

BOARD OF GOVERNORS MEETING

The University of North Carolina

August 11, 2006

The Board of Governors met in regular session on August 11, 2006, in the Board Room of the General Administration Building, Chapel Hill. Mr. Phillips, the chairman, called the meeting to order at 9:30 a.m.

INVOCATION

Dr. Roseman gave the invocation:

Dr. Roseman asked for a moment of silence for those serving in our Armed Forces.

Guide us, the Board of Governors, our president, and the University system to help grant peace, Thy most precious gift. Oh Thou eternal source of peace, enable us to be its messenger unto the people of the earth. Bless our country, that it may ever be a stronghold of peace and an advocate in the council of nations. May contentment reign within our borders, health and happiness within our homes, and strong bonds of friendship and fellowship among the inhabitants of all lands. Plant virtue in every soul and may the love of Thy name fall on every home and every heart. Praise be Thou, oh Lord, giver of peace. Amen

ROLL CALL

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

Bradley T. Adcock	Adelaide D. Key
Brent D. Barringer	G. Leroy Lail
Peaches Gunter Blank	Charles H. Mercer, Jr.
R. Steve Bowden	Fred G. Mills
F. Edward Broadwell, Jr.	Charles S. Norwood
Laura W. Buffaloe	Derek T. Pantiel
William L. Burns, Jr.	Patsy B. Perry
John W. Davis III	Jim W. Phillips, Jr.
Phillip R. Dixon	Irvin A. Roseman
Ray S. Farris	Benjamin S. Ruffin
Dudley E. Flood	Estelle W. Sanders
Hannah D. Gage	William G. Smith
H. Frank Grainger	J. Craig Souza
Peter D. Hans	Priscilla P. Taylor

Charles A. Hayes
Peter Keber

J. Bradley Wilson
David W. Young

The following members were absent:

James E. Holshouser, Jr.
Cary C. Owen

Gladys Ashe Robinson

MINUTES

Mr. Barringer moved, seconded by Mr. Young, that the minutes of the meeting of June 9, 2006, be approved. The motion carried.

Chairman Phillips welcomed new board member Dr. Laura Buffaloe who was elected by the Senate to fill the vacancy created when Dr. Gilchrist resigned to become part of the administration at Elizabeth City State University. Dr. Buffaloe is a retired educator, who was born and educated in Elizabeth City and had a long and distinguished career in education that spans 40 years. She was sworn in Thursday, August 10, and had already begun her service as a member of the Committee on Educational Planning, Policies, and Programs.

ADMINISTRATIVE ACTION ITEMS

Chairman Phillips called attention to the Administrative Action Items listed on the agenda. Mr. Burns moved, seconded by Mrs. Blank, that the following Administrative Action Items be approved by consent:

- a. (B&F) Approval of Emergency Capital Improvements Project, UNCCH
- b. (B&F) Authorization of Disposition of Property and Lease of Housing Space, WSSU
- c. (B&F) Authorization to Enter Into a Line of Credit Agreement, UNCCH
- d. (EPPP) Authorization to Establish the Joint Bachelor of Arts Degrees in History, Geography, and Political Science at UNCCH and the National University of Singapore
- e. (EPPP) Authorization to Establish the Bachelor of Arts in Leadership in the Public Sector, NCSU

- f. (EPPP) Authorization to Discontinue the Bachelor of Science in Occupational Therapy, ECU
- g. (EPPP) Authorization to Establish the Master of Arts in Anthropology, NCSU
- h. (EPPP) Authorization to Establish the Master of Arts in Teaching, WSSU
- i. (EPPP) Approval of Licensure of the ECPI College of Technology to offer the following degrees in Charlotte:
 - 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
- j. (EPPP) Approval of Licensure of Mountain State University to offer the following degree programs in either Catawba, Iredell, or Mecklenburg County:
 - Bachelor of Science in Organizational Leadership
 - Master of Science in Strategic Leadership
- k. (EPPP) Approval of the Proposed Reorganization of the College of Arts and Sciences, NCCU
- l. (EPPP) Approval of Policy 500.7, *The University of North Carolina Policy on Research Misconduct*
- m. (BOG) Approval of the Resolution Honoring Mickey L. Burnim
- n. (BOG) Approval of the Resolution Honoring Robert Mark Fleming
- o. (BOG) Approval of the Resolution Honoring Willie J. Gilchrist
- p. (BOG) Approval of the Resolution Honoring Harold L. Martin, Sr.

