

Board of Governors Meeting
January 10, 2014
Chapel Hill, North Carolina

The Board of Governors met in regular session on January 10, 2014, at the Spangler Center in Chapel Hill. Chairman Hans called the meeting to order at 9:00 a.m.

INVOCATION

Chairman Hans called on Mr. Long who gave the invocation. Following the Invocation, Chairman Hans asked everyone to pause for a moment of silence in memory of Dr. Franklin E. McCain, who passed away the previous night. Dr. McCain was a true North Carolina hero; he was a civil rights pioneer who demonstrated extraordinary courage throughout his life. He once served as Chair of the NCA&T University Board of Trustees and recently served as a very distinguished member of this Board.

ROLL CALL

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

Roger H. Aiken	Mary Ann Maxwell
W. Louis Bisette, 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	Robert S. Rippy
Henry W. Hinton	Harry Leo Smith, Jr.
James L. Holmes, Jr.	J. Craig Souza
Rodney E. Hood	G.A. Sywassink
G. Leroy Lail	Richard (Dick) Taylor
Scott K. Lampe	Raiford G. Trask III
Steven B. Long	Phillip D. Walker
Joan G. MacNeill	Laura I. Wiley

The following members were absent:

William (Marty) Kotis III (excused)	David M. Powers (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. Aiken and Mr. Long both abstained from Item 6a of the consent agenda – (Sale of Special Obligation Bonds–UNCC).

MINUTES

Mr. Hood moved, seconded by Mr. Grainger, that the minutes from the meeting of November 8, 2013 be approved. The motion carried.

PRESIDENT’S REPORT

President Ross began by offering everyone a happy and productive new year. He was optimistic about the year ahead and he looked forward to the work ahead of us. He reflected on the previous day’s policy discussions on tuition and fees and the legislative priorities. Further information would be provided to the Board about those items prior to the February meeting. He briefed the Board on the budget issues facing Elizabeth City University. For President’s Ross complete report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Hans called attention to the Administrative Action Items listed on the agenda. Mr. Hinton moved, seconded by Mr. Holmes that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Sale of Special Obligation Bonds – UNCC
- b. (B&F) Authorization of New Capital Improvements Projects – NCSU, UNC-CH and UNCC
- c. (B&F) Design Engineer Selection – HVAC System Improvements – Meredith Riggs Spangler Building
- d. (EPPP) Policy on Tuition Surcharge

REPORT OF THE AUDIT COMMITTEE

Dr. Eshelman, Chair of the Audit Committee, reported the Committee heard a presentation from Associate Vice President Sanders and Chief Audit Officer Staci Tronto of East Carolina University on recommendations from the Internal Audit Shared Services Study. The study included evaluating the number of internal auditors needed in the UNC system as well as the best model for using those resources to address systemwide internal audit needs. The recommendations for additional internal audit resources would be included in the 2014-15 Budget Priorities.

Next, Dr. Eshelman reported that State Auditor Beth Wood and her staff joined the Committee to discuss University financial related audit topics and to present a UNC General Administration Audit Report and Sensitive Letter on Banner Hosting Services Report. Recommendations included in the report were accepted by UNC General Administration and corrective action has been taken.

The Committee was presented with 14 campus financial statement audit reports that were issued by the State Auditor as of December 31. None of the audit reports contained any audit findings.

Last, at the request of the Audit Committee, representatives from Winston-Salem State University provided an update on corrective actions the campus has taken on matters identified in the investigative audit report issued last September.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Bissette, Chair of the Committee on Budget and Finance, reported the Committee hosted two policy discussions on topics that would be brought before the Board at the February meeting. The topics were (1) the Proposed 2014-2015 Tuition and Fee Recommendations and (2) a draft of the short session Budget and Policy Agenda. Supporting documents related to these topics would be made available to the members for their review prior to the February meeting.

In the Committee meeting, Chancellor Dubois, Chancellor Folt, and Chancellor Woodson led a panel discussion related to specific areas of tuition and fees including non-resident tuition

rates, graduate tuition rates, and debt service fees. Mr. Bissette commented the discussion was very useful.

Mr. Bissette reported the Committee received information regarding the use of state appropriations for repairs and renovations. The Committee heard a presentation by representatives from East Carolina University regarding the proposed new Student Center project. This item would be brought to the Board for approval at its next meeting.

