

Board of Governors Meeting
September 13, 2013
Chapel Hill, North Carolina

The Board of Governors met in regular session on September 13, 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. Hinton 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 Eshelman	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	David M. Powers
Henry W. Hinton	Robert S. Rippy
James L. Holmes, Jr.	Harry Leo Smith, Jr.
Rodney E. Hood	J. Craig Souza
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:

G. A. Sywassink (excused)

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. There were none.

MINUTES

Mr. Grainger moved, seconded by Mr. Lail, that the minutes from the meeting of August 9, 2013, be approved. The motion carried.

PRESIDENT'S REPORT

President Ross noted that this had been a busy week. The previous day's policy discussion session and committee meetings were very productive with a lot of good information being shared and really good questions being asked. He thanked everyone for their commitment and dedication. He thanked the staff. President Ross commented on the campus orientation visits that were held in Greensboro this week. He thanked Chancellors Martin and Brady for hosting the tours of their campuses and the visit to the Joint School of Nanoscience and Nanoengineering (JSNN). The visit to JSNN serves as a great example of our campuses working collaboratively together to leverage their strengths and resources. He continues to be amazed at the caliber of our students and faculty as well as seeing the great achievements happening on our campuses. 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. Mr. Bissette moved, seconded by Ms. Maxwell that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Authorization of New Capital Improvements Project-ECU
- b. (B&F) Authorization of New Capital Improvements Project-NCSU
- c. (GOV) Resolution on Security Clearance Requirements

REPORT OF THE AUDIT COMMITTEE

Dr. Eshelman, Chair of the Audit Committee, reported that the Committee discussed the recent release of an investigative report issued at the University of North Carolina School of the Arts by the Office of the State Auditor. The report concluded that an employee misappropriated a school-owned computer. The report identified areas where policies and procedures could be strengthened related to fixed assets management. Corrective actions had been taken.

Next, the Committee heard a report of an internal audit review that was performed on the UNC Center for Public Television Procurement Card Audit. The Committee received a Summary Report on Campus Internal Audit Activities for the fiscal year ending June 30, 2013 (see Appendix E). Dr. Eshelman reported that the Committee heard a presentation by the Chief Audit Officer at East Carolina University, Ms. Stacie Tronto, on how their campus audit plan is conducted and completed during a fiscal year.

Finally, the Committee received an update on the recent survey from the campuses related to the operation of Athletic Camps and Clinics. This will be a topic of further discussion in the near future.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Bissette, Chair of the Committee on Budget and Finance, reported that the Committee on Budget and Finance and the Committee on Audit held a joint meeting to discuss campus financial statements and related financial ratios. There was a presentation from an audit partner with the accounting firm BDO, LLP regarding the legal and regulatory framework for university financial statements. Next, Dr. Rick Niswander, Vice Chancellor for Administration and Finance at East Carolina University, explained how financial statements are used in managing the campus. Mrs. Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer at North Carolina State University, explained how credit rating agencies used financial statements and related financial ratios to assess the financial health of an institution. The Committee and staff would continue to review additional financial information and analysis at its next meeting.

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

Mr. Souza, Chair of the Committee on Educational Planning, Policies, and Programs, reported on several items. First, Vice President Boney and Ms. Derr, Director of International Programs, briefed the Committee on the UNC India strategy. They provided a report on A Portal for Progress: Increasing Collaborative Between UNC and India (see Appendix F). The staff was working on two projects related to India – 1) encourage faculty to develop a massively open online course (MOOC) and 2) encourage faculty development experts to set up a training system for junior faculty in India to help them meet some of the country's educational needs

Next, the Committee heard a report from Dr. Bill Roper, Dean of the School of Medicine, Vice Chancellor for Medical Affairs and Chief Executive Officer of the UNC Health Care System at the UNC-Chapel Hill, on the UNC Health Care System Annual Report FY 2013 (see Appendix G). Dr. Roper reported on various issues and challenges and its efforts to lead in a changing environment. He noted that UNC Health Care System won recognition this year from the American Hospital Association for its efforts to build a culture and processes that reinforce high quality. The UNC School of Medicine was ranked #1 by the *U.S. News & World Report* for primary medical care in the nation. The Committee discussed the impact of the cuts in state appropriations to the UNC Health Care System. The system receives no state funding. The Committee also discussed the implementation of the Affordable Care Act and the effect that the legislation will have on North Carolina's Medicaid and mental health programs.

