

Board of Governors Meeting
November 5, 2010
Chapel Hill, North Carolina

The Board of Governors met in regular session on November 5, 2010, at the Spangler Center in Chapel Hill. Chairman Gage called the meeting to order at 9:00 a.m. She recognized many special guests including President-Elect Ross; The Honorable Beth A. Wood, State Auditor; Deputy State Auditor, Linda Hollar; and Former Chairman of the Board of Governors, Mr. Robert L. “Roddy” Jones. Chairman Gage recognized National Security Fellows from UNC-Chapel Hill Colonel Kevin Colyer and Colonel Tom Rogers. They were accompanied by their academic mentor, Professor Napoleon Byars. Colonel Colyer and Colonel Rogers are a part of UNC-USASOC partnership program based at Fort Bragg. She thanked them for their service to our country especially as we celebrate Veterans Day next week. Chairman Gage congratulated Dr. Gladys Ashe Robinson. This week, Dr. Robinson won the North Carolina State Senate race representing District 28.

INVOCATION

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

ROLL CALL

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

Brent D. Barringer	James E. Holshouser, Jr.
Atul C. Bhula	Adelaide Daniels Key
John M. Blackburn	G. Leroy Lail
Peaches G. Blank	Ronald C. Leatherwood
R. Steve Bowden	Cheryl M. Locklear
Frank Daniels, Jr.	Franklin E. McCain
Bill Daughtridge, Jr.	Charles H. Mercer, Jr.
Walter C. Davenport	Fred G. Mills
John W. Davis III	Marshall B. Pitts, Jr.
James M. Deal, Jr.	Gladys Ashe Robinson
Phillip R. Dixon	Irvin A. Roseman
Dudley E. Flood	Estelle ‘Bunny’ Sanders
Paul Fulton	Priscilla P. Taylor
Hannah D. Gage	J. Bradley Wilson

Ann B. Goodnight
Clarice Cato Goodyear

David A. Young

The following members were absent:

Laura B. Buffaloe
Peter D. Hans

Charles A. Hayes
Burley B. Mitchell, Jr. (*excused*)

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. Mr. Mercer abstained from Item 7d listed on the Administrative Action Items on the Agenda.

MINUTES

Ms. Blank moved, seconded by Mr. Mills, that the minutes from the open session of the October 8, 2010, meeting be approved. The motion carried.

REPORT OF THE AUDIT COMMITTEE

Dr. Roseman, Chair of the Audit Committee, stated that the Committee heard a report from State Auditor Beth Wood and Deputy State Auditor Linda Hollar. Dr. Roseman provided a brief background about Ms. Wood. She was elected as North Carolina State Auditor in November 2008 and she took office in January 2009. She is a graduate of East Carolina University and is a certified public accountant. Ms. Wood is a long-time public servant having served in the North Carolina State Treasurer's Office and the State Auditor's Office for more than a decade before being elected. He called on Ms. Wood for her remarks.

The Honorable State Auditor Wood said that she has been impressed with the talent of the members who serve on the Audit Committee as well as the members from last year's Committee. She said that it was enjoyable working with President Bowles, who was always very responsive to any request that came from the State Auditor's Office. She reported that financial statement audits for the University and the audits of the grant monies and financial aid are

required to be performed and would continue, but that the general controls audits would be reduced or eliminated due to the lack of resources and the pending budget cuts. She commented that the Audit Committee had continued to promptly address all audit findings and she said it was critical to keep moving in this direction to ensure that the University remained strong with its financial reporting.

Next, Dr. Roseman said that the Committee heard an update on the University Finance Improvement and Transformation Project (UNC FIT). Seven campuses had transitioned to the Banner biweekly payroll. Work had begun on transitioning Elizabeth City State University and UNC School of the Arts to the Banner biweekly payroll. It was reported that four campuses had already went live with the Banner monthly payroll (Appalachian State University, NC A&T State University, UNC Asheville and UNC Pembroke). Winston-Salem State University would go live this month. Fayetteville State University and North Carolina Central University were scheduled to go live in January 2011 and Elizabeth City State University and the UNC School of the Arts were scheduled to go live in April 2011.

