

Board of Governors Meeting

June 11, 2010

Chapel Hill, North Carolina

The Board of Governors met in regular session on June 11, 2010, at the Spangler Center, Chapel Hill, North Carolina. Chairman Gage called the meeting to order at 9:00 a.m. Chairman Gage welcomed the guests. She recognized Mrs. Jeannine Underdown Collins, Chair of the Board of Trustees from Appalachian State University.

INVOCATION

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

ROLL CALL

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

Atul C. Bhula	Charles A. Hayes
John M. Blackburn	James E. Holshouser, Jr.
Peaches G. Blank	G. Leroy Lail
R. Steve Bowden	Ronald C. Leatherwood
Frank Daniels, Jr.	Franklin E. McCain
Bill Daughtridge, Jr.	Charles H. Mercer, Jr.
Walter C. Davenport	Fred G. Mills
James M. Deal, Jr.	Burley B. Mitchell, Jr.
Phillip R. Dixon	Marshall B. Pitts, Jr.
Dudley E. Flood	Gladys Ashe Robinson
Hannah D. Gage	Irvin A. Roseman
Ann B. Goodnight	Estelle 'Bunny' Sanders
Clarice Cato Goodyear	Priscilla P. Taylor
Peter D. Hans	David W. Young

The following members were absent:

Brent D. Barringer	Adelaide Daniels Key
Laura W. Buffaloe	Cheryl M. Locklear
John W. Davis III	J. Bradley Wilson
Paul Fulton	

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. Lail moved, seconded by Mr. Pitts, that the minutes from the open session of April 9, 2010, meeting be approved. The motion carried.

ADMINISTRATION OF OATH OF OFFICE

Chairman Gage welcomed Mr. Atul Bhula to the Board of Governors. Mr. Bhula was recently elected to serve as President of the UNC Association of Student Governments (UNCASG), which in that capacity, makes him eligible to serve as the *ex-officio* member on the Board of Governors. Chairman Gage remarked that Mr. Bhula recently graduated from East Carolina University with degrees in Political Science and Economics. Mr. Bhula would be attending Appalachian State University this fall to pursue his MBA degree. She recognized Mr. Bhula's many guests – his mother, Naina; his father, Champ; Judy Munson, Office Manager at UNCASG; Greg Doucette and Derek Pantiel, both former Presidents of UNCASG; Tim Lipka, NCSU Deputy Chief of Staff; Dakota Williams, UNC-Chapel Hill and ASG Senior Vice President; Daniel Dorsey, WCU Student Body President; Josh Cotton, WCU Former SGA President and ASG Vice President of Legislative & Public Affairs; Ira Lawson, ECU & ASG Vice President of Academic & Student Affairs; and Cierra Hinton, Executive Officer of ASG.

Chairman Gage called on Ms. Sue Carpenter, Assistant Secretary for Policy and Records Management, to administer the oath of office.

Following the oath, Mr. Bhula made brief remarks. He recognized his parents, the members of the Board, the Chancellors, and the distinguished guests of the University. Mr. Bhula said that he was proud to have this wonderful opportunity to serve the University, not just as a member of the Board, but more importantly as a student. Mr. Bhula expressed his deep appreciation to his parents,

who had always strived for his brother and for him to get the best education possible. He pledged to work for the students of the University to ensure college remains affordable and accessible.

PRESIDENT'S REPORT

President Bowles congratulated Mr. Bhula and said that he was proud to have him represent the students of this University. He said the purpose of the University was to give students the opportunity to gain the knowledge and skills needed so they have a chance to succeed in today's world. President Bowles promised to continue working with the legislature to ensure that resources were provided to maintain the quality of this 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. Dr. McCain moved, seconded by Ms. Blank, that the following Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Authorization New Capital Improvements Projects, ASU, UNC-CH
- b. (B&F) Authorization of Exchange of Property, NCSU
- c. (B&F) Approval of Centennial Campus Boundary Change, NCSU
- d. (EPPP) Approval of Licensure for the Associate of Applied Science in Web Graphic Design at DeVry University in Morrisville, North Carolina
- e. (EPPP) Approval of Licensure for the Bachelor of Science in Management at DeVry University in Morrisville, North Carolina
- f. (EPPP) Approval of Licensure for the Bachelor of Science in Multimedia Design and Development at DeVry University in Morrisville, North Carolina
- g. (EPPP) Approval of Licensure for the Bachelor of Science in Network and Communications Management at DeVry University in Morrisville, North Carolina

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Ms. Blank, Chair of the Committee on University Governance, reported that there was a partial term ending on June 30, 2011, on the University of North Carolina at Greensboro Board of Trustees. On behalf of the Committee, Ms. Blank moved the election of Mr. Martin P. Weissburg of Greensboro to serve. The motion carried. Next, Ms. Blank reported that there was a partial term ending June 30, 2013, on the University of North Carolina School of the Arts

Board of Trustees. On behalf of the Committee, Ms. Blank moved the election of Mr. Robert L. King III of Winston-Salem to serve. The motion carried. There were three terms ending June 30, 2015, on the University of North Carolina Press Board of Governors. On behalf of the Committee, Ms. Blank moved the appointment of Dr. Kathleen DuVal, Assistant Professor of History at UNC-Chapel Hill, and the reappointment of Dr. Jack Evans and Mr. John O'Hara following the recommendations made by Chancellor Thorp. The motion carried.

