

Board of Governors Meeting

August 9, 2013

Chapel Hill, North Carolina

The Board of Governors met in regular session on August 9, 2013, at the Spangler Center in Chapel Hill. Chairman Hans called the meeting to order at 9:00 a.m. He welcomed the guests.

INVOCATION

Chairman Hans called on Mr. Aiken who gave the invocation.

ROLL CALL

Secretary Goodnight called the roll. The following members were present:

Roger H. Aiken	Mary Ann Maxwell
W. Louis Bissette, Jr.	W. Edwin McMahan
Fred Eshleman	W. G. Champion Mitchell
John C. Fennebresque	Hari H. Nath
Hannah D. Gage	Robert J. Nunnery
Ann B. Goodnight	R. Doyle Parrish
H. Frank Grainger	Joan Templeton Perry
Peter D. Hans	Therence O. Pickett
Thomas J. Harrelson	Robert S. Rippy
Henry W. Hinton	Harry Leo Smith, Jr.
James L. Holmes, Jr.	J. Craig Souza
Rodney E. Hood	G. A. Sywassink, Jr.
William (Marty) Kotis III	Richard (Dick) Taylor
G. Leroy Lail	Raiford G. Trask III
Scott K. Lampe	Phillip D. Walker
Steven B. Long	Laura I. Wiley
Joan G. MacNeill	

The following member was absent:

David M. Powers

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. Mr. Long stated that he would abstain from item 6c. of the consent agenda.

MINUTES

Mr. Grainger moved, seconded by Mr. Bisette, that the minutes from the meeting of June 14, 2013, be approved. The motion carried.

PRESIDENT'S REPORT

President Ross reported that this has been an extremely busy summer. Over the summer our campuses had been hard at work implementing strategic planning, identifying efficiencies, preparing for another round of budget cuts and getting ready for the return of students. The staff at General Administration has remained busy as well with the same issues along with the legislative session and their participation in orientation sessions for the new Board members. President Ross welcomed the new Board members and noted that they have a great deal of knowledge, ideas and experiences to bring to the table. He thanked them and the returning members for their service. 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. Bisette moved, seconded by Ms. Maxwell that the Administrative Action Items be approved by consent. The motion carried.

- a. (AUDIT) Audit Committee Charter
- b. (AUDIT) Internal Audit Charter
- c. (B&F) Sale of Special Obligation Bonds – FSU
- d. (B&F) Authorization of New Capital Improvements Project-UNC-CH
- e. (B&F) Authorization of New Capital Improvement Projects-ECU, NCSU, and UNC-CH
- f. (B&F) Acquisition of Space by Lease – ECU

- g. (EPPP) Approval of Licensure Request for approval of a regular license for Webber International University to designate St. Andrews University as a branch of Webber International University.
- h. (EPPP) Request for approval of licensure for the following degree programs: St. Andrews University to offer the following additional degree programs in Laurinburg, NC:
 - Bachelor of Arts (B.A.) in Communication
 - Bachelor of Arts (B.A.) in Middle Grades Education
 - Bachelor of Arts (B.A.) in Special Education
- i. (EPPP) Request for approval of licensure for the following degree programs: South University to offer the following additional degree programs in High Point, NC:
 - Associate of Applied Science (A.A.S.) in Business Administration
 - Associate of Science (A.S.) in Criminal Justice
 - Associate of Science (A.S.) in Information Technology
 - Bachelor of Science (B.S.) in Information Technology
 - Bachelor of Science (B.S.) in Legal Studies
 - Master of Business Administration (M.B.A.) in Healthcare Administration
 - Master of Public Administration (M.P.A.)
 - Master of Science (M.S.) in Criminal Justice
 - Master of Science (M.S.) in Information Systems and Technology
 - Master of Science (M.S.) in Leadership
- j. (GOV) Resolution on Clearance Requirements
- k. (GOV) Policy on Campus Housing

REPORT OF THE AUDIT COMMITTEE

Dr. Eshelman, Chair of the Audit Committee, reported General Administration's internal auditor, Ms. Castillo, presented and discussed updates to the Audit Committee Charter (see Appendix B) and updates to the Internal Audit Charter (see Appendix C). The Committee also received an update from the internal auditor on the Self-Assessment of Internal Controls over Financial Reporting. This is an annual self-assessment required to be completed and certified to the Office of the State Controller. As required on a quarterly basis, the internal auditor also provided the Committee with the Report for the Office of Internal Audit for the Fourth Quarter FY 2013 (see Appendix M).

