

BOARD OF GOVERNORS MEETING

The University of North Carolina

May 12, 2006

The Board of Governors met in regular session on May 12, 2006, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 9:30 a.m.

INVOCATION

Mr. Wynne gave the invocation:

Heavenly Father, we come before you today to thank you for all that you have given us, within us and around us. We ask for your blessings on the work that we do, for we sincerely labor in your name. My favorite passage from Matthew chapter 25 speaks so clearly to those of us gathered here and our peers in education across this state:

Come, you who are blessed by my Father; inherit the kingdom prepared for you from the foundation of the world. For I was hungry and you gave me something to eat, I was thirsty and you gave me something to drink, I was a stranger and you invited me in, I needed clothes and you clothed me, I was sick and you looked after me, I was in prison and you came to visit me. ...I tell you the truth, whatever you did for one of the least of these brothers of mine, you did for me.

– Matthew 25:34-36, 40

Lord, I believe that if we live and work by those words, then our actions and accomplishments have true and real meaning. For it is by these actions that we help your children, our brothers and sisters, the students who need an education, the teachers who need resources, and the communities in this state that need us.

As I embark upon my final day of this current term of service to this great University, state, and people, I thank you, gracious God for humbling me with this wonderful opportunity to serve you and your children in this capacity. I thank you for those who live up to your word and I pray that we continue this service day after day, year after year, whether in this venue or another. Once again, I thank you oh kind and gracious God for this and all your many blessings. Amen.

ROLL CALL

Secretary Perry called the roll and the following members were present:

Bradley T. Adcock
 Brent D. Barringer
 R. Steve Bowden
 F. Edward Broadwell, Jr.
 William L. Burns, Jr.
 John W. Davis III
 Phillip R. Dixon
 Ray S. Farris
 Dudley E. Flood
 Hannah D. Gage
 Willie J. Gilchrist
 H. Frank Grainger
 Peter D. Hans
 Charles A. Hayes
 James E. Holshouser, Jr.
 Peter Keber
 Adelaide D. Key

G. Leroy Lail
 Charles H. Mercer, Jr.
 Fred G. Mills
 Charles S. Norwood
 Cary C. Owen
 Patsy B. Perry
 Jim W. Phillips, Jr.
 Gladys Ashe Robinson
 Irvin A. Roseman
 Benjamin S. Ruffin
 Estelle W. Sanders
 William G. Smith
 J. Craig Souza
 Priscilla P. Taylor
 J. Bradley Wilson
 Zachary A. Wynne
 David W. Young

The following member was absent:

Peaches Gunter Blank

MINUTES

Mr. Grainger moved, seconded by Mr. Davis, that the minutes of the meeting of April 11, 2006, be approved. The motion carried.

PRESENTATION OF THE OLIVER MAX GARDNER AWARD

Chairman Wilson noted that the next item on the agenda, the presentation of the Oliver Max Gardner Award, is one of the highlights of the University year. Established by the will of the late Governor Gardner, this annual award recognizes a University of North Carolina

faculty member's contributions to the welfare of the human race. He called upon President Bowles to make this year's presentation.

President Bowles stated that presenting this award is indeed an honor because the University's most important asset is its faculty. He then introduced two of Governor Gardner's great-grandchildren children, Sarah Gardner Naftolin and Ralph Webb Gardner II, who were present at the meeting. President Bowles also thanked the Gardner Foundation for their continuing support of the O. Max Gardner Award and the University.

President Bowles called upon Dr. Key, Chair of the 2006 O. Max Gardner Award Committee, to present the award. Dr. Key recognized the other members of the committee, Mr. Bowden, Mr. Dixon, Mr. Norwood, and Dr. Roseman. She stated that the Board of Governors honors Dr. Ken R. Harewood, GlaxoSmithKline Distinguished Professor of the Biomedical Sciences and Biotechnology and Director of the North Carolina Central University Julius L. Chambers Biomedical/Biotechnology Research Institute, as the recipient of the 2006 Oliver Max Gardner Award. Dr. Key introduced Dr. Harewood's family members who had come to share in the occasion.

Following a short introductory video highlighting the contributions of Dr. Harewood, Dr. Key asked him to join her at the podium. Dr. Key read the citation honoring Dr. Harewood and President Bowles presented him with a check in the amount of \$20,000 and a framed copy of the citation.

