

DRAFT

BOARD OF GOVERNORS MEETING

The University of North Carolina

February 9, 2007

The Board of Governors met in regular session on February 9, 2007, in the Center Ballroom, Alumni-Foundation Event Center, on the campus of North Carolina A&T State University. Mr. Phillips, the chairman, called the meeting to order at 9:00 a.m.

INVOCATION

Mr. Bowden gave the invocation:

Dear Lord we thank You for this great University and for our opportunity to contribute to its ongoing success. Lord, we pray for our fellow Americans who find themselves in harms way, those who have given so much, and those who have been injured or severely hurt. We pray that You will help their families in this very significant time of need. Let us pray for their comfort. We thankfully appreciate the sacrifice that the service men and women have made to protect our freedoms. To honor them, dear Lord, we must protect the opportunity for education for all, even for the least of these. Grant us wisdom that we make just and fair decisions to protect this great University and that we help it to continue to be the greatest in the world. Dear Lord, we ask that You continue to bless us and give us the wisdom to make good decisions on behalf of this University. 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
R. Steve Bowden	Charles H. Mercer, Jr.
F. Edward Broadwell, Jr.	Fred G. Mills
Laura W. Buffaloe	Charles S. Norwood
William L. Burns, Jr.	Cary C. Owen
John W. Davis III	Derek T. Pantiel
Phillip R. Dixon	Patsy B. Perry
Ray S. Farris	Jim W. Phillips, Jr.
Dudley E. Flood	Irvin A. Roseman

Hannah D. Gage
 H. Frank Grainger
 Peter D. Hans
 Charles A. Hayes
 R. Steve Bowden
 Peter Keber

Estelle W. Sanders
 William G. Smith
 J. Craig Souza
 Priscilla P. Taylor
 J. Bradley Wilson
 David W. Young

The following members were absent:

Peaches Gunter Blank
 James E. Holshouser, Jr.

Gladys Ashe Robinson

STATE ETHICS ACT

Chairman Phillips 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 today's meeting, Chairman Phillips asked if any members knew they had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. No members responded.

MINUTES

Mr. Broadwell moved, seconded by Mr. Smith, that the minutes of the meeting of January 12, 2007, be approved. The motion carried.

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On motion of Dr. Perry, and seconded by Mr. Bowden, 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 9:10 a.m. and returned to open session at 9:20 a.m.

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ADMINISTRATIVE ACTION ITEMS

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

- a. (B&F) Authorization to Issue Refunding Bonds and Approval of Interest Rate Swap Agreement, UNCCH
- b. (B&F) Approval of a Modification of Lease for Student Housing, FSU
- c. (B&F) Approval of a Lease of Student Housing, NCCU
- d. (EPPP) Authorization to Establish the Bachelor of Science in Pharmaceutical Sciences, NCCU
- e. (EPPP) Authorization to Establish the Bachelor of Arts in African and African American Studies, ECU
- f. (EPPP) Authorization to Establish the Master of Science in Pharmaceutical Sciences, NCCU
- g. (EPPP) Authorization to Establish the Master of Science in Analytics, NCSU
- h. (EPPP) Authorization to Establish the Master of Arts in Latin American Studies, UNCC
- i. (PA) Approval of the Amendment to the 2007 Legislative Agenda
- j. (PA) Approval of the Board of Governors Support for Community Colleges' Legislative Requests

The motion carried.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated that the committee received a report on the audits released since the last board meeting and that this information is included in the board notebook materials.

Mr. Smith reported that the committee received an update on the North Carolina A&T State University reviews that were requested by Chancellor Hackley. The NCA&T internal auditors and the auditing consultants are reviewing numerous areas to ensure that the university is operating on an optimal basis when Chancellor-elect Battle arrives. He added that

the committee is deeply appreciative to Chancellor Hackley for his leadership on the NCA&T campus.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

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

Authorization of Tuition and Fees for 2007-08

He stated that the committee met to consider and act upon tuition and fee proposals. This year's requests were guided by the Four-Year Plan for Tuition and Fees approved by the board at its October 2006 meeting. Specifically, constituent institutions were asked to limit the rate of annual increase for campus-initiated tuition and general fees for undergraduate resident students to 6.5% and fees required for debt service would be in addition to the maximum percentage increase, but funds required to operate facilities were included in the maximum. He added that the board required the campuses to set aside at least 25% of new tuition revenues for need-based financial aid and at least another 25% of tuition revenues to support bringing faculty salaries to the 80th percentile of its peers.

