

Board of Governors Meeting
October 11, 2013
Chapel Hill, North Carolina

The Board of Governors met in regular session on October 11, 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. Hood who gave the invocation.

ROLL CALL

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

W. Louis Bissette, Jr.
Fred Eshelman
Hannah D. Gage
Ann B. Goodnight
H. Frank Grainger
Peter D. Hans
Thomas J. Harrelson
Henry W. Hinton
James L. Holmes, Jr.
Rodney E. Hood
William (Marty) Kotis III
G. Leroy Lail
Scott K. Lampe
Steven B. Long
Joan G. MacNeill
Mary Ann Maxwell

W. Edwin McMahan
W. G. Champion Mitchell
Hari H. Nath
Robert J. Nunnery
R. Doyle Parrish
Joan Templeton Perry
Therence O. Pickett
David M. Powers
Robert S. Rippy
Harry Leo Smith, Jr.
J. Craig Souza
G.A. Sywassink
Richard (Dick) Taylor
Raiford G. Trask III
Laura I. Wiley

The following members were absent:

Roger H. Aiken (excused)
John C. Fennebresque (excused)

Phillip D. Walker (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. Mr. Long abstained from Item 6b. of the consent agenda.

MINUTES

Mr. Grainger moved, seconded by Mr. Souza, that the minutes from the meeting of September 13, 2013, be approved. The motion carried.

PRESIDENT'S REPORT

President Ross thanked the members for their thoughtful and candid discussions at the previous day's sessions and particularly he thanked the Chancellors who lead the panel discussion session on campus budget activities. The panel discussion provided a deeper understanding and appreciation for how our campus leaders develop and manage multiple, complex budgets in challenging times and how they conduct long-range budget planning in a challenging environment. President Ross stated that the University was fortunate to have a talented group of leaders on our campuses. President Ross asked Chancellor Martin to convey our thanks to the students from NCA&TSU who gave impressive presentations at the Committee on Educational Planning, Policies, and Programs meeting the previous day. 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. Harrelson moved, seconded by Mr. Smith that the Administrative Action Items be approved by consent. The motion carried.

- a. (Audit) Approval of University-wide Summary of the Internal Audit Plans
- b. (B&F) Authorization of Projects Funded with Special Obligation Bonds – NCSU and UNC-CH
- c. (B&F) Authorization of New Capital Improvements Projects – ASU and UNCG
- d. (B&F) Acquisition of Property – UNCA
- e. (EPPP) Approval of licensure for Capella University to offer the following online degree programs:
 - 1. Education Specialist (Ed.S.)
 - 2. Master of Science in Nursing (M.S.N.)

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 by the Office of the State Auditor. The report for Winston-Salem State University found that 11 employees had abused the policy related to the use of state vehicles. Eleven facilities employees were using the University vehicles to commute between their homes and work and they were not charged a commuting fee and no deduction was taken from their pay for this financial benefit. The practice was questioned by the State Auditor and several recommendations were made to strengthen policies and procedures around University vehicle usage. Campus leaders concurred with the recommendations and corrective action has been taken.

Next, the Committee reviewed and approved a University-wide Summary of Internal Audit Plans for FY ending June 30, 2014 (see Appendix B). This is an annual presentation made to the Audit Committee. Dr. Eshelman reported that the Committee heard a presentation by Phyllis Petree, Internal Audit Director at UNC-Chapel Hill. The presentation provided a specific campus view of how UNC-Chapel Hill's annual audit plan is determined (see Appendices G and H).

Finally, Dr. Eshelman reported that the Committee received a follow-up on some additional questions related to liability issues surrounding the operation of athletic camps and clinics.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Bissette, Chair of the Committee on Budget and Finance, reported that the Committee heard a presentation by Project Management Officer Ken Craig of the UNC FIT (UNC Finance Improvement and Transformation) project. He reviewed the operational efficiencies and campus survey results. The presentation analyzed the manner by which campuses deliver services. Dr. Rick Niswander, Vice Chancellor for Administration and Finance at East Carolina University, discussed public/private partnerships. The Committee received an example of a specific proposed venture at East Carolina University. Associate Vice President Womer spoke about the value of the University's capital assets and cited an example at The Ohio State University where the institution had entered into a long-term lease for its parking operations in return for a large upfront payment. Given recent changes in our economy, the University was looking at new ideas to assist in funding our mission. Assistant Vice President

Poole presented a Five-Year Summary of Campus Revenues, Expenditures, and Performance (see Appendix I). The data illustrated that the UNC system has a lower degree efficiency rate but a higher 6-year graduation rate, a higher retention rate and a lower cost-per-degree rate.