Dr. Harewood responded. (For Dr. Harewood's citation and response, see Appendix A.)

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On motion of Dr. Perry, and duly seconded, the board voted to convene in closed session pursuant to North Carolina General Statutes 143-318.11(a)(2), 143-318.11

(a)(5), and 143-318.11(a)(6). The motion carried.

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The Board of Governors went into closed session at 10:15 a.m. and returned to open session at 10:45 a.m.

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ADMINISTRATIVE ACTION ITEMS

Chairman Wilson called attention to the Administrative Action Items listed on the agenda. Mr. Adcock moved, seconded by Dr. Gilchrist, that the following Administrative Action Items be approved by consent:

a. (B&F)	Approval of the Designation of Millennial Campus, WCU	Appendix B
b. (B&F)	Approval of the Lease of Joint Millennial Campus, NCA&T and UNCG	Appendix C
c. (B&F)	Approval of Leases of Student Housing, NCCU	Appendix D
d. (B&F)	Approval of Lease of Space, WSSU	Appendix E
e. (B&F)	Approval of the Declaration of Emergency Capital Improvements Project, NCCU	Appendix F
f. (B&F)	Authorization of New Capital Improvements Project, WSSU	Appendix G
g. (B&F)	Acceptance of the Report on University Fiscal Liabilities	Appendix H
h. (EPPP)	Authorization to Establish the Bachelor of Science in Secondary Education, NCA&T	Appendix I
i. (EPPP)	Authorization to Establish the Bachelor of Arts in Religious Studies, UNCA	Appendix J
j. (EPPP)	Authorization to Establish the Joint Master of Science in Human Development and Family Studies, NCSU and UNCG	Appendix K
k. (EPPP)	Authorization to Establish the Master of Art in Teaching English as a Second Language or Foreign Language, WCU	Appendix L
l. (EPPP)	Authorization to Plan the Doctor of Philosophy in Computational Science and Engineering, NCA&T	Appendix M
m. (EPPP)	Authorization to Plan the Doctor of Philosophy in Computational Mathematics, UNCG	Appendix N
n. (EPPP)	Authorization to Plan the Doctor of Education in Educational Leadership and Administration, UNCW	Appendix O
o. (EPPP)	Authorization to Establish the Doctor of Philosophy in Geography and Urban Regional Development, UNCC	Appendix P
p. (EPPP)	Approval of Licensure for the University of South Carolina to offer a program in Charlotte: Professional Master of Business Administration	Appendix Q
q. (EPPP)	Approval of Licensure for the ECPI College of Technology to	Appendix R

	offer additional degree programs in Greensboro:	
	<ul style="list-style-type: none"> • Associate of Applied Science in Computer & Information Science with a major in Criminal Justice Technology • Associate of Science in Computer & Information Science with a major in Management Information Systems 	
r. (EPPP)	Approval of Licensure for Central Michigan University to offer new concentrations at Seymour Johnson Air Force Base in Goldsboro:	Appendix S
	<ul style="list-style-type: none"> • Leadership in MS in Administration • Public Administration in MS in Administration 	
s. (EPPP)	Approval of the Report on Primary Care Medical Education Plans: 2006 Update	Appendix T
t. (EPPP)	Approval of the Principal Supply and Demand Report	Appendix U
u. (P&T)	Approval of the Proposed Amendment to Policy 300.2.14, <i>Non-Salary and Deferred Compensation</i>	Appendix V
v. (PA)	Approval of an Amendment to the Non-Budget Legislative Agenda	Appendix W
w. (GOV)	Approval of the Proposed Policy 100.4, <i>Review of Umstead Act Exceptions</i>	Appendix X

The motion carried.

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

Dr. Taylor, chair of the Committee on Educational Planning, Policies, and Programs, presented the committee's report.

Priorities and Strategic Directions of the University of North Carolina

Dr. Taylor stated that in January, President Bowles asked the committee to delay the long-range planning process to allow the chancellors an opportunity to express the priorities they would recommend for the University. This process has now been completed and the committee reviewed the set of priorities President Bowles recommended based on the work of the chancellors. She stated that a copy of these priorities were included in the board notebooks

and are in the board folders. Student success (access, retention, graduation, and affordability) and outstanding faculty tied in the chancellors' recommendation and remain the University's top two priorities.