Mr. Bowden reported that the committee approved the proposed fees as indicated in the board notebooks; however, the committee reduced two proposed tuition items. The proposed increase for the Master of Science in Accounting at UNC Greensboro would be spread over two years, and the proposal for the Master of Science in Nursing for the Certified Registered Nurse Anesthetist at Western Carolina University would not exceed \$1,500 in the next year. He added that the revised recommendation for tuition increases is included in the board folders.

On behalf of the committee, Mr. Bowden moved approval of the Authorization of Tuition for 2007-08 as presented, with the exception of UNC Chapel Hill's undergraduate non-resident tuition request. The motion carried. (Appendix K)

On behalf of the committee, Mr. Bowden moved approval of the non-resident undergraduate tuition increase at UNC Chapel Hill as presented. Following discussion, the motion carried. Mr. Farris voted against the motion. (Appendix K)

On behalf of the committee, Mr. Bowden moved approval of the Authorization of Fees of 2007-08. The motion carried. (Appendix L)

Amendment to the 2007-09 Budget Priorities

Mr. Bowden reported on an amendment to the *2007-09 Budget Priorities* to include a request for funds to support research and programs at North Carolina Central University's School of Law. He stated that the request would be added as Item 7B in the *Regional and Statewide Transformation and Competiveness* section of the 2007-09 biennial budget priorities that the board approved at the November 2006 meeting.

For the 2007-08 academic year, it was recommended that NCCU Law School tuition rates be increased by \$1,000. Tuition funds will be used to support the transition of personnel from Title III funds, increase faculty salaries, and provide need-based financial aid. This increase was included in the tuition package the board just approved. The federal Title III funds will be realigned to partially address needed enhancements to programs and academic support that will augment student success and the law school's stature among its peer institutions. The final part of the plan is that additional state funds are needed to support the law school. The additional funding would further support the transition of core activities away from the Title III funding and address the American Bar Association's recommendations to enhance academic and student services infrastructure.

On behalf of the Committee on Budget and Finance, Mr. Bowden moved approval of the amendment of the 2007-09 biennial budget request to seek \$2.5 million in fiscal year 2007-08 and an additional \$2.5 million in 2008-09 to support the transition from Title III funds, make enhancements to academic and student services, and provide additional programs through the Biotechnology and Pharmaceutical Law Institute and the Dispute Resolution Institute. The motion carried. (Appendix M)

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's focus for this meeting was the Accountability Plan and Performance Measures. The committee had a thorough discussion of the sections on Student Success, Outstanding Faculty, and Program Emphasis and Quality. She added that the committee members provided feedback to the staff for further development and refinement of the accountability plan particularly regarding faculty public service activity and closer relationships with the Department of Public Instruction. The committee will continue discussion of the Accountability Plan at the March meeting.

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 approved an amendment to the 2007 Legislative Agenda – Policy Recommendations and a resolution supporting the North Carolina Community College's

Legislative Agenda for 2007. The University looks forward to continuing to work in partnership with the community colleges. These items were approved by the board on the consent agenda.

Mr. Lail stated that Vice President Rhinehardt discussed the exciting plans for the committee's visit to Washington, D.C. at the end of the month and that members traveling to Washington will receive advanced materials one week prior to the trip.

The Board of Governors Award for Distinguished Public Service

Mr. Lail reported that Mrs. Robinson presented to the committee a proposal to establish the Board of Governors Award for Distinguished Public Service. This award would encourage, identify, recognize, and reward public service by members of the University faculty. Included in the board folders is a description of the award, selection criteria, and the annual time line.

