

BOARD OF GOVERNORS MEETING

The University of North Carolina

October 13, 2006

The Board of Governors met in regular session on October 13, 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

Mr. Mercer gave the invocation:

Oh God, our help in ages past, we thank You for our rich heritage. We ask for strength of body, mind, and soul to use our inheritance to Your glory and the good of all people. You have made Your people to be persons, not puppets. You have made us for a purpose. You have made us strong, now direct our strength. Help us, lest in our plenty we neglect those in need. Give us wisdom that even the good about us may not blind us to that which is better. We ask that You send Your blessing upon the people of this University whose decisions mean so much to so many. Provide them with wisdom greater in dimension than the challenges with which they are confronted. Grant to each one the understanding that all truth has not been revealed to any one person, but that to each one some truth has been revealed. To those of whom so much is expected, may much be given. Blessed be the tie that binds this group of public servants together in devotion to You and in service to all people, this University, and the state of North Carolina. Grant these things, oh God, we ask in great humility. Amen.

ROLL CALL

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

Bradley T. Adcock
Brent D. Barringer
Peaches Gunter Blank
R. Steve Bowden
F. Edward Broadwell, Jr.
Laura W. Buffaloe
William L. Burns, Jr.
Phillip R. Dixon
Ray S. Farris
Dudley E. Flood
Hannah D. Gage

G. Leroy Lail
Charles H. Mercer, Jr.
Fred G. Mills
Charles S. Norwood
Cary C. Owen
Derek T. Pantiel
Patsy B. Perry
Jim W. Phillips, Jr.
Gladys Ashe Robinson
Benjamin S. Ruffin
Estelle W. Sanders

H. Frank Grainger
 Peter D. Hans
 Charles A. Hayes
 Adelaide D. Key

William G. Smith
 J. Craig Souza
 Priscilla P. Taylor
 David W. Young

The following members were absent:

John W. Davis III
 James E. Holshouser, Jr.
 Peter Keber

Irvin A. Roseman
 J. Bradley Wilson

MINUTES

Mrs. Blank moved, seconded by Dr. Key, that the minutes of the meeting of September 8, 2006, be approved. The motion carried.

Chairman Phillips recognized several members of the Faculty Assembly who were present at the meeting. They were Dennis Daley, NCSU; Paul Duvall, UNCG; Blanche Radford-Curry, FSU; Jimmy Reeves, UNCW; and Judith Wegner, UNCCH. The Chair also recognized Priscilla Maynor, Executive Director of Agency Operations and Management of the NC Department of Public Instruction.

ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization of Projects Funded with Special Obligation Bonds, NCSU and UNCCH
- b. (B&F) Authorization of Disposition of Property, UNCCH
- c. (B&F) Approval of the Declaration of Emergency Capital Improvements Project, NCSU
- d. (EPPP) Authorization to Discontinue the Bachelor of Science in Industrial Technology, ASU
- e. (EPPP) Authorization to Discontinue the Bachelor of Science in Physician Assistant, ECU

- f. (EPPP) Authorization to Establish the Bachelor of Science in Bioprocessing Science, NCSU
- g. (EPPP) Authorization to Establish the Bachelor of Arts in African and African-American Studies, WSSU
- h. (EPPP) Approval of the Pre-Major Associate in Arts Articulation Agreement: Mass Communication / Journalism (A2020_) with the North Carolina Community College System
- i. (EPPP) Approval of the Pre-Major Associate in Arts Articulation Agreement: Mass Information Systems (A2020_) with the North Carolina Community College System
- j. (EPPP) Approval of the Report on the Joint UNC / NCCCS 2+2 E-Learning Initiative
- k. (EPPP) Approval of the Fifth Annual Report on Professional Development, UNC Center for School Leadership Development
- l. (EPPP) Approval of the Report on the UNC / NCCCS Joint Initiative for Teacher Education and Recruitment
- m. (P&T) Approval of the Annual Report of the Committee on Personnel and Tenure

The motion carried.

