Committee for their magnificent work on the chancellor search. She thanked President Bowles for his tireless effort and recognized the extraordinary amount of time he had vested in the search process.

She reminded the members that the North Carolina Joint Educational Governing Boards meeting was scheduled for January 13, 2010, in Kannapolis. She announced that Chancellor Harold Martin's installation was scheduled for Friday, April 23, 2010.

The next meeting of the Board of Governors was scheduled for Friday, February 12, 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	Approval of Campus Internal Audit Plans	Posted Online
APPENDIX B	Approval of the Budget Adjustment for Exceeding the 18% Limit on Nonresident Freshmen Enrollment, ECU	Posted Online
APPENDIX C	Authorization of New Capital Improvements Projects, UNCW	Posted Online
APPENDIX D	Authorization of New Capital Improvements Projects, UNCC	Posted Online
APPENDIX E	Approval of the Bachelor of Science in Nursing, ASU	Posted Online
APPENDIX F	Approval of the Master of Science in Sustainable Tourism, ECU	Posted Online
APPENDIX G	Approval of Doctor of Philosophy in Computational Science and Engineering, NCA&T	Posted Online
APPENDIX H	Approval of Doctor of Philosophy in Nanoscience, UNCG (Joint School of Nanoscience)	Posted Online
APPENDIX I	Approval of Doctor of Philosophy in Environmental Health Science, UNCG	Posted Online
APPENDIX J	Campus Mission Statement, NCSSM	Posted Online
APPENDIX K	Approval of Policy 300.1.6.2 Administrative Separation of the President and Chancellors	Posted Online
APPENDIX L	President Bowles' Report	Posted Online
APPENDIX M	Excerpts of Chancellor-Elect Woodson's Remarks	Posted Online