

Board of Governors Meeting
September 10, 2010
Chapel Hill, North Carolina

The Board of Governors met in regular session on September 10, 2010, at the Burney Center at the University of North Carolina at Wilmington. Chairman Gage called the meeting to order at 9:00 a.m. She thanked Chancellor DePaolo, the administrators, faculty and staff from the University of North Carolina at Wilmington for hosting this month's Board meeting.

INVOCATION

Chairman Gage called on Dr. Roseman to give the invocation.

ROLL CALL

Mr. Corgnati, Secretary of the University, called the roll. The following members were present:

Brent D. Barringer	Peter D. Hans
Atul C. Bhula	Charles A. Hayes
John M. Blackburn	James E. Holshouser, Jr.
R. Steve Bowden	Adelaide Daniels Key
Frank Daniels, Jr.	G. Leroy Lail
Bill Daughtridge, Jr.	Ronald C. Leatherwood
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	Marshall B. Pitts, Jr.
Dudley E. Flood	Irvin A. Roseman
Paul Fulton	Priscilla P. Taylor
Hannah D. Gage	J. Bradley Wilson
Ann B. Goodnight	David W. Young
Clarice Cato Goodyear	

The following members were absent:

Peaches G. Blank	Franklin E. McCain
Laura W. Buffaloe	Gladys Ashe Robinson
Cheryl M. Locklear	Estelle 'Bunny' Sanders

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. Davenport, that the minutes from the open session of August 13, 2010, meeting be approved. The motion carried.

PRESIDENT'S REPORT

President Bowles thanked Chancellor DePaolo for hosting the meetings. President Bowles said that Chancellor DePaolo's leadership is visible throughout the campus. He commented that the students he had met this morning are bright and energetic, the facilities are outstanding, and the campus has *great* faculty. For President Bowles' report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Mr. Deal moved, seconded by Mr. Bowden, that the Administrative Action Items be approved by consent. The motion carried.

- a. (AUDIT) Approval of the UNC General Administration's 2010-11 Internal Audit Plan
- b. (B&F) Authorization of New Capital Improvements Project, NCCU
- c. (B&F) Authorization of New Capital Improvements Projects, NCSU
- d. (B&F) Authorization to Sell Special Obligation Bonds, UNCW
- e. (B&F) Authorization of Disposition of Property, UNCC
- f. (P&T) Approval of Revised Campus Post Tenure Review Policies, ECU

REPORT OF THE AUDIT COMMITTEE

Mr. Davenport, Vice Chair of the Audit Committee, reported on three items. First, the Committee reviewed and approved UNC General Administration's 2010-2011 Internal Audit Plan and provided guidance for future audit plans for UNC General Administration (see Appendix B). Secondly, the Committee reviewed the report of the activities of internal auditors at each UNC campus. The report included a summary of the significant audit findings. Lastly, the Committee received an update on the UNC Finance Improvement and Transformation Project (UNC FIT). The UNC FIT team was working with Winston-Salem State University and North Carolina A&T State University to transition from the State's Central Payroll System. Both campuses had successfully implemented Banner biweekly payroll. They were working towards the transition of implementing their monthly payrolls to the UNC Shared Services Payroll solution. Fayetteville State University and North Carolina Central University would be the next campuses to transition from the State's Central Payroll System. The implementation of biweekly payrolls for those campuses was scheduled for October 2010. The implementation of their monthly payrolls was scheduled for January 2011. Mr. Davenport reported that the UNC FIT team was identifying processes for capital assets and students' accounts receivables.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, reported that Dr. William L. Roper, Chief Executive Officer, UNC Health Care System, presented the UNC Health Care System FY 2010 Annual Report (see Appendix H). The report provided an update on the impact the flexibility granted to the UNC Health Care System by the N.C. General Statute 116-37 has had on system operations in four key areas – personnel, purchasing, property management and property construction. The report showed savings in purchasing of \$5.5 million, employee turnover had been reduced from 20% to 8%, and employee satisfaction had improved. Two areas of concern addressed in the report were the uncompensated care, which totaled \$283 million in FY 2010, and the growing gap between wages paid in the hospital system and market rates. Mr. Deal said that Dr. Roper briefly spoke about the Plan for Medicine that the Board had approved in 2008, which contemplated the

expansion of UNC-Chapel Hill and East Carolina University's Medical Schools as well as UNC-Chapel Hill's development of satellite campuses in Charlotte and Asheville. These expansions had been stalled due to the State's financial constraints. The UNC Health Care System would consider expanding on a limited basis without State funding. The Committee would be kept apprised of any developments.

