

Board of Governors Meeting

September 14, 2012

Chapel Hill, North Carolina

The Board of Governors met in regular session on September 14, 2012, at the Spangler Center in Chapel Hill. Chairman Hans called the meeting to order at 9:00 a.m.

INVOCATION

Chairman Hans called on Mr. Harrelson to give the invocation.

ROLL CALL

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

W. Louis Bissette, Jr.
John M. Blackburn
Peaches G. Blank
Cameron E. Carswell
Bill Daughtridge, Jr.
Walter C. Davenport
James M. Deal, Jr.
Phillip R. Dixon
Fred N. Eshelman
John C. Fennebresque
Dudley E. Flood
Paul Fulton
Hannah D. Gage
Ann B. Goodnight
H. Frank Grainger

Peter D. Hans
Thomas J. Harrelson
Mary Ann Maxwell
Franklin E. McCain
W. Edwin McMahan
Charles H. Mercer, Jr.
Fred G. Mills
Burley B. Mitchell, Jr.
Hari H. Nath
David M. Powers
Irvin (Al) Roseman
Richard (Dick) Taylor
Raiford G. Trask III
Phillip D. Walker
Aldona Zofia Wos

The following members were absent:

Laura W. Buffaloe (excused)
James E. Holshouser, Jr. (excused)
G. Leroy Lail

J. Bradley Wilson
David W. Young

STATE ETHICS ACT

Chairman Hans 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 Hans 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. Grainger moved, seconded by Dr. Roseman, that the minutes from the open session of the August 10, 2012, meeting be approved. The motion carried.

PRESIDENT'S REPORT

President Ross referred to the University's strategic planning and the UNC Health Care System's strategic outlook presentations from the previous day's policy discussions. The presentations brought into sharper focus the University's strategic planning for the future. President Ross recognized Mr. Kevin FitzGerald, who joined General Administration earlier this month as Chief of Staff. Mr. FitzGerald had most recently served as Chief of Staff to Dr. William Roper at UNC Health Care. Since 2007, Mr. FitzGerald had been an adjunct faculty member at the School of Government at UNC-Chapel Hill. He graduated from the College of Holy Cross in Massachusetts and received his master's degree in Public Administration from UNC-Chapel Hill. President Ross was delighted to have Mr. FitzGerald join General Administration. For President Ross' report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Hans called attention to the Administrative Action Items listed on the agenda. Dr. McCain moved, seconded by Mr. Harrelson, that the Administrative Action Items be approved by consent. The motion carried.

- a. (Audit) Approval of the University-Wide Summary of the Internal Audit Plans 2012-13
- b. (B&F) Approval of the Tuition Instructions (Financial Aid Set-Aside) and Tuition Bill Statement
- c. (B&F) Authorization of New Capital Improvements Projects, ASU and ECU

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Fulton, Chair of the Committee on Budget and Finance, reported on three items. First, Mr. Fulton commented on the State Consulting Act that requires agencies to apply for and receive written approval from the Governor prior to entering into consulting contracts. The Committee adopted the proposed UNC Policy 600.5.4, *Contracts to Obtain the Services of a Consultant* (see Appendix E) that would require constituent institutions and other units of the University to update current contracting procedures. The Committee approved the proposed policy. This policy would be brought to the full Board at its next meeting for final consideration. Policy 600.5.4[G], *Guidelines on the State Consulting Act*, would become obsolete and its repeal necessary.

Second, the General Assembly delegated authority to the Board to authorize the constituent institutions and the General Administration to *acquire* real property by lease if the lease is for a term of not more than 10 years. During the last session, the General Assembly amended language to *acquire and dispose of* real property by lease if the lease is for a term of not more than 10 years. Amendments to UNC Policy 600.1.3.1, *Policy on Acquisition of Real Property by Lease* (see Appendix F) and Policy 200.6, *Delegation of Authority to the President* (see Appendix G) would be necessary. The Committee approved the proposed amendments. These amended policies would be presented to the full Board at its next meeting for final consideration.