Mr. Lail moved on behalf of the committee, the creation of the Board of Governors Award for Distinguished Public Service. The motion carried. (Appendix N)

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

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

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

There is a partial term ending June 30, 2009, on the University of North Carolina at Wilmington Board of Trustees. On behalf of the committee, Mr. Davis moved the election of Britt A. Preyer of Greensboro to serve on the University of North Carolina at Wilmington Board of Trustees. The motion carried. Mr. Wilson abstained.

Appointment to the Board of Trustees – The Pitt County Memorial Hospital

There are three terms ending February 29, 2012, on the Pitt County Memorial Hospital Board of Trustees. On behalf of the committee, Mr. Davis moved the appointment of Ms. Thomasine Kennedy, Mr. Arthur Ray Rogers, and Mr. Jeff Turner to serve on the Pitt County Memorial Hospital Board of Trustees. The motion carried.

Mr. Davis reported that there is a partial term ending June 30, 2009, on the North Carolina School of Science and Mathematics Board of Trustees representing Congressional District 7. There are also nine terms ending June 30, 2011, on that board representing two non-residency appointments and Congressional Districts 2, 4, 8, 9, 10, 12, and 13.

He added that there are three terms ending June 30, 2011, on the North Carolina Arboretum Board of Directors.

Mr. Davis reported that the 2007 trustee selection process for each of the sixteen institutional Boards of Trustees is well underway. The committee intends to bring its slate of nominees for consideration at the March board meeting.

STUDENTS' PERSPECTIVE

Mr. Pantiel, student member of the board, presented the students' perspective. He stated that the UNC Association of Student Governments' will host its General Assembly meeting in Greensboro on February 23-24, 2007. Chairman Phillips and Ms. Norma Mills will speak at this meeting.

He stated that on April 13, 2007, the association will host the Fourth Annual John L. Sanders Student Advocacy Awards Dinner on the campus of North Carolina State University and all members of the board are invited.

Mr. Pantiel stated that he will discuss the cost of textbooks at next month's meeting. Also, the UNC ASG is reviewing their constitution in hopes of restructuring the organization.

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 O for the Summary Personnel Report.

Mr. Mercer reported that the committee received an update regarding the 2007 Board of Governors Awards for Excellence in Teaching, which was included in the board notebook materials. The committee will receive the final list of nominees at its March meeting.

He stated that the committee continued its discussions on the need to examine Policy 400.3.3, *Performance Review of Tenured Faculty* and revise it as deemed necessary. The committee will continue discussion of potential changes to this policy and related guidelines and expect to bring proposed changes to the board at the May meeting.

Mr. Mercer stated that Associate Vice President McCollum attended the committee meeting to discuss the findings of the 2006 Faculty Benefits Survey. After her discussion of the survey results of the University's benefits versus those of peer institutions, the committee agreed to add this item to its agenda for further discussion at a later meeting.

Mr. Mercer reported that the committee reviewed the draft of the Accountability Plan and Performance Measures with relation to the committee's duties and responsibilities and will have further discussion on this subject at upcoming meetings.

Reclassification of a Senior Academic and Administrative Officer Position

Mr. Mercer reported that the committee received a request from North Carolina A&T State University for the reclassification of an existing position, *Director of Human Resources*, and to create a new Senior Academic and Administrative Officer position, *Vice Chancellor for Human Resources*. Copies of these materials are included in the board folders.

On behalf of the committee, Mr. Mercer moved approval of the request from North Carolina A&T State University for the reclassification of an existing position and to create a new Senior Academic and Administrative Officer position. The motion carried. (Appendix P)

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.

ELECTION OF A CHANCELLOR – WINSTON-SALEM STATE UNIVERSITY

President Bowles thanked Chancellor Howard-Vital for taking the leadership role at Winston-Salem State University and for the excellent job she has done there. He then asked Mr. Kevin Myatt, chairman of the WSSU Board of Trustees and chair of the search committee, to come forward and give a summary of the search process.