Lastly, Dr. Roseman reported that advisory teams were formed to identify subprocesses within the Capital Assets and Student Accounts Receivables.

PRESIDENT'S REPORT

President Bowles remarked that the University Award Dinner last evening honoring the former president of the North Carolina Community College System, Martin Lancaster, was terrific. He said the occasion was a time for joy and celebration. He said that it was also an occasion to celebrate the collaboration and the partnership that has developed between the community colleges and the University. The community colleges and the University have done a phenomenal job of improving the chances for students in all parts of North Carolina to attend a community college and transfer to the University to obtain a 4-year degree. For President Bowles' report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Mr. Fulton moved, seconded by Dr. Key, that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Authorization to Sell Special Obligation Bonds, ECSU
- b. (B&F) Authorization to Sell Special Obligation Bonds, UNCA
- c. (B&F) Authorization to Sell Special Obligation Bonds, UNCC
- d. (B&F) Authorization of New Capital Improvements Project, NCSU
- e. (B&F) Authorization of New Capital Improvements Projects, ECU, NCSU, UNC-CH, and UNCSA
- f. (B&F) Approval of the Annual Report of the Committee on Budget and Finance
- g. (EPPP) Approval of Licensure for the Bachelor of Arts in Interior Design at Living Arts College in Raleigh
- h. (EPPP) Approval of Licensure for the Master of Education in Mathematics Education at Lesley University in Laurinburg, Charlotte, Concord, Raleigh, Wilmington, Swannanoa, and Online
- i. (EPPP) Approval of Initial Licensure for the Bachelor in International Management at SKEMA in Raleigh
- j. (EPPP) Approval of Initial Licensure for the Master of Science in General Management at SKEMA in Raleigh
- k. (EPPP) Approval of Initial Licensure for the Master of Science in International Business at SKEMA in Raleigh
- l. (EPPP) Approval of Initial Licensure for the Specialized Master's in Financial Markets, Innovation, and Technology at SKEMA in Raleigh

REPORT FROM THE PRESIDENT OF THE ASSOCIATION OF STUDENT GOVERNMENTS

Mr. Bhula commented that it was a great pleasure to have had the opportunity to work with President Bowles and the staff at UNC General Administration, particularly Senior Vice President Mabe and Vice President Murphrey, who were retiring next month. Next, Mr. Bhula recognized student body president Wayne Kimball from NC A&T State University and Mr. Phil Schneider, former treasurer of the Student Government Association from Appalachian State University. Mr. Bhula noted that several student body presidents had attended the previous day's committee meetings. Next, he acknowledged Mr. Mercer, Chairman of the Budget & Finance Committee. He thanked Mr. Mercer for taking the time to meet with him and his colleagues to discuss the four-year plan.

Next, he recognized Vice President Rhinehardt for her willingness to discuss a new online website that would make students and military individuals aware of available job offerings as well as internships that become available. Lastly, he thanked President Bowles for his outstanding leadership and his efforts in maintaining affordability and accessibility for students of this University. He said that he looked forward to working with the incoming leader, President-Elect Ross.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Mercer, Chair of the Committee on Budget and Finance, reported that in September 2006 the Board had approved a four-year plan that provided guidance to the campuses for submitting their annual proposals for tuition and fee increases. In August 2010 and then in October 2010, the Board considered adjustments to the plan as well as the recommendations made by the President. At its meeting yesterday, the Committee further evaluated the plan.

On behalf of the Committee, Mr. Mercer moved approval of the Tuition and Fee Increases – A Second Four-Year Plan (see Appendix N). Mr. Leatherwood voted against the motion. The motion carried.

Next, the Committee discussed the 2011-2013 Budget Priorities (see Appendix O). The 2011-2013 budget priorities identified the operating and capital funding needed to carry out the highest priorities of the University as identified by the President, the chancellors, and the Board of Governors. Due to the ongoing work by the Board on a plan to tie enrollment growth to retention and graduation rates, the University's enrollment budget would not be finalized until December 2010. Similarly, the ongoing work on the study of financial aid consolidation would impact the request for the UNC Need-Based Grant Program.