Next, Dr. Eshelman reported that the Committee received an update on a survey that had been distributed to our campuses related to Athletic Camps and Clinics. The Committee would discuss this matter further once the survey results were finalized. The Committee was updated

on legislation that had been approved by the House and the Senate related to internal auditing. This legislation was expected to be signed by the Governor.

Finally, the Committee received an update from Chancellor Miller related to the issuance of an internal audit report at UNC Wilmington.

Chairman Hans noted that the Audit Committee would conduct its meetings on Friday mornings henceforth.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Bissette, Chair of the Committee on Budget and Finance, reported that the Committee discussed the 2013-14 Allocations for Current Operations (see Appendix N) and the 2013-14 Allocations for Capital Improvements (see Appendix O). The 2013-14 budget approved by the General Assembly included a management flexibility reduction of \$65.8 million, \$25.8 million in reductions identified in the Strategic Directions Report, and a reduction of \$29.1 million in Enrollment Funding. The budget allowed the University to utilize \$15 million to invest in initiatives that were identified in the Strategic Directions Report. Proposed allocations included a \$3 million reduction from campus budgets to be invested in Strategic Plan initiatives. Mr. Bissette reported that the General Assembly had appropriated \$4 million for advanced planning of a new Health Sciences Building at Appalachian State University and a land purchase at UNC Asheville. From the Repair and Renovation Reserve program, the General Assembly allocated \$60 million to the University.

On behalf of the Committee, Mr. Bissette moved that the proposed 2013-14 Allocations for Current Operations and the 2013-14 Allocations for Capital Improvements be approved and that the President be authorized to make refinements in the interest of accuracy and completeness. The motion carried.

The Committee had identified topics for future discussion, which included a review of campus balance sheets and budgets, outsourcing and innovation opportunities, a new Board of Governors tuition plan for AY 2015-16, and athletics budget reports. Mr. Bissette welcomed input from all the members on these topics.

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

Mr. Souza, Chair of the Committee on Educational Planning, Policies, and Programs, reported that Associate Vice President Prochaska provided a brief overview of the academic program approval process for UNC undergraduate degree programs as well as the process for licensing out-of-state institutions to offer degree programs in North Carolina. Associate Vice President Thornton provided an overview of the process by which UNC master's and doctoral programs were approved.

Next, the Committee considered the request for authorization to establish the following baccalaureate degree program – a Bachelor of Science in University Studies at East Carolina University (see Appendix P). The Committee considered two requests for authorization to establish the following Doctoral degree programs – a Doctor of Philosophy in Public Health Sciences at UNC Charlotte (see Appendix Q) and a Doctor of Philosophy in Computer Science at NCA&T State University (see Appendix R).

On behalf of the Committee, Mr. Souza moved approval of the request for authorization to establish the above baccalaureate degree program at East Carolina University and the two Doctoral degree programs as described above. The motion carried.

The Committee considered the request for authorization to discontinue the following Bachelor degree program – Bachelor of Science in Interdisciplinary General Engineering at NCA&T State University (see Appendix S). The motion carried.

Finally, Mr. Souza reported that the Committee heard a report from Vice President Shanahan regarding amendments to UNC Policy 700.4.1 – *Policy on Minimum Substantive Procedural Standards for Student Disciplinary* (see Appendix T). Amendments to the policy were necessary as a result of Section 6(c) of House Bill 74. The amendments would not take effect until such time House Bill 74 was enacted. The provision would require UNC institutions to allow attorney or non-attorney advocates to fully participate in student disciplinary procedures. The Committee voted to adopt amendments to UNC Policy 700.4.1.

On behalf of the Committee, Mr. Souza recommended that the Board act quickly this month by suspending the rules required to amend the policy due to the impending state law taking effect. The motion carried. Returning to the motion on the actual amendments, Mr. Souza moved that the Board adopt the proposed amendments to UNC Policy 700.4.1 provided that the amended policy shall not go into effect until Section 6c of House Bill 74 is

enacted and further provide that the General Administration staff present a draft provision of the policy that contains proposed definitions of “Student Honor Court” and “Academic Dishonesty”— actual terms cited in the new requirement to Chapter 116 of the General Statute. There was no further discussion and the motion passed with Mr. Fennebresque opposed.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported that the staff introduced themselves and provided brief summaries of their backgrounds. Mr. McMahan noted that this was a great staff and he looked forward to working with them. The Committee reviewed the Public Affairs charter for the benefit of its new members. The Committee offered suggestions on topics for future meetings. A timeline with proposed items would be shared at the next meeting.