Next, the Committee discussed a proposed pilot program at North Carolina A&T State University to raise its out-of-state student enrollment on first-time, full-time students from 18 to 25 percent (see Appendix F). The program would begin in the fall 2014. The program would be reviewed annually and the President would report annually on the program. Chancellor Martin spoke about the importance of the pilot program and benefits the program would provide. He emphasized that no qualified in-state student would be denied admission. At its meeting, the Committee approved the pilot program. An amendment to UNC Policy 700.1.3 – *Out-of-State Undergraduate Enrollment*, would be required. The amended policy would be brought to the Board at its next meeting.

On behalf of the Committee, Mr. Bissette moved that the Board delegate authority to the President to approve the establishment of a non-resident student pilot program at North Carolina A&T State University beginning with the fall 2014 term pursuant to which the limit on a portion of non-resident students entering as freshmen may be increased from 18 percent to not more than 25 percent as long as there is no negative impact on the admission of resident North Carolina students. The program would remain in effect for one full academic year at which time the President may renew the program for four subsequent academic years. The President would monitor the progress of the program and provide an annual report to the Board of Governors. The motion passed.

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 heard three presentations by students from Appalachian State University – a presentation by Alex Kirk, a graduate student, on addressing adolescent suicide rates in a school mental health setting; a presentation by Scott Hopkins on the assessment of

modular construction utilization for UNC campus residence halls, and a presentation by Amber Mellon on using math to teach financial literacy to adolescents. The presentations were very impressive. Chairman Souza thanked Chancellor Peacock and Dean Huntley for having the students attend the meeting to make their presentations.

Mr. Souza reported the Committee reviewed the requests for authorization to plan the following master's degree programs – Master of Fine Arts in Media Production at the University of North Carolina at Greensboro and a Master of Fine Arts in Filmmaking at the University of North Carolina School of the Arts (see Appendix G). The Committee authorized the two campuses to proceed to plan the requested degree programs and directed the campuses to consider and report on specific ways they could collaborate with each other in the offering of the degree programs including collaboration with UNC Wilmington, who is also preparing a request for authorization to plan a similar degree program.

Next, the Committee reviewed the Comprehensive Articulation Agreement (CAA) between the University and North Carolina and the North Carolina Community College System (see Appendix G). The original CAA, which has been in place since 1997, guarantees fulfillment of undergraduate general education requirements if the student completes a 44-hour general education core or the Associate in Arts or Associate's in Science degree prior to transfer. In the revised agreement, the 44-hour general education core will change to the 30-hour Universal General Education Transfer Component (UGETC), which guarantees the transfer of the UGETC courses to all UNC campuses and the degree credit hours would change from 64 hours to 60 hours. The Comprehensive Articulation Agreement would be presented at the February meeting.

Mr. Souza commented on the campus mission statements. Last March, President Ross initiated a complete review of all campus mission statements. At that time, the President established guidelines and a timeline for mission review and refinement. Twelve campuses had requested no or only editorial changes to their mission statements while five campuses had requested more substantive changes. A complete review of the campus mission statements had been reviewed by an external consultant. The Committee voted to accept the consultant's recommendations on the proposed mission statements. The Committee would discuss the revisions to the campus mission statements at its next meeting.

The Committee considered Elizabeth City State University's request for authorization to discontinue four degree programs – Bachelor of Arts in Studio Art, Bachelor of Science in

Marine Environmental Science, Bachelor of Science in Physics, and Bachelor of Science in Geology (see Appendix H). A teach-out program would be implemented for each program allowing those students currently enrolled to complete the degree requirements.

On behalf of the Committee, Mr. Souza recommended the discontinuation of the above degree programs. The motion carried.

In addition, Elizabeth City State University was considering significant revisions to its organizational structure within the Division of Academic Affairs. The campus sought authorization for two academic restructuring actions – authorization to consolidate the School of Arts and Humanities with the School of Mathematics, Science and Technology into the School of Arts and Sciences and authorization to change the name of the School of Education to the School of Education and Psychology (see Appendix I).

On behalf of the Committee, Mr. Souza recommended that the Board approve Elizabeth City State University's requests to make revisions to its organizational structure within the Division of Academic Affairs. The motion passed.

Next, the Committee heard a presentation by Associate Vice President Henz on the University of North Carolina Fall 2013 Enrollment Report (see Appendix J). The report illustrated the enrollment trends across the University. The fall 2013 total University headcount was 220,000 students, a decrease of 0.4 percent from the previous year. The total enrollment of minority students had increased by 1.3 percent, while the number of transfer students had increased 1.4 percent. No campus had exceeded the 18 percent cap on out-of-state freshmen enrollment.

The Committee reviewed the University of North Carolina Intercollegiate Athletics Report 2012 – 2013 (see Appendix K). The report presented information regarding the academic profile of freshman student-athletes, majors of student-athletes, various academic success indicators, information regarding non-academic violations of NCAA bylaws, and campuses with programs that received awards or sanctions.