The motion carried.

SPECIAL RECOGNITIONS

Chairman Phillips stated that it was his honor to recognize Dr. Willie J. Gilchrist who resigned his seat on the Board of Governors. Dr. Gilchrist served this board honorably and with great passion for the past five years and has agreed to continue to serve the University, currently as the Deputy Chancellor, and soon to be Interim Chancellor of his beloved Elizabeth City State University. The Chair invited Dr. Gilchrist to the podium and presented him with a resolution in his honor. See Appendix O for the resolution.

Chairman Phillips stated that is the last board meeting that Dr. Mickey Burnim will attend as Chancellor of Elizabeth City State University. Dr. Burnim served this University with distinction over many years, first in the General Administration, then at North Carolina

Central University, and for the last eleven years as the chancellor of ECSU. The Chair invited Dr. Burnim to the podium and presented him with a resolution in his honor. See Appendix M for the resolution.

Chairman Phillips stated that in June, Dr. Harold Martin was welcomed to his new position as the Senior Vice President for Academic Affairs. He reminded members of Dr. Martin's impressive service at North Carolina A&T State University, followed by six years of distinguished service as the chancellor at Winston-Salem State University. Chairman Phillips invited Dr. Martin to the podium and presented him with a resolution in his honor. See Appendix P for the resolution.

Chairman Phillips stated that this is also the last board meeting for Mark Fleming who will leave his position as the Vice President for Government Relations on August 31, 2006. He added that Vice President Fleming had done a superb job as our representative to the General Assembly and that his service will be greatly missed. The Chair invited Vice President Fleming to the podium and presented him with a resolution in his honor. See Appendix N for the resolution.

PRESIDENT'S REPORT

President Bowles introduced several of the chancellors and representatives of affiliated organizations in attendance at the meeting. For President Bowles' transcribed remarks see Appendix Q.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Bowden, chair of the Committee on Budget and Finance, presented the committee's report.

Allocation of Funds

Mr. Bowden stated that the first item for consideration contains recommendations for the allocation of funds for Academic Salary Increases (EPA) for University personnel and personnel at the North Carolina School of Science and Mathematics. He stated that the 6% salary increase appropriation is proposed for distribution in exact proportion to the share of each institution in the General Fund salary base. The allocations are for expenditures in accordance with the Resolution on Faculty and Non-Faculty EPA Salary Increases 2006-07, as adopted by the Committee on Personnel and Tenure on July 20, 2006. The Board of Trustees of the North Carolina School of Science and Mathematics has specific authority to establish policies and procedures for academic salary increases at the school.

On behalf of the committee, Mr. Bowden moved that the General Fund appropriations for the 6% average salary increase for faculty and other employees who are exempt from the State Personnel Act (EPA) be allocated as stated. He further moved that Vice President Nelson be delegated the authority to adjust this recommendation to reflect technical amendments to the budget if any related amendments are approved by the General Assembly. He also moved that Vice President Nelson be authorized to make refinements in the interest of accuracy and completeness. The motion carried. (Appendix R)

Mr. Bowden stated that the General Assembly appropriated \$5 million to establish a University Faculty Recruiting and Retention Fund to be used at the discretion of the President

for salary increases for the purpose of recruiting and retaining UNC faculty members as necessary at constituent institutions.