On behalf of the Committee, Mr. Souza moved the approval of the UNC Health Care System Annual Report FY 2013 and that the report be conveyed to the North Carolina General Assembly Joint Legislative Commission on Governmental Operations. The motion passed.

Mr. Souza referred to UNC Policy 700.4.1 – *Policy on Minimum Substantive and Procedural Standards for Student Disciplinary Proceedings*. A subcommittee was appointed to continue its review on proposed amendments to the policy. Mr. Souza remarked that the Committee was evaluating the process for approval of new degree programs. The members appointed to the subcommittee were Mr. Long, Mr. Mitchell, Mr. Nath, and Mr. Trask.

Finally, Mr. Souza reported that Associate Vice President Thornton provided a brief overview of the request for authorization to establish a Master of Science in Applied Energy and Electromechanical Systems program at UNC Charlotte (see Appendix H). The proposed program would be an essential collaborator with UNCC's Energy Production and Infrastructure

Center (EPIC), which was funded by the state legislature in response to the need from industry for trained engineers and technical professionals to meet the demands of the current industry.

On behalf of the Committee, Mr. Souza moved the approval of the request for authorization to establish the above program at UNC Charlotte. The motion carried.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported that the Committee heard an update from Vice President Rhinehardt on federal relations. Earlier this week, Vice President Rhinehardt had participated in the Governor's Military Affairs Commission and yesterday testified on Capitol Hill before the U.S. Congress regarding veteran issues.

Next, Mr. McMahan reported that the Committee heard from Dr. Elbogen, Associate Professor of Psychiatry, Forensic Psychiatry Program and Clinic at UNC-Chapel Hill School of Medicine. He spoke to the Committee about his federally sponsored research and clinical work in the field in developing treatment interventions for military veterans diagnosed with traumatic brain injury and post-traumatic stress disorder.

Vice President Moretz reported on state relations activities. He shared a brief update on the Program Evaluation Division Report on University efficiencies. The full report would be released by the end of the year. The State Relations Council held a meeting earlier this week. Representatives from our campuses gathered to debrief the post-session of the General Assembly.

Next, the Committee heard a report from Vice President Boney about the Business Roundtable sessions that were held throughout the state as part of the Strategic Directions Initiative.

Finally, Mr. McMahan asked the members of the Committee to identify the campuses with which they would be willing to assist. The Committee distributed a list of legislatures.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Powers, Chair of the Committee on University Governance, reported on several items. First, Ms. Dawn Long, Staff in the Office of the Secretary, provided a demonstration on *BoardVantage*, an online portal for communication of board materials. Secretary Lemmon

explained the process by which the Board notebooks were produced. The Board was considering the implementation of the online portal to replace the paper version of the Board notebooks. Costs associated with implementing the technology would be considered. The Committee would provide a demonstration of the portal to the full Board at a future meeting.

Next, Mr. Powers reported that the Committee heard an overview from Ms. P.J. Teal, Secretary of the Board of Trustees at North Carolina State University, on the manner by which campus liaisons could work more effectively with the Boards of Trustees and campus administrations. Ms. Teal distributed a list of Campus Liaison Responsibilities for the Committee to consider using to set expectations for both the liaisons and the Boards of Trustees (see Appendix I). Mr. Powers stated that the Committee had developed the list on the University of North Carolina Board of Governors 2013-14 Governance Committee Campus Liaisons assignments (see Appendix J). A couple adjustments would be made to the list and then distributed to the Board.

Next, the Committee considered and approved a resolution on security clearance requirements. This resolution was required on an annual basis by the Department of Defense Contracts (see Appendix D).

Next, Mr. Powers reported that a systemwide Boards of Trustees workshop was planned for the trustees on Wednesday, November 6, 2013 at the James B. Hunt Library on the campus of North Carolina State University. The objective of the workshop was for all trustees to understand the roles of the Boards and the University structure, the awareness of advocacy versus trustee, and the expectations of the trustee. The Committee would develop a draft agenda for the workshop at its next meeting. He asked the members to share any items or topics for the workshop. He mentioned that the Committee would consider making technical changes to *The Code* and other policies per the *UNC Policy Manual*.