Next, the Committee reviewed the University “Fact Card” that was provided last year. The Fact Card is a wallet-sized card containing important information about the University and serves as a quick reference guide for some of the most frequently asked questions about the University. Members were asked to review the card and offer suggestions for an update. Each UNC campus has positive stories; the Committee asked the staff to share and report on those stories as we progressed through the year.

Next, Vice President Moretz thanked the members of the Board who assisted during this year’s legislative session. He highlighted some of the legislation that will impact the University. Staff would create documents highlighting the importance of the issues impacting the University. The legislature did support the University in areas of E-Commerce, capital improvement projects, energy savings contracting, and an amendment to the State Health Plan legislation allowing the University system to avoid a \$15 million expense. Vice President Moretz and his staff would continue to work on messaging with the campuses. Mr. McMahan thanked the Chancellors for their input.

Vice President Rhinehardt provided an update on the new student loan legislation expected to be signed by President Obama in the next few days. She reported that the Federal Relations Division recently hosted Congressional and General Assembly staffers to a two-day policy session on higher education. The event was a success and beneficial to the University.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Lail, Vice Chair of the Committee on University Governance, reported on several items. First, the Committee reviewed sections of *The Code* as it related to the University Governance Committee. Ms. Lemmon, Secretary of the University, provided a summary of the staff at General Administration responsible for supporting the work of the Committee on University Governance. Next, the Committee discussed plans for topics to be considered next year.

Next, Mr. Lail reported that the Committee reviewed and approved a resolution on security clearance. This was an annual requirement related to the U.S. Department of Defense and permits the exclusions from the personnel clearance requirements of certain members of the Board of Governors.

Next, Mr. Lail reported that there was a partial term ending January 28, 2015, on the Vidant Medical Center Board of Trustees. The vacancy resulted from the resignation of Mr. Bruce Alston of Manteo. On behalf of the Committee, Mr. Lail recommended the appointment of Dr. Peter Lars Jacobson of Wilmington to serve. The motion carried. There was a term ending June 20, 2017, on the Winston-Salem State University Board of Trustees. Ms. Thea Monet, a provisional trustee appointment for Winston-Salem State University, had withdrawn from consideration. On behalf of the Committee, Mr. Lail recommended the appointment of Mr. Pradeep Sharma of Raleigh to serve. The motion carried. There was a partial term ending June 30, 2015, on the University of North Carolina School of Arts Board of Trustees due to the resignation of Ms. Barbara Goodman. The Committee sought recommendations from members of the Board of Governors to fill the vacancy.

Last, the Committee heard an update on the actions from the President on Delegated Authority to initiate lawsuits.

CHAIRMAN'S REPORT

Regarding the previous day's committee meetings, Chairman Hans stated that the meetings were very productive. The discussions were intelligent and generated healthy debate. He thanked the committee chairs and others for their participation.

Chairman Hans remarked on the University Award. The award was created in 1979 and recognizes illustrious service to higher education and is the highest distinction of this nature that the University bestows. The University Award would be presented in April 2014. Chairman

Hans asked Ms. Maxwell to serve a chair of the Committee on the 2014 University Award. Other members would be appointed to serve. The Committee would be tasked with selecting the recipient and planning the event.

Next, he thanked Mr. Trask for his service on the formation of the new Military Affairs Committee. The Committee held its first meeting earlier in the morning and Mr. Trask would report on future developments.

In closing, Chairman Hans presented a resolution renaming the Board of Governors Award for Excellence in Public Service to the Governor James E. Holshouser, Jr., Award for Excellence in Public Service (see Appendix U). Governor Holshouser passed away on June 17, 2013. He epitomized public service and served on this Board for more than 30 years.

On motion by Mr. Harrelson and seconded by Mr. Bissette, the Board voted unanimously to change the name of the Board of Governors Award for Excellence in Public Service to the Governor James E. Holshouser, Jr. Award for Excellence in Public Service.

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

The Board went into closed session at 9:50 a.m. and returned to open session at 11:10 a.m.

