

Board of Governors Meeting
January 11, 2013
Chapel Hill, North Carolina

The Board of Governors met in regular session on January 11, 2013, 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. Trask 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
Laura W. Buffaloe
Cameron E. Carswell
Walter C. Davenport
James M. Deal, Jr.
Phillip R. Dixon
Fred N. Eshleman
John C. Fennesbresque
Dudley E. Flood
Paul Fulton
Hannah D. Gage
Ann B. Goodnight
H. Frank Grainger

Peter D. Hans
Thomas J. Harrelson
G. Leroy Lail
Mary Ann Maxwell
W. Edwin McMahan
Charles H. Mercer, Jr.
Burley B. Mitchell, Jr.
Hari H. Nath
David M. Powers
Irvin (Al) Roseman
Richard (Dick) Taylor
Raiford G. Trask III
Phillip D. Walker
J. Bradley Wilson
David W. Young

The following members were absent:

James E. Holshouser, Jr. (excused)
Franklin E. McCain (excused)

Fred G. Mills

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 Mr. Walker, that the minutes from the open session of the November 9, 2012, meeting be approved. The motion carried.

PRESIDENT'S REPORT

As we begin the New Year, President Ross spoke of the important work and challenges that lie ahead. The five-year strategic plan for the University would be finalized early this year. We would remain actively involved with our new Governor and our legislators in support of our great University. For President Ross' complete report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization to Sell Special Obligation Bonds, ECU
- b. (B&F) Authorization to Sell Special Obligation Bonds, NCSU
- c. (B&F) Approval of Modification to Previously Approved Lease of Housing Space, ECSU
- d. (B&F) Approval of Modification to Previously Approved Leases of Housing Space, WCU
- e. (B&F) Authorization of New Capital Improvements Projects, NCSU, UNCA and UNC-CH
- f. (B&F) Approval of Acquisition of Property, WCU
- g. (EPPP) Approval of Licensure for Johnson and Wales University for a regular license to offer the following degree program in Charlotte, NC
 - Bachelor of Science (B.S.) in Business Administration
- h. (EPPP) Approval of Amended Policy 400.3.4, *Monitoring Faculty Teaching Workloads*
- i. (EPPP) Approval of Amended Policy 400.1.5, *Fostering Student Success*

REPORT OF THE AUDIT COMMITTEE

Mr. Davenport, Chair of the Audit Committee, reported on two items. First, the Committee had reviewed 11 external audit reports released since its last meeting. The reports included the 2012 financial audits of Appalachian State University, East Carolina University, Fayetteville State University, North Carolina A&T State University, North Carolina State University, UNC Asheville, UNC-Chapel Hill, UNC Greensboro, UNC Wilmington and Western Carolina University. None of the reports included any audit findings. The Committee reviewed an investigative report on an allegation of inappropriate activity in the College of Natural Resources at North Carolina State University. The report contained one audit finding. Corrective action had been taken.

Lastly, the Committee had heard a report on a new process regarding information technology reviews conducted by the North Carolina Office of the State Auditor. Any findings not directly related to the financial audit were reported in a separate letter to the Chief Information Officer at each campus. To date, five letters were released to the Chief Information Officers with findings. Corrective actions had been taken by those campuses.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Fulton, Chair of the Committee on Budget and Finance, reported on two items. The Committee had discussed campus proposals for tuition and fees for 2013-14 (see Appendix K). These proposals were submitted to the General Administration last month. Five campuses had requested adjustments to its undergraduate resident tuition rates that were previously approved by the Board last February. Appalachian State University, Fayetteville State University, and North Carolina Central University proposed tuition increases. Elizabeth City State University and UNC Charlotte proposed tuition decreases. The Committee had discussed the change in the relationship of support from state appropriations to higher education. The 2013-14 tuition and fee increases would be presented at next month's Board meeting. A tuition and fee notebook which contained details regarding each institution's request would be made available to each member at the conclusion of today's meeting. Mr. Fulton noted that any questions should be directed to Chief Operating Officer Perusse or Senior Associate Vice President Pruitt.

Mr. Fulton reported that the Committee would continue its focus on better understanding the University's efficiencies and spending. Education and related (E&R) costs per degree was a good measure used for efficiencies. The Committee had examined five-year trends in education-related spending per degree in the University of North Carolina system as well as per campus. E&R costs per degree on a systemwide basis had declined by 12% and the number of degrees awarded had increased by 17%. As compared to peer institutions, the University of North Carolina rated better than average. A number of initiatives were ongoing to improve these measures. The Committee would review a comparison of the UNC campuses' E&R costs per degree, by campus, to its peers.