On behalf of the Committee, Mr. Deal moved the approval of the UNC Health Care System FY 2010 Annual Report. The report would be sent to the Joint Legislative Commission on Governmental Operations. The motion carried.

Next, the Committee reviewed the Annual Intercollegiate Athletics Report. Each year the National Collegiate Athletic Association (NCAA) releases its Academic Progress Rate or target rate that measures the success and failure of academic progress of collegiate athletic teams (see Appendix I). Overall, improvements in all the University of North Carolina's athletic teams had been recognized. In 2008, there were seven UNC institutions with a total of 21 sports that fell below the NCAA target rate of 925. In 2010, there were five UNC institutions with only eight sports that fell below the NCAA target rate. The University received NCAA Public Recognition Awards for being in the top ten percent nationally. In 2008, six UNC institutions with 12 sports received the Public Recognition Awards. In 2010, 11 UNC institutions with 29 sports received the Public Recognition Awards. Mr. Deal credited the Chancellors and the athletic directors for their focus on the academic progress of our student-athletes.

Next, Mr. Deal reported that the Committee heard from Chancellor Thorp and Athletic Director Dick Baddour regarding the ongoing investigation into possible academic infractions and improper agent contact with members of the football squad at UNC-Chapel Hill.

Next, Mr. Deal said that the Committee had heard the Report on the Licensure Function of the Board of Governors (see Appendix J). This report stemmed from concerns that the members of the Board expressed about for-profit educational institutions in the State of North Carolina and the significant debt incurred by people attending for-profit institutions.

On behalf of the Committee, Mr. Deal moved that the President and the Chairman of the Board of Governors establish a Committee to review licensure to determine if recommendations needed to be made to the General Assembly. The motion carried.

Next, the Committee discussed the Remedial/Development Activities Report that tracks changes in levels of remediation needed by students at our campuses. The long range trends indicate that our students need less remediation (see Appendix K). In 2008-09, \$2 million was spent across the campuses on development and remedial student support with \$1.4 million spent on course work.

Next, the Committee presented its Annual Report of the Committee on Educational Planning, Policies, and Programs for July 1, 2009 – June 30, 2010 (see Appendix L). The report summarized all the activities that the Committee had undertaken during the past fiscal year related to planning, policies, and programs.

Lastly, Mr. Deal reported that the Committee had previously delegated to the President the authority to approve the reauthorization of the remaining Master of School Administration (MSA) programs and Dr. Chapman had reported to the Committee that President Bowles had approved the reauthorization for the MSA programs at Appalachian State University and UNC Wilmington.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Bowden, Chair of the Committee on University Governance, reported that the Committee had begun its planning for the 2011 trustee selection process. The timeline for the process would be announced soon. Earlier this year, the Committee had created a Trustee Nomination Form. The form was currently being used as part of the process for receiving and considering nominations to serve on our Boards of Trustees. Mr. Bowden said that this was a very significant document because it describes the qualifications expected from trustees. He asked the members of the Board to put forth names for any vacancies to be filled.

Next, Mr. Bowden reported that there was a term ending June 30, 2013, on the University of North Carolina at Charlotte Board of Trustees. On behalf of the Committee, Mr. Bowden moved the election of Ms. Mary Ann Rouse of Charlotte to serve, effective September 24, 2010. The motion carried.

There was a term ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees representing Congressional District 2. On behalf of the

Committee, Mr. Bowden moved the appointment of Ms. Stephanie McLellan Bass of Clayton to serve. The motion carried.

There were three vacancies on the Liability Insurance Trust Fund Council (LITFC) of the University of North Carolina Hospitals and Physicians & Associates. On behalf of the Committee, Mr. Bowden moved the appointments of Dr. Allen Daugird, President of the UNC Physicians & Associates; Dr. Anthony Lindsey, the newly appointed Chief of Staff; and Mr. Christopher Ellington, Chief Financial Officer of UNC Hospitals, to serve. Dr. Brian Goldstein, who had previously served as the Chair of LITFC and who serves as the Chief Operating Officer at UNC Hospitals, would remain on the Council. The Committee also recommended Vice President and General Counsel Laura Luger to serve. Vice President Luger would replace Mr. Charles Walrup, who recently transferred to North Carolina A&T State University. The motion carried.

Next, Mr. Bowden said that the Committee received notice from President Bowles of the appointments of Mr. William Cameron of Wilmington, Rev. Lisa Fischbeck of Carrboro, Mr. Ernest J. Goodson of Fayetteville, and Ms. Barbara Jessie-Black to Carrboro, to serve as members on the UNC Health Care System Board of Directors. On behalf of the Committee, Mr. Bowden moved the ratification of the President's appointments. The motion carried.