Next, Mr. Bissette mentioned that the Committee would conduct a review of Policy 600.1.3.1[R] – *Regulations for Acquisition and Disposition of Real Property by Lease* to ensure the Board has the opportunity to review and approve leases with a sizable lease amount.

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

Mr. Souza, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee began to showcase some of the amazing and interesting work of our inspiring students. Yesterday, the Committee heard presentations by two undergraduate students from North Carolina A&T State University on their research projects. Ms. Shannon Creason presented on “Natuculture for Community and Food and Health” (see Appendix J) and Mr. India Jones presented on “Magnesium and Magnesium Alloys” (see Appendix K).

Next, Mr. Souza commented that two subcommittees that were formed. The first was the Subcommittee on Degree Approval. The subcommittee is chaired by Mr. Mitchell. Other members of the subcommittee include Mr. Long, Mr. Nath, and Mr. Trask. Their task is to work with the UNC General Administration staff to review and make suggestions for possible modifications to the process of reviewing and approving new academic degree programs submitted by the campuses. Another subcommittee was formed to review definitions for Student Honors Court and other Academic Dishonesty. This subcommittee was chaired by Mr. Long. In August, the Committee had approved changes to UNC Policy 700.4.1 – *Policy on Minimum Substantive and Procedural Standards for Student Disciplinary Proceedings*. These changes required that UNC constituent institutions allow attorneys or non-attorney advocates to fully participate in student-disciplinary proceedings. The Board instructed staff at UNC General Administration to prepare an additional provision to the policy that defines student honor court and academic dishonesty for purposes of campus-disciplinary procedures. A draft version of the definitions was shared for incorporation into the revised policy (see Appendix L). The information would be shared with the campuses for their comments and input. The Committee agreed that the revised policy and any campus changes collected be forwarded to President Ross.

The President would consult with the campuses prior to adopting a final policy. Mr. Mitchell thanked Senior Vice President Ortega and the staff for their help during the process.

Next, Mr. Souza reported that Vice President Chapman presented a report on the University of North Carolina Evaluation of E-Learning Across the System (see Appendix M). Vice President Chapman summarized the results of the major findings of an ongoing research effort to compare student outcomes in online versus face-to-face courses. Two major findings were discussed – 1) many variables examined showed there were no significant differences between outcomes of online vs. face-to-face mode of delivery and 2) in about half of the academic fields a significant difference was found between online and face-to-face modes of delivery. The findings would continue to be investigated in this important research effort to evaluate the effectiveness of online instruction. The Committee would have a policy session on e-learning with the full Board at a future meeting.

Mr. Souza commented that the Committee heard a presentation by Dr. Russell Mumper, Vice Dean and John A. McNeill Distinguished Professor at the UNC Eshelman School of Pharmacy, on A Case for the Flipped Classroom (see Appendix N). This new method of teaching provides students with teacher-created content material before the class period begins and then the students use class time to do the harder work of assimilating that knowledge as referred to in Bloom's Taxonomy.

Finally, the Committee heard a report from Senior Vice President Ortega on the status of the upcoming systemwide review of campus mission statements. At its next meeting, the Committee would review a report from an external consultant who was currently reviewing and analyzing campus requests to modify its mission statements.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported that the Committee reviewed the current regulatory and compliance environment of the University. Vice President Shanahan and Barbara Carroll, Associate Vice Chancellor for Human Resources at NC State University, provided a briefing on the complexities of these requirements of the University. Vice President Shanahan focused on the sources of policy regulations, oversight, compliance costs and new trends. Ms. Carroll, who serves as chair of the Public Policy Committee of the National Professional Association for Higher Education, spoke about the impact of new regulations on campuses.