Third, Mr. Fulton reported that the 2012 General Assembly approved language that allowed the University to deposit any student fees approved by the Board in institutional trust fund accounts. This statutory change made it necessary to amend UNC Policy 600.2.4, *Custody and Management of Institutional Trust Funds and Special Funds of Individual Institutions* (see Appendix H). The Committee approved the proposed amendments. The amended policy would be presented to the full Board at its next meeting for final consideration.

Lastly, Mr. Fulton stated that Vice President Perusse updated the Committee on efficiency initiatives that had taken place at the University. At the conclusion of Mr. Fulton's report, Chairman Hans announced that Ms. Ginger Burks, Associate Vice President for Finance, would be leaving General Administration to pursue a career at North Carolina State University. He thanked her for her outstanding service.

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

Mrs. Gage, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee had heard an update on distance education from Dr. Maggie O'Hara, Director of UNC E-Learning. Dr. O'Hara reviewed the top priorities and challenges of improving and expanding distance education. Those challenges included resolving issues related to tuition and fees, implementation of an inter-institutional portal for foreign languages, and development of an online solution for degree completion candidates. A larger challenge was the development of a long-term strategy. The Committee had heard from Chancellor Brady at UNC Greensboro regarding how the institution used online education as a complement to traditional education and its involvement with Moses Cone Memorial Hospital in using distance learning technologies to help with nursing needs. The Committee would consider contacting the Sloan Consortium – a professional organization dedicated to quality online education – to assist with some of the University's most complex issues related to distance education.

The Committee had heard a report from Vice President Boney on the University's strategies for working with China, the top priorities of building a better pipeline of interest in China by UNC students and faculty, strengthening our current partnerships, establishing new programs, and recruiting more Chinese students to the University. The report entitled *The Dragon and The Dogwood: A Way Forward for the University of North Carolina and China* was presented (see Appendix I). Further details regarding the progress of these initiatives would be brought to the Committee in November.

Mrs. Gage reported on two action items. First, as part of the previous day's policy discussion, the full Board had heard a presentation from Dr. William L. Roper, Chief Executive Officer, UNC Health Care System (UNC HCS) on the UNC Health Care System FY 2012 Annual Report (see Appendix J).

On behalf of the Committee, Mrs. Gage moved the approval of the UNC Health Care System Annual Report FY 2012 and that the report be conveyed to the North Carolina General Assembly Joint Legislative Commission on Governmental Operations. The motion passed.

Second, the Committee had heard a recommendation from Senior Vice President Ortega on behalf of North Carolina Central University, to merge the College of Liberal Arts and the

College of Science and Technology to form the College of Arts and Sciences. The advantage of the merger would create a better synergy and multi-disciplinary partnership environment between faculty in liberal arts and STEM disciplines. The merged College would align with the model of most UNC constituent institutions and many regional and national peers.

On behalf of the Committee, Mrs. Gage moved the approval of the merger of the College of Liberal Arts and the College of Science and Technology to become the College of Arts and Sciences at North Carolina Central University. The motion passed.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported that the Committee discussed its work plan for the upcoming year. Members asked President Ross to review the major issues that the General Assembly would consider when it convenes next session. President Ross had communicated to the Committee how it could best help him advocate for the University. In response, the Committee would do the following: become more active in understanding vital issues facing the University; develop an effective strategy for advocacy efforts; and draft talking points and key messages for use when conversing with members of the General Assembly and Congress. The Committee would convene the key stakeholders to form an effective correlation of support for the University.

Finally, Mr. McMahan called on all the members to continue to be actively engaged in carrying out the work plan.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Daughtridge, Chair of the Committee on University Governance, reported that the Committee continued discussion on campus liaison responsibilities and the trustee selection nomination process. The Campus Liaison Assignments 2012 – 2013 were finalized (see Appendix K) and a copy of the current Trustee Nomination Form was provided to each member (see Appendix L).

Next, there was a vacancy on the UNC Liability Insurance Trust Fund Council of the University of North Carolina Hospitals and Physicians & Associates. On behalf of the Committee, Mr. Daughtridge recommended the appointment of Dr. Alan Stiles, M.D., Senior

Vice President of Network Development and Strategic Affiliations to replace the retired Dr. Philip Boysen. The motion carried. Mr. Daughtridge announced that there was a partial term ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional District 11. The Committee had sought recommendations to fill this vacancy.