On behalf of the committee, Dr. Taylor moved approval of the Priorities and Strategic Directions of the University of North Carolina. The motion carried. (Appendix Y)

Report on Expanding Access to Higher Education through State-Funded Distance Education Programs

Dr. Taylor reported that the committee reviewed the biennial report on distance learning. She stated that distance and online learning continue to expand at our campuses and of the more than 230 distance learning degree programs offered by our campuses, over 90 are online degree programs available anywhere a student has access to a computer. This is a result of wise investment by our campuses and General Administration to support the development of fully online degree programs. Two-thirds of the University's distance education credit hours are in areas of critical state needs such as teaching, health care, technology, and business.

On behalf of the committee, Dr. Taylor moved approval of the Report on Expanding Access to Higher Education through State-Funded Distance Education Programs. The motion carried. (Appendix Z)

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Hans, chair of the Committee on Public Affairs, presented the committee's report.

He stated that the committee heard a state legislative update from Vice President Fleming and that the General Assembly convened on Tuesday and has hit the ground running. The committee expects the Senate to work quickly over the next few weeks to meet their goal of

a proposed budget by the end of May. Mr. Hans stated that the committee is hopeful that a Senate budget will be passed by June 7th, which is University Day at the Legislature. He asked members to mark their calendars for Wednesday, June 7, 2006, for afternoon activities at the legislature and a reception that evening. He added that a full packet of information will be provided to members in advance.

Mr. Hans reported that the committee heard a federal update from Assistant Vice President Rhinehardt. He stated that the House continues to work on its appropriations bill and the committee is working with the North Carolina congressional delegation to make sure the University's needs are considered.

Mr. Hans added that the committee was informed that the House appropriations committee included language directing the Department of Agriculture to work with the Kannapolis Research Campus and that the board owes a special thanks to Congressman Robin Hayes from the 8th district for his support in that matter.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Grainger, chair of the Committee on University Governance, presented the committee's report.

Election to the Board of Trustees – The University of North Carolina at Greensboro

Mr. Grainger reported there is a partial term ending June 30, 2007, on the University of North Carolina at Greensboro Board of Trustees. On behalf of the committee, he moved the election of Gwynn Swinson of Raleigh to serve on the University of North Carolina at Greensboro Board of Trustees. The motion carried.

Reappointments and Appointment to the Board of Trustees – The University of North Carolina Center for Public Television

Mr. Grainger reported there were six terms ending June 30, 2010, on the University of North Carolina Center for Public Television Board of Trustees. On behalf of the committee, he moved the reappointment of Phillip J. Kirk, Jr., Janet Smith Moore, Donald L. Porter, Margaret Harrison Suppler, and Gary York; and the appointment of Linwood Britton of Winston-Salem to serve on the UNC Center for Public Television Board of Trustees. The motion carried.

Reappointment to the State Advisory Council on Indian Education

Mr. Grainger reported there is a term ending June 30, 2010, on the State Advisory Council on Indian Education. On behalf of the committee, he recommended the reappointment of James Daniel Bell, Jr., of Chapel Hill to serve on the State Advisory Council on Indian Education. The motion carried.

Reappointment to the State Building Commission

Mr. Grainger reported there is a term ending June 30, 2009, on the State Building Commission. On behalf of the committee, he recommended the reappointment of Kevin J. MacNaughton of North Carolina State University to serve on the State Building Commission. The motion carried.

Mr. Grainger announced there is a term ending June 30, 2009, on the North Carolina Center for Nursing Board of Directors and that Cherry Maynor Beasley of Lumberton currently serves and is eligible for reappointment.

Petition Regarding Political Activity – The University of North Carolina at Greensboro

On behalf of the committee, Mr. Grainger presented and moved approval of a petition from Dr. Paul Luebke, a faculty member of the University of North Carolina at Greensboro, to maintain full-time University employment during the Fall Semester 2006 while campaigning for reelection and serving as a member of the NC House of Representatives. The motion carried. Mr. Adcock, Mr. Grainger, Mr. Phillips and Mr. Souza abstained from the vote.

Mr. Grainger reported that the committee received a proposed amendment to Section 301 of *The Code* that would make the Audit Committee a standing committee. He stated that this draft was available in the board notebooks and is in the board folders. The committee will bring this proposed amendment to the board for consideration at the June meeting.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated that the committee discussed the proposed University of North Carolina Employee Code of Ethics and it is anticipated that the committee will take action on this item at its next meeting. In addition, the committee reviewed a report on the six campuses that received their 2005 Financial Audit Reports from the North Carolina Office of the State Auditor and the Summary Report of Associated Entities. He noted that these reports were included in the board notebooks.