Chairman Hans recognized Mr. William Smith, a former member of the Board who observed today's meeting. Mr. Smith serves as Vice Chancellor for Institutional Advancement at Elizabeth City State University.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported that the Committee had received an orientation including an overview, the Committee's charge, introduction of staff, an overview of the salary preapproval process, the process for creation of new senior academic and administrative officers, the faculty appeals process, and annual reports. Next, Mr. Fennebresque stated that the Committee heard a report on UNC-Chapel Hill's School of Medicine and ECU's Brody School of Medicine Clinical Faculty Salary Ceilings for 2013-14

all in accordance with the *UNC Policy Manual – Policy 600.3.4* (see Appendix V). Next, Mr. Fennebresque reported that the Committee had increased the stipend for the Board of Governors Awards for Excellence in Teaching from \$7,500 to \$12,500. This is the first year that the recipients received this new stipend.

Slated for future meetings, Mr. Fennebresque remarked that the Committee would discuss subjects related to tenure, post tenure review and management structure on the campuses.

Finally, the Committee had reviewed and approved a report on personnel actions delegated to the President and the Committee had appointed two Subcommittees on Faculty Appeals.

The next meeting of the Board of Governors was scheduled for Friday, September 13, 2013, at the Spangler Center. There being no further business, the meeting adjourned at 11:20 a.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	Audit Committee Charter	Posted Online
Appendix C	Internal Audit Charter	Posted Online
Appendix D	Special Sale of Obligation Bonds, FSU	Posted Online
Appendix E	Authorization of New Capital Improvements Project, UNCCH	Posted Online
Appendix F	Authorization of New Capital Improvements Projects, ECU NCSU and UNC-CH	Posted Online
Appendix G	Acquisition of Space by Lease, ECU	Posted Online
Appendix H	Approval of Licensure Request for approval of a regular License for Webber International University to designate St. Andrews University as a branch of Webber International University	Posted Online
Appendix I	Request for approval of licensure for the following degree programs at St. Andrews University to offer the following additional degree programs in Laurinburg, NC: 1. Bachelor of Arts (B.A.) in Communication 2. Bachelor of Arts (B.A.) in Middle Grades Education 3. Bachelor of Arts (B.A.) in Special Education	Posted Online
Appendix J	Request for approval of licensure for the following degree Degree programs: South University to offer the following Degree programs in High Point, NC: 1. Associate of Applied Science (A.A.S.) in Bus. Admin. 2. Associate of Science (A.S.) in Criminal Justice 3. Associate of Science (A.S.) in Information Technology 4. Bachelor of Science (B.S.) in Information Technology 5. Bachelor of Science (B.S.) in Legal Studies 6. Master of Bachelor Administration (M.B.A.) in Health- care Administration 7. Master of Public Administration (M.P.A.) 8. Master of Science (M.S.) in Criminal Justice 9. Master of Science (M.S.) in Information Systems and Technology 10. Master of Science (M.S.) in Leadership	Posted Online
Appendix K	Resolution on Security Clearance Requirements	Posted Online
Appendix L	Policy 700.8.1 – Campus Housing	
Appendix M	Report for the Office of Internal Audit for the Fourth Quarter FY 2013	Posted Online
Appendix N	2013-14 Allocations for Current Operations	Posted Online
Appendix O	2013-14 Allocations for Capital Improvements	Posted Online
Appendix P	Authorization to Establish a B.S. in University Studies, ECU	Posted Online
Appendix Q	Authorization to Establish a Doctor of Philosophy in Public Health Sciences, UNCC	Posted Online
Appendix R	Authorization to Establish a Doctor of Philosophy in Computer Science, NCA&TSU	Posted Online
Appendix S	Authorization to Discontinue the Bachelor of Science in Interdisciplinary General Engineering, NCA&TSU	Posted Online
Appendix T	Amendments to UNC Policy 700.4.1 – <i>Policy on Minimum Substantive Procedural Standards for Student Disciplinary</i>	Posted Online

Appendix U	Resolution on Renaming the BOG Awards for Excellence in Public Service to the Governor James E. Holshouser, Jr. Award for Excellence in Public Service	Posted Online
Appendix V	UNC-CH School of Medicine and ECU Brody School of Medicine Clinical Faculty Salary Ceilings for 2013-14	Posted Online