PRESIDENT'S REPORT

President Bowles thanked the chancellors and the members of the board for their work and participation in the meetings on the President's Advisory Council on Efficiency and Effectiveness (PACE) initiative, the tuition and fees policy, and the role of the University in the future. He introduced several of the chancellors and representatives of affiliated organizations in attendance at the meeting and presented a short film in honor of Chancellor Mauceri and the North Carolina School of the Arts. For President Bowles' transcribed remarks see Appendix N.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated that the committee received the Strategic Review Report for North Carolina Central University (NCCU) that was issued by the State Auditor. He added that this report reviews the

processes used by NCCU to follow up on potential errors in employee social security numbers and that the campus is aggressively taking the necessary corrective actions.

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.

Revision of Fee Structure for Licensure

Dr. Taylor reminded members that the board has the responsibility for licensing non-public institutions to conduct post-secondary degree activity in North Carolina and that this function was reviewed as part of the PACE initiative. It was determined that this function at General Administration should be funded entirely out of receipts from the licensed institutions. The committee reviewed a revised fee schedule that will accomplish that. The revised fee schedule was included in the board notebooks.

On behalf of the Committee on Educational Planning, Policies, and Programs, Dr. Taylor moved approval of the revised Fee Structure for Licensure. The motion carried.
(Appendix O)

Dr. Taylor updated the board members on the process of the Plan for Dentistry for North Carolina. She stated that East Carolina University has submitted its plan to establish a Doctor of Dental Surgery degree and General Administration (GA) is currently conducting a review of that proposal. Additionally, a team of external experts in dentistry will visit North Carolina October 25 -27, 2006, spending time at both UNC Chapel Hill and East Carolina University and they will prepare a report for GA. She added that GA expects to bring a

recommendation regarding dentistry to the committee in November and the committee, in turn, will bring a recommendation to the board.

Dr. Taylor reported that Dr. Martin and Dr. Mabe led a discussion of some of the issues that will need to be addressed by the committee as it considers the mission review and long-range planning that will follow from the work of the Pappas Group and the report from Eva Klein.

She stated that Dr. Mabe reported on some of the changes in the University-Schools Programs and the Center for School Leadership Development. The PACE initiative resulted in significant reductions in personnel and resources and Dr. Mabe will assume responsibility for the two units with Alisa Chapman working with the Council of Educational Deans and other University-School Programs, and with Mike Williams, who will serve as a special assistant to Dr. Mabe, overseeing the Center for School Leadership Development on an interim basis.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Lail, chair of the Committee on Public Affairs, presented the committee's report. He noted that the committee heard from Vice Presidents Rhinehardt and Willis about the North Carolina Consortium effort to secure the Department of Homeland Security National Bio and Agro Defense Facility in our state. The University, led by North Carolina State University, is spearheading this effort and will need community support to ensure its success. The projected impact of this center is estimated at over a billion dollars. North Carolina has made the first cut and the University will know in January if our state will make the short list of three states for consideration.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Dr. Key, vice-chair of the Committee on University Governance, presented the committee's report.

The University of North Carolina at Greensboro - Board of Trustees

Dr. Key reported that 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, Dr. Key moved the election of Mr. James Norman Smith (Smitty) of Greensboro to serve on the University of North Carolina at Greensboro Board of Trustees. The motion carried.

The University of North Carolina Health Care System - Board of Directors

Dr. Key reported that the committee received the recommendation from President Bowles appointing Reverend Robert Seymour of Chapel Hill to serve as an at-large member of the UNC Health Care System Board of Directors.

On behalf of the committee, Dr. Key moved the ratification of the President's appointment. The motion carried.

Petition to Serve in Public Office - Dr. Paul Luebke

Dr. Key stated that the committee considered the political activity petition of Dr. Paul Luebke, a faculty member of the University of North Carolina at Greensboro.

On behalf of the committee, Dr. Key moved approval of Dr. Luebke's request to continue serving as a member of the North Carolina General Assembly during the Spring Semester 2007 and to gain a full leave of absence, without pay, during this period. The motion carried. Mr. Adcock, Chairman Phillips, and Vice Chairman Souza abstained.

Dr. Key reported that the committee received a draft policy which addresses the delegations of authority to the president and that consideration of this proposed policy will be on the board agenda in November.