Next, the Committee heard a report by Mr. Trask, Chair of the Special Committee on Military Affairs. Consistent with the University's Strategic Directions Initiative, the Special Committee on Military Affairs developed a legislative policy recommendation that requires additional state appropriations, and thus, concurrent consideration by the Committee on Budget and Finance (see Appendix O).

On behalf of the Committee, Mr. McMahan moved approval of this legislative policy item. The motion moved.

Vice President Moretz reported on state relations activities. The committees began meeting this past week and the General Administration staff would continue to monitor the impact on the University. Mr. Moretz would continue to meet with key stakeholders and conduct campus visits. The Committee encouraged Vice President Moretz to have state legislators accompany him during campus visits.

Finally, Vice President Rhinehardt presented an overview of the effects the government shutdown has on our students and the campuses.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Powers, Chair of the Committee on University Governance, reported that there was a partial term ending June 30, 2015, on the UNC Wilmington Board of Trustees resulting from the resignation of Mr. David Swain. The Committee sought recommendations to fill this vacancy. He asked the members to contact Ms. Maxwell, who serves as UNC Wilmington's Board of Trustees campus liaison, with potential nominees to fill the vacancy.

Next, the Committee discussed the University of North Carolina Board of Governors 2013-14 Governance Committee Campus Liaisons assignments (see Appendix P) and discussed the importance of the Board members' engagement with the campuses.

Mr. Powers referred to the 2013 Winter Commencement matrix. He asked the members to consider attending one or more commencement ceremony to bring greetings on behalf of the Board of Governors.

The Committee heard an update from Mr. Nunnery, President of the UNC Association of Student Governments and a member of the Board. He reported that students had expressed their displeasure with the policy on Campus Housing. The students expressed their opinions regarding campus safety initiatives. Many students claimed that their voices had not been heard.

The UNC Association of Student Governments would craft a resolution and make recommendations to the Board. Chairman Hans noted that the Board would look forward to hearing the recommendations and acting accordingly.

Next, the Committee discussed the upcoming Boards of Trustees workshop. The event would be held on the NC State Centennial Campus at the James B. Hunt Library. It was imperative that the workshop include topics and speakers who could educate and inspire trustees in understanding their important roles. Mr. Powers encouraged members of the Board who have served as a trustee, to participate in the panel discussion. A draft agenda for the Boards of Trustees Workshop was shared with the Board. He urged the Chancellors to encourage their trustees to attend the workshop.

Last, the Committee discussed updates that were needed to the *UNC Policy Manual*, including both minor and technical corrections as well as a larger review.

Lastly, Mr. Grainger provided an update on the University's working group who were meeting to discuss and implement effective strategies to prevent the use of illegal drugs and alcohol on our campuses. He, President Ross, Vice President Herron, in collaboration with key campus administrators, recently met with the campus police chiefs from all our campuses. The meeting generated a healthy exchange of information. Some campuses have done a fine job related to drug and alcohol enforcement on their campuses. Associate Vice President Herron and the campus police chiefs, along with President Ross, will continue to identify best practices and identify educational programs to combat this problem. Vice Chairman Grainger thanked Mr. Herron for his leadership. President Ross noted that the University was making progress in this effort.

SPECIAL COMMITTEE ON MILITARY AFFAIRS

Mr. Trask, Chair of the Special Committee on Military Affairs, reported that the Committee considered a policy recommendation regarding residency for active duty military personnel and veterans. The recommendation was subsequently presented to the Committee on Public Affairs and passed unanimously. The policy recommendation was presented earlier during Mr. McMahan's report on part of the Committee on Public Affairs (see Appendix O). Mr. Trask thanked the members of the Board, the Chancellors and staff for supporting the policy recommendation.

Finally, Mr. Trask reported the Committee would resume work on assessing the academic needs and delivery methods for our state's military population. Chairman Hans thanked the members of this special committee and commended them on their work.

CHAIRMAN'S REPORT

Chairman Hans remarked that the Committee on Strategic Directions held its first meeting the previous day. The members of the committee, including President Ross and Chief of Staff FitzGerald, reviewed the project management structure and software that was in place to track and report on planned activities. They reviewed the project's dashboard that indicates the status of projects in real-time. It indicates projects that were underway with existing resources, projects underway with the \$3 million that was allocated at the August meeting, and projects that are delayed due to resource constraints. Chairman Hans reported the Committee would meet on a quarterly basis.