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

Mrs. Gage, Chair of the Committee on Educational Planning, Policies, and Programs, reported that Appalachian State University (ASU) had requested authorization to consolidate four undergraduate degree programs in Foreign Languages and Literature. The request was to combine two Bachelor of Arts degree programs in French and Spanish into one degree program. The two programs would become specializations within the Bachelor of Arts degree program in Languages, Literature, and Cultures. ASU requested authorization to consolidate two Bachelor of Science degree programs in French and Spanish into one degree program. The two programs would be specializations within the Bachelor of Science degree program in Languages, Literature and Cultures (see Appendix L).

On behalf of the Committee, Mrs. Gage moved approval of the consolidation of these four degree programs. Dr. Eshelman asked if this action resulted in any cost savings. Senior Vice President Ortega explained that the primary reason for the consolidation was to streamline the program portfolio. The motion carried.

Next, the Committee had heard a report on the University of North Carolina Fall 2012 Enrollment Report (see Appendix M). The report confirmed that enrollment at the University was growing, but at a slower pace. The headcount enrollment was 221,010, which was an increase of 0.3% from the previous year. This figure fell short of the University's 10-year projections by approximately 14,000 students. Future growth would be dependent on nontraditional students. The report showed solid growth in transfer students, which had

increased 7.5% totaling 14,749 students. Students enrolled in distance education had decreased by 10.4%. Mrs. Gage explained that the decline was attributed to a change made at North Carolina State University (NCSU) and the method used for how NCSU counted residential and distance education students. The President recommended that future classes be included in regular tuition. At its next meeting, the Committee would hear a presentation on funding distance education as compared to the traditional classroom.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported that the Committee had discussed key updates for Congress and the North Carolina General Assembly. President Ross had announced a couple of personnel changes at General Administration. Mr. Andrew “Drew” Moretz was recently appointed as Vice President for State Government Relations. Ms. Lesley Cates, who served as the Director of State Government Relations, had accepted another opportunity outside the University. The Committee thanked Ms. Cates for her contributions.

Next, Mr. McMahan acknowledged the loss of two Board members who were involved with the Committee on Public Affairs – Mr. Bill Daughtridge, Jr. and Dr. Aldona Vos. Both Mr. Daughtridge and Dr. Vos were recently appointed to serve in Governor McCrory’s cabinet. Chairman Hans had appointed Mr. Phillip Dixon and Mr. Phillip Walker to serve on the Committee. Each member of the Committee had been assigned one or more campuses to work with in support of the University’s priorities. Members were reminded to reach out to their assigned campuses and legislators.

Mr. McMahan reported that Vice President Brown had provided a presentation on Research and Graduate Education at UNC (see Appendix N). Research was ongoing at each of our institutions and it serves as an integral part of all facets of the University, including teaching and service. In the past 16 years, the University’s sponsored program activities had doubled and the federal funding had accounted for 69% of the research funding with the majority of funding coming from the National Institute of Health.

At its meeting next month, the Committee would review the President's recommended state and federal policy priorities. Lastly, the Committee had discussed planning a University Day at the General Assembly. Details would be provided at a later date.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Powers, Chair of the Committee on University Governance, reported that the Committee had received the 2013 trustee selection notebooks created to assist with the selection of nominees for the election or re-election of individuals to serve on the Boards of Trustees of our constituent institutions for terms beginning July 2013. Next, as the result of Mr. Daughtridge's departure from the Board of Governors, adjustments were made to the Campus Liaison Assignments 2012-2013 (see Appendix O). Mr. McMahan would serve as the liaison to East Carolina University and the Vidant Medical Center. Ms. Blank would serve as the liaison to the UNC Health Care System and Mr. Powers would support North Carolina A&T State University.

There was a partial term ending June 30, 2014, on the UNC Center for Public Television Board of Trustees. On behalf of the Committee, Mr. Powers recommended the appointment of Mr. Eric M. Teal of Raleigh to serve. The motion carried. There was a partial term ending February 28, 2013, on the Vidant Medical Center Board of Trustees. On behalf of the Committee, Mr. Powers recommended the appointment Ms. Mary Pauline Johnson of Chapel Hill to serve. The motion carried. There was a partial term ending June 30, 2013, on the University of North Carolina at Asheville Board of Trustees. On behalf of the Committee, Mr. Powers recommended the appointment of Mr. Kennon D. Briggs to serve. The motion carried.

For information purposes, Mr. Powers announced that there was a partial term ending June 30, 2015, on the East Carolina University Board of Trustees. This seat was vacated by Mr. Kieran Shanahan of Raleigh. There was a partial term ending June 30, 2013, on the Elizabeth City State University Board of Trustees. This vacancy resulted from the resignation of Mr. Richard Eugene Rogers of Williamston. The Committee sought recommendations from the Board to fill these vacancies.