On behalf of the committee, Mr. Bowden moved that the \$5 million be allocated to UNC General Administration, Institutional Programs to be held in reserves pending further action by the President. The motion carried. (Appendix R)

Mr. Bowden reported that the next item contained recommendations for allocating funds made available for expansions in current operations. In addition to the appropriations for the 2006-07 Budget Priorities, the General Assembly made a number of special appropriations for designated programs in University operations, and also made appropriations for agricultural programs, related educational programs, UNC Hospitals, and the North Carolina School of Science and Mathematics.

On behalf of the committee, Mr. Bowden moved that the Allocation Recommendations for Current Operations be approved. The motion carried. (Appendix S)

Mr. Bowden reported that the final recommendations provide for the allocation of funds made available for capital improvements. He stated that funds were provided for planning projects at several campuses, as well as \$102 million for repairs and renovations to our facilities and that the chancellors will receive their allocations of funds and select specific projects that will then be approved by the President and forwarded to the Joint Legislative Commission on Governmental Operations for consultation prior to expenditure of funds as required by the bill.

On behalf of the committee, Mr. Bowden moved that the allocations of capital improvements appropriations be approved. The motion carried. (Appendix T)

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. She stated that the committee reelected her to serve as chair, Mr. Farris was elected vice chair, and Mr. Hayes was elected secretary.

Retention and Graduation Rates

Dr. Taylor reported that the board has a policy in place regarding graduation rates and length of time to degree that was established in the mid-nineties, but this current policy does not focus on retention nor does it set goals for graduation rates. She stated that the revised policy the committee is recommending requires campuses to set goals for improving both retention and graduation rates. She added that under this policy, each campus must set goals, in consultation with General Administration, for improving retention and graduation rates. The president will provide guidelines for campuses to meet the requirements in the revised policy and goals for retention and graduation will fit within a broader set of accountability goals being developed.

Dr. Taylor reported she is providing notice that the committee recommends approval of this revised policy on Retention and Graduation and will present it to the board for action at the September meeting.

Long-Range Planning Process

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 their priorities for the University. She stated that the priority setting process has now been completed. The committee has received the Pappas study in response to House Bill 1264, and has begun a study to address the future needs of the state and how our campuses will respond to them. She

stated that the committee proposes that the University publish a supplementary document rather than doing a full long-range planning document since so much is likely to change in the next few months and that relevant new information has been included in the draft supplement. She added that this much shorter document will be available online in a format that allows for the whole document or individual sections to easily be printed. The priorities, strategic directions, the report from HB 1264, and the study on the needs of the state and our response will shape the next long-range planning document.

On behalf of the committee, Dr. Taylor moved that the document entitled *Supplement to Long-Range Planning 2004-2009* be approved, and that the president be authorized to make such editorial improvements as he finds necessary in the interest of accuracy and completeness, and that the *Supplement* be distributed electronically. The motion carried.

(Appendix U)

Report on Where Top Public High School Graduates in North Carolina Go To College

Dr. Taylor reported that the committee received a report on where top public high school graduates in North Carolina go to college, particularly regarding how many go out of state. She stated that regarding North Carolina students, only 8.9% who enroll as freshmen leave the state compared to a national average of 17.9% who leave their state. In overall migration of freshmen, North Carolina ranks 3rd in the nation for net positive migration and 7th if we look just at 4-year public institutions. Dr. Taylor stated that North Carolina is doing an excellent job of keeping our freshmen in state, and we are attracting freshmen from other states.

Dr. Taylor stated that the study defines top students as those with a combined SAT score of over 1300. It used Department of Public Instruction data and asked the College Board to provide a list of all North Carolina high school graduates in the class of 2005 who scored above 1300. Those students were run through the National Student Data Clearing House

to determine where they went to college. The bottom line is that 78.4% of top students stayed in state while 21.6% went out of state and 2,091 (about 68%) of the top students we have a record for enrolled freshman at a UNC campus.