Finally, Mr. Souza commented on the Subcommittee on the Academic Program Review. Last fall, the Subcommittee, chaired by Mr. Mitchell, worked to identify potential improvements to the new degree program approval process and made recommendations for strengthening the

process. The Committee unanimously adopted the recommendations made by the Subcommittee.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, reported the Committee heard a presentation by Chancellor Dubois and Vice Chancellor Wilhelm from UNC Charlotte on the ways in which UNC Charlotte uses its research capabilities to spur economic development in the region. UNC Charlotte continues to build strong community and business partnerships throughout the city. Mr. McMahan commented on a grant that UNC Charlotte was competing for from the U.S. Department of Defense in order to become part of the National Network of Institutes for Manufacturing Innovation – an interagency initiative made up of public/private partnerships devoted to manufacturing excellence.

Next, Assistant Vice President Dickens provided an update on activities in the federal government noting a bipartisan budget agreement that was reached and the confirmation of former North Carolina Rep. Mel Watts to lead the Federal Housing Finance Agency. Mrs. Dickens briefed the Committee on the U.S. Senate Bill that would offer in-state tuition rates for all military veterans and the impact that the bill would have on the UNC system.

Vice President Morteiz provided an overview on the state legislative activities during the interim. The House Study Committee on Education Innovation recently held its first meeting, which was primarily focused on K-12 innovation. There was a willingness to expand the scope to the University. Mr. McMahan noted that Secretary Goodnight serves on the House Study Committee. The Joint Legislative Education Oversight Committee met earlier in the week and included presentations on the Comprehensive Articulation Agreement between the University and the North Carolina Community College System and weighted GPA and class rank. The Program Evaluation Division (PED) Efficiency Study was complete. The study pointed out that the University needed additional carry forward authority. The Joint Legislative Education Oversight Committee reviewed the potential of a new School of Science and Math in Morganton.

Finally, Vice President Moretz provided a preview of the state's legislative short session. The Committee reviewed a list of the 2014 Policy Agenda Proposals (see Appendix L).

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Lail, Vice Chair of the Committee on University Governance, reported that there was a partial term ending February 28, 2017, on the Vidant Medical Center Board of Trustees. The vacancy results from the resignation of Mr. A. Ray Rogers. The Committee sought recommendations from the Board to fill the vacancy. Next, there was a full term beginning March 1, 2014 on the Vidant Medical Board of Trustees. The vacancy results from the decision of Mr. Davis Harris not to seek reappointment to a second term. The Committee sought recommendations from the Board to fill the vacancy.

The Committee discussed the areas of the UNC Policy Manual that were in need of revisions and the policies related to political activities. Revisions to these policies would be discussed in further detail at the next meeting.

There was a partial term ending June 30, 2017 on the Appalachian State University Board of Trustees resulting from the resignation of Mr. Matthew Szulik. On behalf of the Committee, Mr. Lail recommended the appointment of Mrs. Carole Wilson to serve. The motion carried. There was a partial term ending June 30, 2016 on the State Advisory Council on Indian Education. The vacancy results from the resignation of Mr. Bill Brewington. On behalf of the Committee, Mr. Lail recommended the appointment of Dr. Heather Kimberly Dial Sellers of Apex to serve. The motion carried.

Chairman Hans noted the Committee had discussed a proposed adjustment to the 2014-15 Board of Governors meeting schedule. The adjustment would result in making a slight revision to *The Code of the UNC Policy Manual*. The proposed schedule would be brought before the Board for formal approval at its next meeting.

SPECIAL COMMITTEE ON MILITARY AFFAIRS

Mr. Trask, Chair of the Special Committee on Military Affairs, reported the Committee agreed to focus in three basic phases of the education process – direct education, distribution, and marketing. The direct education phase included the University’s residency proposal that was currently before the state legislature. The Committee would continue to work on procedural logistics for having the issue considered during the short session. The Committee would continue to monitor the bill before the U.S. Congress that would grant in-state tuition to all veterans

regardless of the state where they separated. The distribution phase included the discussion of the feasibility of on-site advisors on all military bases in the creation of a unified message and seamless experience for interested students. In the marketing phase, the members would create a plan to engage the entire Board along with President Ross in fundraising for the marketing program known as the *UNC Joining Forces* – an initiative to support North Carolina Military (see Appendix M).