Next, Ms. Blank said that at the August meeting, the Committee would make an announcement of vacancies to be filled. There were vacancies at the University of North Carolina School of the Arts, the University of North Carolina at Wilmington, the UNC Center for Public Television, the State Advisory Council on Indian Education, and the UNC Umstead Review Panel. Chairman Gage asked the Board that if they had recommendations for any of the openings, they should submit their recommendations to the Committee.

REPORT OF THE AUDIT COMMITTEE

Mr. Young, Chair of the Audit Committee, introduced Ms. Lynne Sanders, Associate Vice President for Finance. Ms. Sanders serves as a member of the audit and compliance team. Mr. Young reported that the Committee received an update on the UNC FIT (Finance Improvement and Transformation) project. A self-assessment of the internal controls document had been developed and the campuses would use this document in order to support their certification of internal controls to the Office of the State Controller. Mr. Young said that the UNC FIT program continued to monitor and refine the Key Performance Indicators submitted by the campuses. Mr. Young reminded the Board that the University of North Carolina at Pembroke was the first campus to fully transition off the State's Central Payroll System. The University of North Carolina at Asheville and Western Carolina University had successfully transitioned to the UNC Shared Services Payroll solution earlier this month. UNC FIT would be working with Winston-Salem State University and concurrently with North Carolina A&T State University to transition to the UNC Shared Services Payroll solution. It was anticipated that by the end of October 2010, five campuses would be completely off the State's Central Payroll system. The remaining campuses would be transitioning off the Central Payroll system by April 2011.

Next, Mr. Young reported that the Committee reviewed eight external audit reports since its last meeting. The financial audit report and the federal compliance audit report at the University of North Carolina School of the Arts were released with no audit findings. At the University of North Carolina at Greensboro, the financial audit report was released with one audit finding. Corrective action had been taken. At North Carolina Central University, the financial audit report was released with one audit finding. Corrective action had been taken. At Fayetteville State University, the financial audit report was released with one audit finding and an investigative audit report was released with three audit findings. Corrective action had been taken. Mr. Young commended Chancellor Anderson and his team for the actions taken to correct the numerous audit findings from the previous years.

At the University of North Carolina at Pembroke, the federal compliance audit report was released with three findings. Corrective action had been taken. At the University of North Carolina at Chapel Hill Information Technology General Controls, an audit report was released with seven audit findings. Mr. Young said that the Committee discussed a sensitive letter to UNC-Chapel Hill in closed session. Mr. Young reported that UNC-Chapel Hill had resolved or was in the process of resolving all of the audit findings.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Mercer, Vice Chair of the Committee on Budget and Finance, reported there was a distinct possibility that the State's budget would be ratified prior to the August meeting. Mr. Mercer moved approval that the Committee on Budget and Finance be delegated the authority to allocate funds made available by the General Assembly to the Board of Governors. If needed, a special meeting would be called so that all members had the opportunity to participate in person or by phone. The motion carried.

Next, Mr. Mercer moved approval of the Resolution Supporting the Senate (see Appendix I). The purpose of the Resolution was to permit the Board to express its appreciation for the Senate's proposed budget for the University of North Carolina. Chairman Gage thanked the Committee for composing the Resolution and thought it was important that we thank the Senate for its funding of the University historically. The Board remained hopeful that reductions to the University's budget would be kept to a minimum.

On behalf of the Committee, Mr. Mercer moved that the Board adopt the Resolution Supporting the Senate and forward it to the North Carolina Senate. The motion carried.

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 new degree program proposals. Mr. Pitts reminded the Board that requests for new programs were subject to the availability of funding. The Committee requested approval of the following baccalaureate degree programs: a Bachelor of Science in Geographic Information Science and Technology at East Carolina University (see Appendix J); a Bachelor of Science in Bioengineering at North Carolina A&T State University (see Appendix K); and a Bachelor of Science in Exercise Science at the University of North Carolina at Wilmington (see Appendix L). The motion carried.