Lastly, Mr. Bowden reported that there was a partial term ending June 30, 2011, on the North Carolina School of Science and Mathematics Board of Trustees representing Congressional District 8. There were three terms ending June 30, 2014, on the University of North Carolina Center for Public Television Board of Trustees. Mr. Bowden stated that the Center for Public Television Board of Trustees should reflect diversity of race, gender and the geography of the State. There were two terms ending June 30, 2014, on the UNC Umstead Review Panel. The Committee would consider nominations for these vacancies at its October meeting.

CHAIRMAN'S REPORT

Chairman Gage thanked Chancellor DePaolo, the staff and students at UNC Wilmington for their hospitality. She said it was a wonderful visit and it helped everyone better understand

the important role that UNCW plays within the University. She said the UNC Wilmington staff, faculty, administrators, students, and community should be proud of its University.

Next, Chairman Gage commented on the Tuition Plan. The Board received a draft copy of the plan last month. She said that President Bowles had made his recommendations regarding the plan. The Board would begin reviewing the plan and the President's recommendations next month at the Committee on Budget and Finance meeting. A workshop on the budget preparation would be conducted as well. Chairman Gage said that it was her goal for the Board to finish the plan by year's end. She asked the members of the Board to begin reviewing the plan and the President's recommendations and to submit comments to Mr. Mercer, Chair of the Budget and Finance Committee.

Chairman Gage said that the campuses had begun working on their budget requests. She said that the Governor instructed the University to prepare for cuts of 5% to 10%. The campuses were in the process of prioritizing their needs and that the budget would have to focus on the campuses' *essential* needs only. Chairman Gage commented that the Board, the Chancellors, and staff at General Administration would have further discussions on the specifics of linking enrollment growth funding to graduation rates. She noted that a consultant would be visiting with staff from Academic Affairs regarding online education and Chairman Gage noted that she had hoped that online education would be elevated to the next level.

Lastly, Chairman Gage announced that Chancellor Randy Woodson's installation was scheduled for Tuesday, October 26, 2010. She also announced that the 2011 O. Max Gardner Award Committee would be chaired by Mr. Blackburn. Other members serving on the Committee were Dr. Roseman, Dr. Flood, Mr. Daughtridge, and Ms. Sanders.

On motion by Vice Chairman Hans and duly seconded, the Board voted to convene in closed session to establish or instruct the staff or agent concerning the negotiations 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 in the amount of compensation or other terms of employment contract; and 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 applicable G.S. 143-318.11(a)(5) and (a)(6). The motion carried.

The Board of Governors went into closed session at 9:40 a.m. and returned to open session at 9:55 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Mills, Chair of the Committee on Personnel and Tenure, reported on one item. He reported that the Committee had approved the revised post tenure review policies submitted by the University of North Carolina at Asheville, in accordance with the changes to *The Code*.

Chairman Gage reminded the members of the Board that the 2010 Excellence in Public Service Award would be presented at next month's meeting and she reminded everyone, again, that Chancellor Woodson's installation was scheduled for October 26, 2010.

Mrs. Goodyear congratulated Chancellor DePaolo and the entire UNCW family on their campus accomplishments and for the fabulous visit.

Mr. Bowden commented that it was a joy to attend the Board meeting away from Chapel Hill and to have the opportunity to visit the campus. He commended Chancellor DePaolo and all faculty and staff from UNC Wilmington on the quality of the University and remarked that their hospitality was outstanding.

The meeting adjourned at 10:00 a.m.

Appendix A	President Bowles' Report	Posted Online
Appendix B	Approval of the UNC General Administration's 2010-11 Internal Audit Plan	Posted Online
Appendix C	Authorization of New Capital Improvements Project, NCCU	Posted Online
Appendix D	Authorization of New Capital Improvements Project, NCSU	Posted Online
Appendix E	Authorization to Sell Special Obligation Bonds, UNCW	Posted Online
Appendix F	Authorization of Disposition of Property, UNCC	Posted Online
Appendix G	Approval of Revised Campus Post Tenure Review Policies, ECU	Posted Online
Appendix H	UNC Health Care System FY 2010 Annual Report	Posted Online
Appendix I	Annual Intercollegiate Athletics Report	Posted Online
Appendix J	Report on the Licensure Function of the Board of Governors	Posted Online
Appendix K	Remedial/Development Activities Report	Posted Online
Appendix L	Committee on Educational Planning, Policies, and Programs 2009-10 Annual Report	Posted Online