Dr. Key stated that the committee previously reported that the 2007 trustee selection process for each of the sixteen institutional Boards of Trustees is underway and the committee seeks the members' nominations and recommendations for service on these boards.

She added that there is a matrix in the board folders which lists the date and time of upcoming winter commencements and asked members to consider representing the Board of Governors at one of these important events.

REPORT OF THE TUITION POLICY TASK FORCE

Mrs. Gage, co-chair of the Tuition Policy Task Force, presented the task force's report. She stated that last fall the task force recommended guidelines to the Committee on Budget and Finance that set the stage for tuition and fee increases in the current year. Upon the arrival of President Bowles, he was asked to review the committee's work and make a tuition and fee proposal for consideration. The President has given this proposal careful consideration and has made a series of recommendations that the task force has unanimously approved.

Mrs. Gage reported the details of the proposed tuition policy. In short, for the next four years, there will be a 6.5% ceiling on increases in tuition and fees. This is based on average increases in tuition since 1972. This ceiling would be lowered in the year following one in which the General Assembly was able to provide significant new funding for the University. She added that from the increased pool of tuition receipts, 25% will be set aside for financial aid and 25% for faculty salaries, until faculty salaries reach the 80th percentile.

On behalf of the task force, Mrs. Gage moved approval of Tuition and Fee Increases – A Four-Year Plan. The motion carried. (Appendix P)

CHAIRMAN'S REMARKS

Chairman Phillips thanked the members of the Tuition Policy Task Force and President Bowles for their hard work on the tuition policy.

Chairman Phillips asked the members to take time in the next month to look over Eva Klein's report and discuss how the board can implement her recommendations. He stated that members can call him or President Bowles to discuss their thoughts or suggestions.

The Chairman thanked Chancellor Ballard, Chairman Showfety, and other members of the East Carolina University community for their hospitality during his engaging and informative visit to the ECU campus the previous weekend.

Chairman Phillips recognized Chancellors Hackley (NCA&T) and Sullivan (UNCG) for their collaborative work and the great things that are happening at their campuses. He stated that, as a citizen of Greensboro, he wanted to thank them for their work together, not only because it is a great example to the system of the cooperation between campuses, but it will make a significant difference to the Greensboro community that has been hard hit by losses of jobs in the textile and furniture industries.

Chairman Phillips stated that the board has a lot of work ahead of them. The Committee on University Governance has started their work on trustee selection and President Bowles has released a timeline for how the board will go about addressing a number of policy issues. The Chair stated that he wants members to be prepared for the tasks the board will be facing in the coming months.

Chairman Phillips reminded members that the University Award Dinner will take

place on Thursday, November 9th at 6:30 p.m. at the George Watts Hill Alumni Center on the UNC Chapel Hill campus.

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

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The Board of Governors went into closed session at 10:20 a.m. and returned to open session at 10:35 a.m.

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. See Appendix Q for the Summary Personnel Report.

Mr. Mercer stated that the committee reviewed the Annual Plan for the Committee on Personnel and Tenure, the Annual Report on Committee Activities, the Annual Report on the Distinguished Professors Endowment Trust Fund, and the annual reports from campuses with Management Flexibility. Copies of these reports were sent to members with the board notebook materials.

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There being no further business, the meeting adjourned at 10:40 a.m.

Secretary

APPENDICES

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

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| Appendix A | Authorization of Projects Funded with Special Obligation Bonds, NCSU and UNCCH | Posted Online |
| Appendix B | Authorization of Disposition of Property, UNCCH | Posted Online |
| Appendix C | Approval of the Declaration of Emergency Capital Improvements Project, NCSU | Posted Online |
| Appendix D | Authorization to Discontinue the Bachelor of Science in Industrial Technology, ASU | Posted Online |
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| Appendix M | Approval of the Annual Report of the Committee on Personnel and Tenure | Posted Online |
| Appendix N | President Bowles' Report | Posted Online |
| Appendix O | Fee Structure for Licensing Post-Secondary Institutions in North Carolina | Posted Online |
| Appendix P | Tuition and Fee Increases – A Four-Year Plan | Posted Online |
| Appendix Q | Summary Personnel Report | Posted Online |