Mr. Daughtridge referred to the 2012 Winter Commencement matrix. He asked the members to sign up for one or more of these important commencement ceremonies.

CHAIRMAN'S REPORT

Chairman Hans mentioned the ordeal that occurred at the University of Virginia (UVA) over the summer where the President of UVA was ousted and then reinstated. It served as a reminder of the importance of maintaining open and vibrant dialogue between all parties, determining a strategic direction, and practicing effective leadership skills, which were all in place at the University of North Carolina, to prevent such an ordeal. Through strategic planning and other initiatives, Chairman Hans emphasized that we would continue to discuss the future and set the course of this University. He appreciated everyone's hard work and their continued support.

Chairman Hans announced the creation of the 2013 Oliver Max Gardner Award Committee supporting the University's highest faculty award. The 2013 Oliver Max Gardner Award Committee was comprised of Mr. Dixon, chairman; Dr. Flood, Mr. Harrelson, Mr. Powers, and Mr. Walker.

On motion by Secretary Goodnight and duly seconded, the Board voted to convene in closed session.

The Board went into closed session at 9:45 a.m. and returned to open session at 11:25 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported that the Committee had heard a presentation by Associate Vice President Usischon on retirement and benefit offerings to employees of the University. Further discussion on this topic was planned for next month. The Committee would also discuss health care offerings and the tenure process in future meetings. He encouraged all the members to attend the meetings to learn more about these issues.

The Committee discussed and supported a request for a new position of Associate Vice President for Research and Graduate Education at UNC General Administration. The position was necessary due to the addition of graduate education to the research portfolio and recognized expanded responsibilities of the previous research director position. The new position would serve a major role in facilitating graduate education in addition to guiding the REACH NC initiative.

On behalf of the Committee, Mr. Fennebresque moved the approval of the new position of Associate Vice President for Research and Graduate Education. The motion carried.

Mr. Fennebresque reported that the Committee heard from Chancellor Carter regarding his request for the position of Chief of Staff at UNC Pembroke. Filling the Chief of Staff position would allow him more time to be strategic and external.

On behalf of the Committee, Mr. Fennebresque moved the approval of the new position of Chief of Staff at the University of North Carolina at Pembroke. The motion carried.

Finally, Mr. Fennebresque spoke about the Faculty Recruitment and Retention Fund. Senior Vice President Ortega had proposed that she and President Ross would ask the Chancellors to make one or more proposals on a new hire. A portion of the funding for the new hire would be made available from the Faculty Recruitment and Retention Fund to recruit top-ranked faculty to our campuses. This suggestion was shared with the Chancellors and they supported the idea.

The next meeting of the Board of Governors was scheduled for Thursday, October 11, 2012, at the Spangler Center. There being no further business, the meeting adjourned at 11:30 a.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	Approval of the University-Wide Summary of the Internal Audit Plans 2012-13	Posted Online
Appendix C	Approval of the Tuition Instructions (Financial Aid Set-Aside) and Tuition Bill Statement	Posted Online
Appendix D	Authorization of New Capital Improvements Projects-ASU and ECU	Posted Online
Appendix E	Approval of Policy 600.5.4, <i>Contracts to Obtain the Services of a Consultant</i>	Posted Online
Appendix F	Approval of Amended Policy 600.1.3.1, <i>Policy on Acquisition of Real Property by Lease</i>	Posted Online
Appendix G	Approval of Amended Policy 200.6, <i>Delegation of Authority to the President</i>	Posted Online
Appendix H	UNC Policy 600.2.4, <i>Custody and Management of Institutional Trust Funds and Special Funds of Individual Institutions</i>	Posted Online
Appendix I	Report to the Board of Governors - <i>The Dragon and The Dogwood: A Way Forward for the University of North Carolina and China</i>	Posted Online
Appendix J	UNC Health Care System Annual Report FY 2012	Posted Online
Appendix K	Campus Liaison Assignments 2012 – 2013	Posted Online
Appendix L	Amended Trustee Nomination Form	Posted Online