Dr. Taylor invited members to review the report since it provides information on where the top students go in state and the top ten out-of-state universities that attract our top students. The report provides a very positive answer--we are keeping almost 80% of the top students in the state as freshmen.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Lail, chair of the Committee on Public Affairs, presented the committee's report. He stated that the committee heard a summary of the legislative session from Vice President Fleming and that it was an extremely successful year. He reported that 12 of the 15 priorities from our non-budget agenda were approved by the General Assembly including enrollment funding in the continuation budget – the highest priority of the Board of Governors. He stated that the final budget was excellent, providing full funding for enrollment, need-based financial aid, and faculty and staff raises of 6%. The University also received a significant repair and renovation allocation as well as funding for the number one capital request of each campus.

Mr. Lail offered the chancellors, the board, Mr. Wilson, Mr. Hans, President Bowles, Vice President Fleming and their staffs many thanks for excellent work during this session.

Mr. Lail stated that Vice President Winner provided a brief summary of the new lobbying and ethics legislation that was passed during this session. It is a very complicated bill and the committee plans to have a workshop in the next few months to discuss the new regulations in greater depth.

In closing, Mr. Lail stated that in Washington, D.C., Congress is on its August recess and will pick up the appropriations process once they return next month.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Davis, chair of the Committee on University Governance, presented the committee's report. He stated that the committee elected him to serve as chair, Dr. Key was elected vice chair, and Mrs. Robinson was elected secretary.

Election to the Board of Trustees – The North Carolina School of the Arts

Mr. Davis reported that there is a term ending June 30, 2009, on the North Carolina School of the Arts Board of Trustees. On behalf of the committee, he recommended the election of Charles Lucas of Charlotte to serve on the North Carolina School of the Arts Board of Trustees. The motion carried.

Political Activity Petition – Fayetteville State University

Mr. Davis reported that the committee considered the timely political activity petition of Representative Rick Glazier, Visiting Professor at Fayetteville State University. On behalf of the committee, Mr. Davis recommended approval of Representative Glazier's request to maintain his University employment during the fall semester 2006 while campaigning for reelection to the NC House of Representatives and while continuing to serve as a member of the General Assembly. The motion carried. Mr. Adcock, Mr. Hans, Mr. Souza, and Mr. Wilson abstained.

Department of Defense Resolution

Mr. Davis reported that as part of the accreditation process for the UNC Charlotte Closed Facility and to meet the requirements of the National Industrial Security Program Operations Manual under which the campus will be conducting research involving Department

of Defense classified information, the board must pass a resolution naming those members who will not have access to the information and will, therefore not be required to have personal security clearances. This resolution excludes all members of the board from this requirement. On behalf of the committee, Mr. Davis moved the approval of this resolution, thus meeting the requirements of the National Industrial Security Program Operations Manual. The motion carried.

Mr. Davis reported that there is a partial term ending June 30, 2007, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional District 12 and that there are three terms ending June 30, 2010, on the UNC Umstead Review Panel. He added that at the next committee meeting there will be discussion on the process of identifying and electing trustees at the constituent institutions. He invited board members and chancellors who would like to take part in this discussion to attend the committee meeting.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated that the committee reelected him to serve as chair, Mrs. Gage was elected vice chair, and Mr. Young was elected secretary.

Mr. Smith reported that the committee reviewed and approved the 2006-2007 internal audit plan for UNC General Administration and the related affiliates. Additionally, the committee received a report on the schools who have received either their 2005 Financial Audit Reports or their 2006 Information Systems Audit Reports from the North Carolina Office of the State Auditor. These reports were included in the board materials.

In closing, Mr. Smith stated that the committee was briefed on the 2006 Ethics and Lobbying Act that was recently enacted by the General Assembly and that the board will be

receiving a briefing on this Act at a future meeting. Also, the committee is working to schedule a time for the State Auditor to meet with the board at a future meeting

CHAIRMAN'S REMARKS

Chairman Phillips congratulated the newly elected chairs of each of each standing committees and stated that he looked forward to working as a team with the chairs and all the members in the future.