The Committee requested approval of the following master's degree programs subject to the availability of funding: a Master of Science in Security Studies at East Carolina University (see Appendix M); a Master of Science in Biological Sciences at East Carolina University (see Appendix N); a Master of Science in Bioengineering at North Carolina A&T State University (see Appendix O); a Master of Science in Construction and Facilities Management at the University of North Carolina at Charlotte (see Appendix P); and a Master of Science in Fire Protection and Administration at the University of North Carolina at Charlotte (see Appendix Q). The motion carried.

Mr. Pitts reported on the Prospective Teacher Scholars program that was originated by the General Assembly in 2007 (see Appendix R). The program was designed to allow three campuses (ECSU, UNCP and WCU) to use focused growth funds to recruit out-of-state students into the teacher education program. To date, the program had produced 23 graduates and only 16 graduates were teaching in the North Carolina public school system. The Committee recommended that the program be phased out in a manner that was compatible with the existing students' contracts.

On behalf of the Committee on Educational Planning, Policies, and Programs, Mr. Pitts moved the approval of the Report on Prospective Teacher Scholars Program and the Committee's decision to phase out the Prospective Teacher Scholars Program in a way compatible with existing student contracts and that the report be conveyed to the Joint Legislative Oversight Committee. The motion carried.

Next, Mr. Pitts reported on Biennial Distance Education. In 1998, the General Assembly authorized funding for distance education and required the University to produce a biennial report on distance education. In 2008-09, the report found that distance education online enrollments generated approximately 412,000 student credit hours, which was roughly equivalent to 19,000 full-time students. Currently, UNC Online offers 151 online degree programs, 61 upper-division baccalaureate degree programs, 88 master's degree programs, and two doctoral degree programs. There were 82 certificates and licensure degrees available online as well (see Appendix S).

On behalf of the Committee, Mr. Pitts moved approval of the Report on Biennial Distance Education. The motion carried.

Next, Mr. Pitts commented on the reports regarding nursing, teacher productivity, and financial aid. In 2009, all UNC campuses offering nursing degree programs had met the North Carolina Board of Nursing and the Board of Governors' standards for performance for the licensure exam. The production of nursing graduates at various levels had continued to increase at all campuses (see Appendix T). Next, the Teacher Productivity Report revealed that UNC had produced 4,355 teachers in 2008-09, up from 4,003 reported in 2007-08 (see Appendix U). A significant portion (1,323) of these initially licensed teachers were in the high need licensure areas of mathematics, science, middle grades, and special education. To produce more and better qualified teachers in North Carolina remains the University's highest priority. The Committee reviewed the Financial Aid Report (see Appendix V). The report illustrated that the net cost for attendance at a UNC institution, by year, including tuition and fees, room and board, books/supplies, travel, and other expenses, had actually declined.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Hayes, Chair of the Committee on Public Affairs, reported that the Committee reviewed The University of North Carolina Fiscal Year 2011 Federal Policy Agenda (see Appendix W). The Agenda authorized the President and his professional staff at General Administration to advocate on behalf of the University with members of the congressional delegation and Congress.

On behalf of the Committee, Mr. Hayes moved the approval of The University of North Carolina Fiscal Year 2011 Federal Policy Agenda. The motion carried.

The Committee heard a State legislative update. The primary focus had been the State's budget. The Board had received a list of the University's 2010 Budget Conference Committee Priorities. Mr. Hayes said that they would provide a list of the House and Senate conferees and would keep the Board apprised as the budget process progressed. Presently in the legislature, approximately 270 bills affecting the University were being tracked by staff at General Administration. One of those bills, the University of North Carolina Non-Appropriated Capital Projects Bill, had received tentative approval by the Senate.

THE ELECTION OF OFFICERS

Chairman Gage called on Governor Holshouser who oversaw the elections. Governor Holshouser announced that the Board of Governors officers' positions were uncontested. Mr. Daniels made a recommendation that the Board suspend the rules and elect the current officers – Chairman Hannah Dawson Gage, Vice Chairman Peter D. Hans, and Secretary Estelle W. Sanders, for another two-year term. Dr. Roseman seconded the motion. The motion carried. The officers were unanimously re-elected.

CHAIRMAN'S REPORT

Chairman Gage congratulated Vice Chairman Hans and Secretary Sanders. She said that she was thrilled to have the opportunity to work with them over the next two years. Chairman Gage commented that she was honored to be in the position of chairmanship. She stated that it was a privilege to work with the other members of the Board, the Chancellors, and the staff at

General Administration, especially President Bowles. She said the Board would remain focused on the important issues of the University including efficiencies, performance, and its search for a new president.

Next, Chairman Gage acknowledged Chancellor Jenkins. She thanked him for leading UNC Pembroke while a search was being conducted for a permanent chancellor. Next, Chairman Gage thanked Dr. Boarman, who was retiring next month from the North Carolina School of Science and Mathematics, for his remarkable leadership and dedicated years of service.