There was a partial term ending June 30, 2015, on the UNC School of the Arts Board of Trustees. The vacancy resulted from the resignation of Ms. Barbara Goodmon. On behalf of the Committee, Mr. Powers recommended the appointment of Mrs. E. Greer Cawood of Winston-Salem to serve. The motion carried. There was an open position on the UNC Health Care System Board of Directors, effective November 1, 2013. After consultation with President Ross the Committee recommended the appointment of Mr. Greg Wessling of Cornelius to serve. On behalf of the Committee, Mr. Powers recommended the appointment of Mr. Wessling to serve. The motion carried.

Finally, Mr. Powers asked the members of the Board to consider attending one or more of the Fall Commencements to bring greetings at the ceremony.

SPECIAL COMMITTEE ON MILITARY AFFAIRS

Mr. Trask, Chair of the Special Committee on Military Affairs, reported that the Committee heard a brief report from Ann Marie Beall, Director for Military Educations at General Administration, on the UNC SERVICES and other educational initiatives. The Committee discussed a resolution of the residency issue, its long term goals and other initiatives. The initiatives would be brought to the Public Affairs Committee and the Committee on Educational Planning, Policies and Programs.

CHAIRMAN'S REPORT

Mr. Hans commented that the Board would continue its discussion on University funding and funding expectations in the future. Mr. Hans made a few announcements. He announced that Chancellor Folt will be formally installed in Chapel Hill on Saturday, October 12, 2013. He encouraged everyone to attend. Next, Secretary Lemmon would plan a campus visit for the new Board members to North Carolina School of Science and Mathematics following the October Board meeting. Next, the Board of Governors has planned a trustees summit to be held on Wednesday, November 6, 2013. Trustees from across the system would be brought together to engage in dialogue about the board's responsibilities and expectations of the roles they serve.

Mr. Hans reported that Mr. Nath would serve on the board of the Center for International Understanding. He requested Mrs. Wiley to serve on the North Carolina Principal's Fellow Program board at the Center for School Leadership. He thanked both members for serving those roles.

Chairman Hans called on Vice Chairman Grainger to comment on the challenge made by Governor McCrory for the leaders of the University to discuss substance abuse concerns on our campuses. Vice Chairman Grainger stated that he and President Ross met with the Governor, members of his staff, and other officials earlier this month. Drugs were becoming more prevalent on our campuses. A meeting would be held with staff from General Administration, the campus police chiefs and others from all the UNC campuses to address these issues.

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

The Board went into closed session at 10:00 a.m. and returned to open session at 11:25 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported that the Senior Vice President Ortega and Vice President Fleming conducted a tutorial on the Structure of Academic Decision making. The tutorial included an overview of the organizational structure on each campus, the differences between EPA and SPA employees, and examples of three key academic decisions – including tenure, appointment of Distinguished Professorships and merit pay. The Committee would continue a tutorial session that will focus on administrative efficiencies and best practices.

Next, Mr. Fennebresque reported that that the Committee reviewed the 2013-2014 Medical Faculty Salary Ceilings for the Schools of Dentistry and Public Health at UNC-Chapel Hill and East Carolina University.

Last, the Committee received the report on Personnel Actions Delegated to the President. The Committee reviewed the 2012-13 Annual Report of the Committee on Personnel and Tenure activities (see Appendix K) and the University of North Carolina Phased Retirement Report 2011-12 (see Appendix L). Lastly, the Committee appointed one subcommittee on a faculty appeal.

The next meeting of the Board of Governors was scheduled for Friday, October 11, 2013, at the Spangler Center. There being no further business, the meeting adjourned at 11:30 a.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	Authorization of New Capital Improvements Project, ECU	Posted Online
Appendix C	Authorization of New Capital Improvements Projects, NCSU	Posted Online
Appendix D	Resolution of Security Clearance Requirements	Posted Online
Appendix E	Summary Report on Campus Internal Audit Activities for the fiscal year ending June 30, 2013	Posted Online
Appendix F	A Portal for Progress: Increasing Collaboration between UNC and China	Posted Online
Appendix G	UNC Health Care System Annual Report FY 2013	Posted Online
Appendix H	Authorization to Establish a Master of Science in Applied and Electromechanical Systems program, UNCC	Posted Online
Appendix I	Campus Liaison Responsibilities from NCSU	Posted Online
Appendix J	University of North Carolina Board of Governors 2013-14 Governance Committee Campus Liaisons	Posted Online
Appendix K	2012-13 Annual Report of the Committee on Personnel and Tenure	Posted Online
Appendix L	University of North Carolina Phased Retirement Report 2011-12	Posted Online