Chairman Myatt reported that the committee started the search about four months ago with a charge from President Bowles. The search committee was made up of members of the faculty, staff, alumni, trustees, and community members. The committee convened for the first time on August 2, 2006, where President Bowles charged the committee to find a candidate who is a leader who will drive this university forward, who cares deeply about WSSU and the students who come here to obtain a quality education, who is a good manager and a strong administrator, who can run an efficient and effective operation with limited resources, who is a community partner, and who is a proven fundraiser.

The committee hired the search firm of Witt/Kieffer. The committee reviewed résumés and conducted initial interviews with eight candidates. The search committee unanimously recommended three candidates to the WSSU Board of Trustees and those three candidates were recommended to President Bowles.

President Bowles stated that he was pleased to announce the recommendation of Dr. Donald Julian Reaves to serve as chancellor of Winston-Salem State University, effective August 15, 2007. He then reviewed the qualifications of Dr. Reaves who currently serves as Vice President for Administration and Chief Financial Officer at the University of Chicago. President Bowles added that in a stellar career that spans more than 25 years, Dr. Reaves has distinguished himself as a faculty member, a top-notch administrator, and proven leader.

Mr. Broadwell moved approval of the recommendation, and it was duly seconded. The chair put forth the motion and it carried. At the request of Chairman Phillips, Mr. Davis and Mr. Smith escorted Dr. Reaves into the room.

For Dr. Reaves' remarks see Appendix R.

CHAIRMAN'S REPORT

Chairman Phillips welcomed Dr. Reaves and his family to the University of North Carolina family.

The chair stated that it has been a fun and exciting week and thanked Chancellor Hackley, Dr. Speight-Buford, Mrs. Frye and their staffs for their assistance and hospitality during the UNC Conference on Trusteeship and the Board of Governors meetings.

Chairman Phillips stated that the Conference on Trusteeship was a success. The comments from the trustees were positive and the sessions were interesting and informative.

The Chair also thanked Mr. Bowden and the Committee on Budget and Finance, along with President Bowles, Vice President Nelson, and members of the Finance Division for their hard work on the tuition and fees process.

Chairman Phillips appointed the 2007 Committee on the University Award. He asked Mr. Adcock to serve as chairman of the committee, also serving will be Mr. Mills, Mrs. Owen, Mrs. Sanders, and Mr. Wilson.

The chair also made the following announcements:

- The Annual Joint Meeting of the North Carolina Education Governing Boards will be at the SAS Institute on February 15, 2007.
- The next meeting of the board is scheduled for Friday, March 16, 2007, at East Carolina University.
- Secretary Corgnati will provide the President's Self-Assessment of his first year's service to all board members.
- Candidates for positions on campus boards of trustees will be notified of the requirement to submit a statement of economic interest for review by the State Ethics Commission. This form must be submitted in order to serve as a trustee.

- The Committee on the O. Max Gardner Award will meet briefly following the board meeting.

There being no further business, the meeting adjourned at 10:45 a.m.

Secretary

APPENDICES

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

Appendix A	Authorization to Issue Refunding Bonds and Approval of Interest Rate Swap Agreement, UNCCH	Posted Online
Appendix B	Approval of a Modification of Lease for Student Housing, FSU	Posted Online
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Appendix J	Approval of the Board of Governors Support for Community Colleges' Legislative Requests	Posted Online
Appendix K	Authorization of Tuition for 2007-08	Posted Online
Appendix L	Authorization of Fees for 2007-08	Posted Online
Appendix M	Amendment to the 2007-09 Budget Priorities	Posted Online
Appendix N	Board of Governors Award for Distinguished Public Service	Posted Online
Appendix O	Summary Personnel Report	Posted Online
Appendix P	Request for Reclassification of an Existing Position and to Create a New Senior Academic and Administrative Officer Position	Posted Online
Appendix Q	President's Report	Posted Online
Appendix R	Remarks of Dr. Donald J. Reaves	Posted Online