Mr. Mercer moved that the Committee be delegated the authority to approve the budget priority items when the amounts become available and announced that a special meeting would be held for this purpose. Further, Mr. Mercer moved that the 2011-17 Capital Improvements Plan be approved and forwarded to the Governor and the North Carolina General Assembly for consideration during the 2011 legislative session and that the President be authorized to make refinements to the request in the interest of accuracy and completeness. The motion carried.

Next, Mr. Mercer referred to the North Carolina General Statute 116-31.12, which gives the Board the authority to acquire real property by lease. The statute directs the Board of Governors to establish such a policy. The Committee reviewed the University of North Carolina Policy on Acquisition of Real Property by Lease. The approval was contingent upon final consultation with the State Property Office. This item would be considered at the Board meeting in January 2011.

Lastly, the Committee received the UNC Bond Program Report. The Higher Education Bond Oversight Committee produced its final report on the program, which would be presented to the General Assembly in the near future.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, thanked Senior Vice President Mabe for all he has done and expressed appreciation for all his efforts. Mr. Deal then reported on several items. First, the Committee received the annual report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers (see Appendix P). They heard a presentation from Dr. Tom Bacon, AHEC Program Director. The number of primary care physicians had increased from 1990 through the earlier part of this decade, but recently the numbers were trending downwards. The data showed that East Carolina University had been very effective at promoting primary care and retaining faculty.

On behalf of the Committee, Mr. Deal moved approval of the report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers and that the report be transmitted to the Joint Legislative Education Oversight Committee. The motion carried.

Next, Mr. Deal reported on the UNC degree program proposals. The Committee considered the request for authorization to discontinue the Bachelor of Science in Industrial and Engineering Management at the University of North Carolina at Asheville (see Appendix Q). The Committee considered a request for authorization to establish a Bachelor of Arts in Motorsports Technology at NCA&T State University (see Appendix R) and a request for authorization to establish a Bachelor of Arts in Computer Science at the University of North Carolina at Chapel Hill (see Appendix S).

On behalf of the Committee, Mr. Deal moved approval of the request for discontinuation of the program from UNC Asheville and the approval of the baccalaureate degree program proposals from NCA&T State University and the UNC-Chapel Hill. The motion carried.

Mr. Deal reported that the Committee heard reports on the Future Teachers of North Carolina Scholarship Loan (see Appendix T) and the Teacher Assistant Scholarship Fund (see Appendix U), which were administered by the North Carolina State Education Assistant

Authority (NCSEAA). The Future Teachers of North Carolina Scholarship Loan program would be phased out this year. The Teacher Assistant Scholarship Fund provides scholarships to classroom teacher assistants so they are able to complete their education and become teachers. In 2009-2010, there were a total of 265 students who received scholarships from this fund.

On behalf of the Committee, Mr. Deal moved approval of the Future Teachers of North Carolina Scholarship Loan Report and the Teacher Assistant Scholarship Fund Report and moved that the reports be transmitted to the Joint Legislative Education Oversight Committee. The motion carried.

Lastly, Mr. Deal reported that the Committee reviewed the Faculty Teaching Workload Report based on the Delaware data. The study compared the teaching workload of UNC faculty relative to faculty at Carnegie-defined peer institutions. The study provides comparative data on all faculty, *regular* faculty and instructional faculty. For the 2006-2009 period, the fall semester average teaching workload for all UNC instructional faculty was 3.37 sections as compared to the national Delaware average of 3.27 sections. For regular faculty, the average number of sections was 3.26 for UNC and 3.04 for the comparative Delaware average. The committee discussed establishing a subcommittee that would gather information on teacher faculty workloads and on curriculum development.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mrs. Goodnight, Chair of the Committee on Public Affairs, reported that Vice President Watkins provided an overview of the election results that occurred in the state this week. The University would work on an outreach strategy to inform our new leaders of the General Assembly about this great University and develop strategies to promote the priorities of the University.