REPORT OF THE COMMITTEE ON ECONOMIC DEVELOPMENT AND THE UNIVERSITY

Mr. Lail, chair of the Committee on Economic Development and the University, presented the committee's report. He stated that the final report of the committee is included in the board notebooks and a summary highlighting this report is in the board folders.

Mr. Lail recognized the enormous contribution of Mr. Cecil to the committee and the final report. He stated that Mr. Cecil, former chair of the committee, worked hard to meet the goals of the committee. Mr. Lail also recognized members of the board who served on the committee: Mr. Broadwell, Mr. Burns, Mr. Hayes, Mr. Mercer, Mrs. Owen, Mrs. Sanders, Dr. Taylor, and Mr. Young; and former board members: Mr. Cameron, Mr. Collins, and Mr. Warwick. He also thanked Vice President McDevitt and Mr. Scott Daugherty for their contributions to the committee's work.

Mr. Lail noted that the final report is organized by providing general background, identifying general requirements and changes, and establishing five goals for action.

On behalf of the committee, Mr. Lail moved approval of the Report of the Special Committee on the Role of the University in Community and Economic Development. The motion carried. (Appendix AA)

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Mercer, chair of the Committee on Personnel and Tenure, presented the committee's report.

Summary Personnel Report

On behalf of the committee, Mr. Mercer moved approval of the committee's summary personnel report and other items presented in closed session. The motion carried. (Appendix BB)

The University of North Carolina Optional Retirement Program

Mr. Mercer reported that during the committee meeting, Associate Vice President Waldrup discussed changes to the University of North Carolina Optional Retirement Program. He then outlined the changes that need board approval and stated that copies of the *Motion to Approve Trustees/Custodians*, the *Motion to Approve Trust/Custodian Agreements and Annuity Contracts*, and the *Motion to Delegate Authority to the President* are in the board folders.

On behalf of the committee, Mr. Mercer moved approval of these changes. The motion carried. (Appendix CC)

Amendments to Policy 300.2.2, *Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees*

Mr. Mercer stated that included in the board notebook materials, were copies of the proposed amendments to Policy 300.2.2, *Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees*. He added that these amendments are to allow employees who are out of work due to an external professional activity for pay, or who wish to retain an honorarium, to choose to use periodic uncompensated leave rather than annual leave. He stated that the committee will ask for approval of these changes at the next board meeting.

Resolution Honoring Retiring Faculty

Mr. Mercer reported that the committee also moves approval of the *Resolution Honoring Retiring Faculty*, a copy of which was included in the board notebooks. The motion carried. (Appendix DD)

ELECTION OF A CHANCELLOR – THE NORTH CAROLINA SCHOOL OF THE ARTS

President Bowles thanked Interim Chancellor Bataille for taking the leadership role at the North Carolina School of the Arts and for the excellent job she has done there. He then asked Mr. D. Samuel Neill, chairman of the NCSA Board of Trustees and chair of the search committee, to come and give a summary of the search process.

Chairman Neill reported that the committee started the search about four months ago with a charge from then-President Broad and President-elect Bowles. The search committee was made up of 22 members including faculty, staff, trustees, and students. The committee was broken into subcommittees which had complete authority over their roles. He stated that President Bowles' charge to the committee was *to look for a candidate with knowledge and love of the arts, ability to manage a complex organization and gain the confidence of the campus, and a talent for fundraising*. The committee hired the search firm of Morris and Berger, who specialize in arts-related searches. Public forums were held throughout the Winston-Salem area and the search began with advertisements in numerous institutions and over 1300 solicitations being sent. The committee received over 100 applications and narrowed the field with telephone and in-person interviews, with the search committee interviewing the finalists.

Chairman Neill stated that the nominee that President Bowles will bring forth is someone of international stature that will take the North Carolina School of the Arts to a new era and new level in the artistic endeavor. In closing, Chairman Neill, thanked President Bowles for a very open and interactive chancellor search process.