Mr. Powers reported that the Committee had discussed the University Award process including nomination procedures, timing, setting and costs related to the University Award Dinner. Mr. Powers appointed a subcommittee to discuss the matter. The subcommittee would be chaired by Ms. Blank and included Mr. Blackburn and Dr. Roseman. They would bring their recommendations to the full Committee at its next meeting in February.

CHAIRMAN'S REPORT

Chairman Hans dispensed with formal comments and called upon Dr. Flood for a special presentation.

RECOGNITION OF MR. CHARLES H. MERCER, JR.

Dr. Flood presented Mr. Mercer the honor on behalf of outgoing Governor Beverly Perdue with *The Order of the Long Leaf Pine*, the state's highest honor the governor can bestow on a North Carolina citizen. Dr. Flood spoke of Mr. Mercer's proven record of extraordinary public service to the state and to this Board, including his many contributions to the community and his genuine effort to help others. On behalf of the University and the entire Board, Dr. Flood congratulated Mr. Mercer on this well-deserved honor.

REPORT FROM THE PRESIDENT OF THE ASSOCIATION OF STUDENT GOVERNMENTS

Ms. Carswell, President of the UNC Association of Student Governments, provided an update on student government activities. She introduced Rev. Gregory Drumwright and Mr. Cameron Moore, whom she was working with on the Minority-Male Academic & Leadership Enrichment (M.A.L.E.) initiative. This initiative was established to counter the ongoing challenges throughout America where minority male students experienced barriers to degree completion. Ms. Carswell reported that the student government presidents remained engaged and eager to serve. She thanked the Chancellors for their passion in encouraging student involvement. Lastly, Ms. Carswell stated that student governments were working on mental health initiatives. Proposals would be presented to the Board at the end of the semester.

Chairman Hans thanked Ms. Carswell for her leadership and appreciated her guests attending the meeting.

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

The Board went into closed session at 9:55 a.m. and returned to open session at 11:10 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 received a Tenure Tutorial (Part I) provided by a panel of faculty and administrators from across the University – Executive Vice Provost Strauss of UNC-Chapel Hill; Vice Chancellor for Academic Affairs Fernandes of UNC Asheville; Professor Jackson of UNC Charlotte; Dean Pelto of Hayes School of Music at Appalachian State University; and Faculty Assembly Chair Rigsby. The panelists had discussed the historical process and the importance of tenure as related to today's faculty. Mr. Fennebresque noted that gaining tenure was a rigorous process and faculty took the process seriously. The panel had explained the relationship of tenure to effective teaching and research innovation, which were important in the academic marketplace. Mr. Fennebresque noted that the panelists' presentation provided a great opportunity for the members to learn more about tenure and the tutorial was well received.

The Committee would continue to receive tutorials related to this subject matter at its next meeting and encouraged all the members to attend. The Committee had reviewed and approved a report on personnel actions delegated to the President and they had heard two reports by the Subcommittees on Appeal.

The next meeting of the Board of Governors was scheduled for Friday, February 8, 2013, at the Spangler Center.

In closing, Chairman Hans noted that next month's agenda would be full as the Board considered several important matters. He thanked the committee chairs for their leadership and the board members for their service, dedication and hard work. There being no further business, the meeting adjourned at 11:15 a.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	Authorization to Sell Special Obligation Bonds, ECU	Posted Online
Appendix C	Authorization to Sell Special Obligation Bonds, NCSU	Posted Online
Appendix D	Approval of Modification to Previously Approved Lease of Housing Space, ECSU	Posted Online
Appendix E	Approval of Modification to Previously Approved Leases of Housing Space, WCU	Posted Online
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Appendix G	Approval of Acquisition of Property, WCU	Posted Online
Appendix H	Approval of Licensure for Johnson and Wales University for a regular license to offer the following degree program in Charlotte, NC <ul style="list-style-type: none"> • Bachelor of Science (B.S.) in Business Administration 	Posted Online
Appendix I	Approval of Amended Policy 400.3.4, <i>Monitoring Faculty Teaching Workloads</i>	Posted Online
Appendix J	Approval of Amended Policy 400.1.5, <i>Fostering Student Success</i>	Posted Online
Appendix K	University of North Carolina Tuition and Fees Presentation	Posted Online
Appendix L	Request for Authorization to Consolidate Bachelor's Degrees in Foreign Languages and Literature, ASU	Posted Online
Appendix M	University of North Carolina Fall 2012 Enrollment Report	Posted Online
Appendix N	Research and Graduate Education at UNC	Posted Online
Appendix O	Campus Liaison Assignments Committee on University Governance, Amended 2012 - 2013	Posted Online