Mrs. Goodnight said that Vice President Rhinehardt provided a brief overview of changes in Washington, D.C. as a result of the midterm elections. She reported that Mr. Miles Lackey, Director of Federal Government Relations, would be leaving General Administration. Mr. Lackey had accepted a federal relations position at UNC-Chapel Hill.

Lastly, the Committee heard an overview of the policy agenda development process. Campuses had submitted their proposals for review. A proposed agenda would be shared prior to the January 2011 meeting.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Bowden, Chair of the Committee on University Governance, reported on several items. First, the Committee heard a report from Chancellor Thorp on UNC-Chapel Hill athletics update. Director of Athletics Baddour and Vice Chancellor and General Counsel Strohm were also available to respond to questions. Mr. Bowden commented that the Committee has complete trust and confidence in Chancellor Thorp and UNC-Chapel Hill as they proceed through this process. Next, Chancellor Martin provided an update on a recent issue regarding student athletics at North Carolina A&T State University.

Mr. Bowden reminded the Chancellors that their recommendations of nominees for election or re-election by the Board of Governors to their Board of Trustees were due by December 15, 2010.

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 was a partial term ending June 30, 2103, on the North Carolina School of Science and Mathematics Board of Trustees, representing a non-residency vacancy. There were two terms ending June 30, 2014, on the UNC Umstead Review Panel. Nominations would be considered at the Committee's next meeting in January 2011.

Lastly, Mr. Bowden referred to the Winter Commencement schedule and reminded the members to let Secretary Corgnati know which commencements they could attend.

CHAIRMAN'S REPORT

Chairman Gage thanked Vice President Murphrey and Vice President Charest for their outstanding work. Chairman Gage thanked Senior Vice President Mabe for his exceptional service. She said that Dr. Mabe was tireless in his commitment to the University and he has moved the University toward many of its most important goals.

Next, Chairman Gage acknowledged President Bowles, noting that this was the last meeting of the Board of Governors prior to his retirement. She spoke of his outstanding leadership skills. He confronts circumstances and tough issues head on. He makes decisions based on what is right, proper and just for the University. His moral compass is strong and clear. President Bowles was the best person to have at the helm of this University during the economic downturn. After five years of his leadership, President Bowles has positioned this University to operate more efficiently, be accountable, and modernize teaching practices. Under his leadership, the University has accomplished all this change without sacrificing its commitment to low tuition and without limiting accessibility for its students.

Next, Chairman Gage called on Mr. Davis and Dr. Flood. Mr. Davis spoke of the time when he interviewed President Bowles for the position of President of the University. He said that President Bowles was the best leader for this University, especially during the time of the economic slowdown. He noted how President Bowles reached out to all the citizens of the state to determine how the University could best serve its people through the implementation of the UNC Tomorrow initiative. He spoke of President Bowles business acumen, his incredibly hard work ethic, and his many other fine attributes. On behalf of the Board, they presented him with an engraved silver presidential medallion. Dr. Flood read a resolution honoring President Bowles' extraordinary service to the University. Chairman Gage moved approval of the resolution honoring President Bowles. The motion carried. A copy of the resolution (see Appendix V) was posted at: <http://www.northcarolina.edu/news/images/197319.pdf>

On motion by Secretary Sanders and duly seconded, the Board voted to convene in closed session to prevent the disclosure of information that is privileged or confidential pursuant to the laws of this State or of the United States or not considered a public record, within the meaning of Chapter 132 of the General Statutes; to consult with its attorney employed or retained by the public body in order to preserve the attorney-client privilege and attorney work product; and to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee, pursuant to North Carolina G.S. 143-318 (a)(1), (a)(5) and (a)(6). The motion carried.

The Board of Governors went into closed session at 10:40 a.m. and returned to open session at 10:50 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Mills, Chair of the Committee on Personnel and Tenure, reported that the Committee discussed executive compensation for the President and the chancellors. Vice President Charest discussed the ongoing discrepancies in the UNC institutions' chancellor salaries, benefits, and total compensation packages compared to its peers. The Committee recognized the need to continue further discussions regarding executive compensation and planned to have regular updates and discussions at future meetings.