President Bowles stated that he was pleased to announce the recommendation of Mr. John Mauceri as chancellor of the North Carolina School of the Arts, effective July 1, 2006, at an annual salary of \$215,000. He then reviewed the qualifications of Mr. Mauceri who

currently serves as Director of the Hollywood Bowl Orchestra in Los Angeles and Music Directory of the Pittsburgh Opera. President Bowles added that Mr. Mauceri, one of the world's most accomplished conductors, arrangers, and recording artist, personifies what the North Carolina Schools of the Arts is, and what its students aspire to be.

Mr. Souza moved approval of the recommendation, and Dr. Perry seconded it. The chair put forth the recommendation and it carried. At the request of Chairman Wilson, Mr. Barringer, Mr. Davis, Mr. Lail, Mr. Ruffin, and Mrs. Sanders escorted Mr. Mauceri into the board room.

For Mr. Mauceri's remarks see Appendix EE.

PRESIDENT'S REPORT

President Bowles introduced several of the chancellors and leaders of affiliated organizations in attendance at the meeting and gave the board an update of the good news and accolades afforded many of the campuses.

For President Bowles' complete remarks see Appendix FF.

RESOLUTION HONORING CHANCELLOR JAMES C. RENICK

Chairman Wilson stated that it was his honor to recognize Chancellor James C. Renick who was attending his last board meeting as Chancellor of North Carolina A&T State University. Mrs. Robinson read and moved approval of a Board of Governors resolution honoring Chancellor Renick. The motion carried. The chancellor was then invited to the podium to comment. See Appendix GG for the resolution.

RESOLUTION HONORING ZACHARY A. WYNNE

Chairman Wilson stated that it was also his honor to recognize Mr. Zachary A. Wynne, who was attending his last board meeting as President of the Association of Student Governments and student member of the Board of Governors. Mr. Davis read and moved approval of a resolution honoring Mr. Wynne. The motion carried. Mr. Wynne was then invited to the podium to reflect on his service. See Appendix HH for the resolution.

CHAIRMAN'S REMARKS

Chairman Wilson reminded members that Wednesday, June 7, 2006, will be Legislative Day at the General Assembly with a reception that evening. The board will met again on June 9 and will not meet in July. The board officer elections will take place at the June meeting.

He asked members to take advantage of the transportation to the Carolina Inn for the luncheon honoring the recipients of the Board of Governors Awards for Excellence in Teaching.

There being no further business, the meeting adjourned at 11:45 a.m.

Secretary

APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	Citation and Response of the 2006 O. Max Gardner Award Recipient	Attached
Appendix B	Approval of the Designation of Millennial Campus, WCU	Attached
Appendix C	Approval of the Lease of Joint Millennial Campus, NCA&T and UNCG	Attached
Appendix D	Approval of Leases of Student Housing, NCCU	Attached
Appendix E	Approval of Lease of Space, WSSU	Attached
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Appendix H	Acceptance of the Report on University Fiscal Liabilities	Attached
Appendix I	Authorization to Establish the Bachelor of Science in Secondary Education, NCA&T	Attached
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Appendix T	Approval of the Report on Primary Care Medical Education Plans: 2006 Update	Attached
Appendix U	Approval of the Principal Supply and Demand Report	Attached
Appendix V	Approval of the Proposed Amendment to Policy 300.2.14, <i>Non-Salary and Deferred Compensation</i>	Attached
Appendix W	Approval of an Amendment to the Non-Budget Legislative Agenda	Attached

Appendix X	Approval of the Proposed Policy 100.4, <i>Review of Umstead Act Exceptions</i>	Attached
Appendix Y	Priorities and Strategic Directions of the University of North Carolina	Attached
Appendix Z	Report on Expanding Access to Higher Education through State-Funded Distance Education Programs	Attached
Appendix AA	Report of the Special Committee on the Role of the University in Community and Economic Development	Attached
Appendix BB	Summary Personnel Report	Attached
Appendix CC	Motion to Approve Trustees/Custodians, the Motion to Approve Trust/Custodian Agreements and Annuity Contracts, and the Motion to Delegate Authority to the President	Attached
Appendix DD	Resolution Honoring Retiring Faculty of the University of North Carolina	Attached
Appendix EE	Remarks of Mr. John Mauceri, Chancellor-elect North Carolina School of the Arts	Attached
Appendix FF	President's Report	Attached
Appendix GG	Resolution Honoring Chancellor James C. Renick	Attached
Appendix HH	Resolution Honoring Mr. Zachary A. Wynne	Attached