The Chairman stated that the board enjoyed last evening at the President's House reflecting on Mr. Wilson's service as chairman of the board in a light hearted manner; however, today the board will take a more serious look at his impressive leadership during these challenging years.

Chairman Phillips recognized Dr. Brenda Killingsworth, chair of the Faculty Assembly, who came forward and offered remarks recognizing Mr. Wilson's exceptional service as Chairman of the Board of Governors.

Chairman Phillips then called upon Chairman *Emeritus* Ruffin to read and present a resolution honoring Chairman J. Bradley Wilson. Chairman Ruffin read and moved approval of the resolution. The motion carried. (Appendix V)

For Chairman Phillips' report to the board, see Appendix W.

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On motion of Dr. Perry, and seconded by Mr. Grainger, the board voted to convene in closed session pursuant to North Carolina General Statute 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 11:10 a.m. and returned to open session at 11:30 a.m.

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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 X)

Amendments to Trust/Custodial Agreements for Optional Retirement Program

Mr. Mercer reported that the committee recommends two amendments to contracts previously approved by the board on behalf of the UNC Optional Retirement Program. The first amendment is the *Late Day Trading Addendum* between Wilmington Trust Co. and the University. This amendment permits daily, computerized, after hours trading in mutual funds pursuant to a set schedule. Also, the *Second Amendment to Trust Agreement Between Fidelity Management Trust Co. and UNC*, which permits one additional investment fund to be made available to participants: a commingled pool of a Fidelity Group Trust, called the *Managed Income Portfolio*.

On behalf of the committee, Mr. Mercer moved approval of the *Motion to Approve Addendum and Second Amendment for Optional Retirement Program*. The motion carried. (Appendix Y)

Revision to Policy 1000.2.2, *Waiver of Tuition and Fees for Faculty and Staff*

Mr. Mercer reported that the committee recommends a proposed revision to Policy 1000.2.2, *Waiver of Tuition and Fees for Faculty and Staff* conforming the policy to recent legislation permitting tuition waiver for faculty and staff for up to three courses per year.

So that the faculty and staff may have this third course available to them during this upcoming Fall Semester, Mr. Mercer moved on behalf of the committee that the board suspend its rules concerning amending a policy. The motion carried.

On behalf of the committee, Mr. Mercer moved approval of the amendment to Policy 1000.2.2, *Waiver of Tuition and Fees for Faculty and Staff*. The motion carried.

(Appendix Z)

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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	Approval of Emergency Capital Improvements Project, UNCCCH	Posted Online
Appendix B	Authorization of Disposition of Property and Lease of Housing Space, WSSU	Posted Online
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Appendix M	Approval of the Resolution Honoring Mickey L. Burnim	Posted Online
Appendix N	Approval of the Resolution Honoring Robert Mark Fleming	Posted Online
Appendix O	Approval of the Resolution Honoring Willie J. Gilchrist	Posted Online
Appendix P	Approval of the Resolution Honoring Harold L. Martin, Sr.	Posted Online
Appendix Q	President's Report	Posted Online
Appendix R	Allocation of Funds for Academic Salary Increases (EPA) for University Personnel and Personnel at the North Carolina School of Science and Mathematics	Posted Online
Appendix S	Allocations of Funds – Current Operations	Posted Online
Appendix T	Allocations of Funds – Capital Improvements	Posted Online
Appendix U	Supplement to Long-Range Planning 2004-2009	Posted Online
Appendix V	Resolution Honoring J. Bradley Wilson	Posted Online
Appendix W	Chairman's Report	Posted Online
Appendix X	Summary Personnel Report	Posted Online
Appendix Y	Motion to Approve Addendum and Second Amendment for Optional Retirement Program	Posted Online
Appendix Z	Amendment to Policy 1000.2.2, <i>Waiver of Tuition and Fees for Faculty and Staff</i>	Posted Online