Next, the Committee reviewed and approved the Report on the UNC Phased Retirement Program (see Appendix W) and the Report on Post Tenure Review (see Appendix X). Next, Associate Vice President Shanahan discussed three amendments to the Optional Retirement Program (see Appendix Y).

On behalf of the Committee, Mr. Mills moved that the amendments to the Optional Retirement Program be approved. The motion carried.

Next, the Committee received a timeline for the 2011 Board of Governors Awards for Excellence in Teaching. The awards would be presented by a member of the Board at the campuses' spring commencement ceremonies. Lastly, Mr. Mills welcomed Ms. Lesley Cates, who was recently appointed as Director of State Relations at UNC General Administration.

In closing, Dr. Robinson thanked all the members of the Board, President Bowles, and the late Chairman Ruffin, for all they have done for her during her more than nine years of service on the Board. She welcomed incoming President-Elect Ross. Dr. Robinson recently won her campaign bid to be the North Carolina State Senator representing District 28.

Chairman Gage thanked all the members of the Board. She said it was an emotional week marking President Bowles' final meeting and the departure of other senior administrators. She was impressed that so much work had been accomplished this past week with the Board

having had approved the tuition plan for the next four years, the approval of a budget, and a move forward on how campus funding is appropriated. The shift to rewarding performance over rewarding growth will make a huge difference.

The meeting adjourned at 11:00 a.m.

Appendix A	President Bowles' Report	Posted Online
Appendix B	Authorization to Sell Special Obligation Bonds - ECSU	Posted Online
Appendix C	Authorization to Sell Special Obligation Bonds - UNCA	Posted Online
Appendix D	Authorization to Sell Special Obligation Bonds - UNCC	Posted Online
Appendix E	Authorization of New Capital Improvements Project - NCSU	Posted Online
Appendix F	Authorization of New Capital Improvements Projects - ECU, NCSU, UNC-CH, and UNCSA	Posted Online
Appendix G	Approval of the Annual Report of the Committee on Budget and Finance	Posted Online
Appendix H	Approval of Licensure for the Bachelor of Arts in Interior Design at Living Arts College in Raleigh	Posted Online
Appendix I	Approval of Licensure for the Master of Education in Mathematics Education at Lesley University in Laurinburg Charlotte, Concord, Raleigh, Wilmington, Swannanoa, and Online	Posted Online
Appendix J	Approval of Initial Licensure for the Bachelor in International Management at SKEMA in Raleigh	Posted Online
Appendix K	Approval of Initial Licensure for the Master of Science in General Management at SKEMA in Raleigh	Posted Online
Appendix L	Approval of Initial Licensure for the Master of Science in International Business at SKEMA in Raleigh	Posted Online
Appendix M	Approval of Initial Licensure for the Specialized Master's in Financial Markets, Innovation, and Technology at SKEMA in Raleigh	Posted Online
Appendix N	Approval of Tuition and Fee Increases – A Second Four-Year Plan	Posted Online
Appendix O	Approval of the 2011-2013 Budget Priorities of the Board of Governors	Posted Online
Appendix P	Approval of the Report on Monitoring the Progress of North Carolina Graduates Entering Primary Care Careers	Posted Online
Appendix Q	Request for Authorization to Discontinue the Bachelor of Science in Industrial and Engineering Management - UNCA	Posted Online
Appendix R	Authorization to Establish a Bachelor of Arts in Motorsports Technology - NCA&T	Posted Online
Appendix S	Authorization to Establish a Bachelor of Arts in Computer Science - UNC-CH	Posted Online
Appendix T	Future Teachers of North Carolina Scholarship Loan Annual Report	Posted Online

Appendix U	Teacher Assistant Scholarship Fund Annual Report	Posted Online
Appendix V	Resolution Honoring Erskine Boyce Bowles	Posted Online
Appendix W	Report on the UNC Phased Retirement Program 2010	Posted Online
Appendix X	Report on Post Tenure Review 2009-2010	
Appendix Y	Amendments to the Optional Retirement Program	Posted Online