Regarding the budget, Chairman Gage said she remained hopeful that the leaders in this State would have the vision and courage to protect the University from more severe cuts as it has done throughout history.

Lastly, Chairman Gage commented on the Presidential Search. She thanked Mrs. Goodyear for the excellent job she had done as Chair of the Leadership Statement Committee. She said that the Committee had worked very diligently and that it had developed the University of North Carolina Presidential Leadership Statement, which was posted on UNC's website. The Selection/Screening Committee continued its work with the consultant, the position had been advertised, and the Committee had received great responses. Chairman Gage was confident that a strong, vibrant, diverse pool of candidates would emerge.

On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to prevent the premature disclosure of an honorary award or scholarship; to establish or instruct the staff or agent concerning the negotiation of the price and terms of a contract concerning the acquisition of real property; 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; 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)(2), (a)(5), and (a)(6).

The Board went into closed session at 10:15 a.m. and returned to open session at 10:30 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Dr. Robinson, Chair of the Committee on Personnel and Tenure, congratulated the officers on their re-election. Next, Dr. Robinson announced that photos and citations of the recipients of the 2010 Awards for Excellence in Teaching were displayed on the University's website. Lastly, Dr. Robinson reported that the Committee received a report on personnel actions delegated to the President since its last meeting.

At the conclusion of the meeting, Mr. Dixon commented on the Award for Excellence in Public Service. In 2008, when he served on the Committee with then Chair, Dr. Robinson, the Committee had recommended that each campus recognize its public service nominee with a certificate of appreciation and recognition at the spring commencements. Mrs. Goodyear said that the 2010 Committee on the Award for Excellence in Public Service would make recommendations for improving the presentation of the award.

President Bowles commented on the Board's representation at commencements. He commended Mrs. Goodyear for making a meaningful difference when she represents the Board at commencements. He said that Mrs. Goodyear dedicates her time by visiting the campus prior to the commencement. Then she meets with faculty, staff, and students, and she makes a meaningful connection with all of them. Her remarks are always well-prepared and very relevant to the occasion.

Dr. Roseman inquired about displaying the United States and the North Carolina flags in the Board Room. Chairman Gage said that the flags would be positioned in the Board Room by the next meeting.

Chairman Gage announced that the next meeting of the Board was scheduled for August 13, 2010, at the Spangler Center.

The meeting adjourned at 10:40 a.m.

APPENDICES

Appendix A	President Bowles' Report	Posted Online
Appendix B	Authorization of New Capital Improvements Projects, ASU and UNCCH	Posted Online
Appendix C	Approval of Exchange of Property, NCSU	Posted Online
Appendix D	Authorization of Centennial Campus Boundary Change, NSCU	Posted Online
Appendix E	Approval of Licensure for the Associate of Applied Science in Web Graphic Design at DeVry University in Morrisville, North Carolina	Posed Online
Appendix F	Approval Licensure for the Bachelor of Science in Management at DeVry University in Morrisville, North Carolina	Posted Online
Appendix G	Approval of Licensure for Bachelor of Science in Multimedia Design and Development at DeVry University if Morrisville, North Carolina	Posted Online
Appendix H	Approval of Licensure for the Bachelor of Science in Network Communications Management at DeVry University in Morrisville, North Carolina	Posted Online
Appendix I	Resolution Supporting the Senate	Posted Online
Appendix J	Approval of the Bachelor of Science in Geographic Information Science and Technology, ECU	Posted Online
Appendix K	Approval of the Bachelor of Science in Bioengineering, NCA&TSU	Posted Online
Appendix L	Approval of the Bachelor of Science in Exercise Science, UNCW	Posted Online
Appendix M	Approval of the Master of Science in Security Studies, ECU	Posted Online
Appendix N	Approval of a Master of Science in Biomedical Sciences, ECU	Posted Online
Appendix O	Approval of the Master of Science in Bioengineering, NCA&T	Posted Online
Appendix P	Approval of the Master of Science in Construction and Facilities Management, UNCC	Posted Online
Appendix Q	Approval of the Master of Science in Fire Protection and Administration, UNCC	Posted Online
Appendix R	Report on Prospective Teacher Scholars Program	Posted Online
Appendix S	Report on Biennial Distance Education	Posted Online

Appendix T	Report on Licensure Passing Rates, Enrollment, and Degrees Awarded in Nursing	Posted Online
Appendix U	Report on Teacher Productivity	Posted Online
Appendix V	Financial Aid Report	Posted Online
Appendix W	The University of North Carolina Fiscal Year 2011 Federal Policy Agenda	Posted Online