Next, Chairman Hans commented on the previous day's panel discussion session on campus budget activities. He thanked the Chancellors who were part of the panel discussion session. The information exchanged during the session was very informative. Chairman Hans was pleased with the previous day's committee meetings. He found great participation and discussion among the members. He stated the Board functions best when everyone is engaged and contributing. He thanked the members for their service.

Chairman Hans made the following announcements. A campus visit was planned for this afternoon to the NC School of Science and Mathematics. The Installation of Chancellor Folt was scheduled for tomorrow, October 12, 2013. Several members were planning to join the procession; the Board would be well represented at these events. Chairman Hans reminded everyone that next month's Board activities would entail three days of meetings. The Boards of Trustees Workshop was planned for Wednesday, November 6, followed by the regular Board meetings on November 7-8. He also noted that the February 2014 Board meeting was moved to February 20-21 so that our Board could meet jointly with the North Carolina Community College System Board. The location for the joint meeting would be determined soon.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Sywassink, Vice Chair of the Committee on Personnel and Tenure, reported that the Committee heard a tutorial focused on Analyzing Academic Administrative Structures. The tutorial presenters were Provost Arden of North Carolina State University, Provost Johnson of North Carolina Central University, Provost Young of Fayetteville State University, and Dr. Daniel Cohen-Vogel, Senior Director of Institutional Research at UNC General Administration. Each explained various initiatives undertaken at their respective campuses to monitor administrative structures and efficiencies. The Committee would hear another tutorial at its meeting next month focused on differences between EPA and SPA employees and the Board's role in the oversight of these employees.

Finally, the Committee received a report on Personnel Actions delegated to the President. The Committee also appointed two faculty appeal subcommittees.

Chairman Hans called on President Ross for an additional announcement. President Ross thanked the Committee on Personnel and Tenure as well as the entire Board for enthusiastically endorsing his appointment of Thomas C. Shanahan to serve as the Vice President and General Counsel of the University of North Carolina, effective immediately. Since 2010, Mr. Shanahan has been a key member of UNC General Administration's Legal Division. Following Vice President Fjeld's departure last spring, Mr. Shanahan was named Interim Vice President and General Counsel. He has done an outstanding job serving in that role and has earned the confidence and respect of this Board, the staff, colleagues throughout the University and state government.

The next meeting of the Board of Governors was scheduled for Friday, November 8, 2013, at the Hunt Library on NC State University Centennial Campus. There being no further business, the meeting adjourned at 11:00 a.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	Approval of University-wide Summary of the Internal Audit Plans	Posted Online
Appendix C	Authorization of Projects Funded with Special Obligation Bonds – NCSU and UNC-CH	Posted Online
Appendix D	Authorization of New Capital Improvements Projects – ASU and UNCG	Posted Online
Appendix E	Acquisition of Property – ASU	Posted Online
Appendix F	Approval of licensure for Capella University to offer the Following online degree programs: <ol style="list-style-type: none"> 1. Education Specialist (Ed.S.) 2. Master of Science in Nursing (M.S.N.) 	Posted Online
Appendix G	UNC-Chapel Hill Risk Assessment & Audit Plan Process	Posted Online
Appendix H	Annual Risk Assessment and Audit Plan 2013/14	Posted Online
Appendix I	University of North Carolina Five-Year Summary of Campus Revenues, Expenditures, and Performance	Posted Online
Appendix J	Presentation of Natuculture for Community and Food Health	Posted Online
Appendix K	Presentation of Magnesium and Magnesium Alloys	Posted Online
Appendix L	Proposed amendments to Policy 700.4.1 – <i>Policy on Minimum Substantive and Procedural Standards for Student Disciplinary Proceedings</i>	Posted Online
Appendix M	University of North Carolina Evaluation of E-Learning Across the System	Posted Online
Appendix N	Presentation on A Case for the Flipped Classroom	Posted Online
Appendix O	Proposed Legislative Policy for Military students	Posted Online