CHAIRMAN'S REPORT

Chairman Hans provided a brief update on the Special Committee on Strategic Directions. The Special Committee meets on a quarterly basis to review the progress of the plan. At its meeting the previous day, Chief of Staff FitzGerald reviewed the status of all the projects and tasks contained within the plan and especially focused on the efforts that were supported by the \$3 million identified by the President and the Board. Steady progress has been made. The Committee discussed the process that would be used to update the plan that is referred to as a *living* document. When the Special Committee meets again in April, it will hear recommendations from the staff and suggestions from the Board related to the new or reshaped actions that support the high priority goals of the plan. The recommendations would be reflected in the budget priorities that the Board would consider at its meeting next month. The plan would include clear policies related to efficiency measurements and accountability that was already contemplated by the plan. Final updates would be made to the plan and brought before the Board in the near future. Chairman Hans encouraged everyone to review the updates made to the report and noted that the updates were produced and presented in a very professional manner.

Chairman Hans thanked Chancellor Miller for hosting the new members of the Board last month. Several new members and others had visited UNC Wilmington and the Center for Marine Science. Details regarding campus visits to Fayetteville State University and UNC Pembroke for the new members would be released soon.

The Board meeting next month would take place on the SAS campus in Cary. Following the regularly scheduled meeting on February 21, 2014, the Board will meet in joint session with the North Carolina Community College System Board to sign the Comprehensive Articulation Agreement. A working reception was scheduled on Thursday evening, February 20, 2014 with the Research Triangle Foundation. Mr. Bob Geolas, President and CEO of the Foundation, will

talk about an exciting new master redevelopment plan that is ongoing in the Research Triangle Park.

Chairman Hans shared a note that he received from Rep. Craig Horn. Representative Horn attended some of the previous day's Committee meetings and commented on how impressed he was with the level of commitment and engagement he witnessed among the members of the Board, the Chancellors and staff on the issues facing the University. He was confident that we were on the right track and the future of the University was bright. Chairman Hans echoed that sentiment.

Finally, Chairman Hans made a few announcements. Secretary Goodnight would spearhead an effort to review the School of Education departments across the University, working groups were formed with the HBU's Chancellors, and the University's research efforts in terms of intellectual properties and commercialization would be reviewed. He thanked the members of the Board for all their hard work and service.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported the Committee heard its fourth tutorial that focused on post-tenure review presented by Senior Vice President Ortega. The Committee recommended that the Committee appoint a working group to examine the post-tenure review process and provide recommendations to the Committee on ways that the process could be strengthened.

The Committee received the Report on Personnel Actions Delegated to the President. The Committee received a report on the University of North Carolina Performance Review of Tenured Faculty 2012-13 (see Appendix N).

Finally, Mr. Fennebresque commented that the Committee has spent a lot of time discussing post-tenure review. The main purpose of appointing a working group would be to assess the current status of post-tenure review across the University and to look at opportunities to rework the process to ensure rigor and consistency of the review process.

The next meeting of the Board of Governors was scheduled for Friday, February 21, 2014, on the SAS Campus, Building C, in Cary, NC. There being no further business, the meeting adjourned at 11:15 a.m.

Secretary

Appendix A	President Ross' Report	Posted Online
Appendix B	Sale of Special Obligation Bonds, UNCC	Posted Online
Appendix C	Authorization of New Capital Improvements Projects, NCSU, UNC-CH, and UNCC	Posted Online
Appendix D	Design Engineer Selection – HVAC System Improvements, Meredith Riggs Spangler Building	Posted Online
Appendix E	Policy on Tuition Surcharge	Posted Online
Appendix F	Nonresident Enrollment Pilot, NCA&T State University	Posted Online
Appendix G	Authorization to Plan New Master's Degree Programs: <ul style="list-style-type: none"> • Master of Fine Arts in Media Production, UNCG • Master of Fine Arts in Filmmaking, UNCSA 	Posted Online
Appendix H	Authorization to discontinue four degree programs, ECSU <ul style="list-style-type: none"> • Bachelor of Arts in Studio Art • Bachelor of Science in Marine Environmental Science • Bachelor of Science in Physics • Bachelor of Science in Geology 	Posted Online
Appendix I	Authorization to consolidate and rename the following, ECSU <ul style="list-style-type: none"> • School of Arts and Humanities and the School of Mathematics, Science and Technology into the School of Arts and Sciences • Change the name of the School of Education to the School of Education and Psychology 	Posted Online
Appendix J	University of North Carolina Fall 2013 Enrollment Report	Posted Online
Appendix K	University of North Carolina Intercollegiate Athletics Report 2012 – 2013	Posted Online
Appendix L	University of North Carolina 2014 Policy Agenda Proposals	Posted Online
Appendix M	<i>UNC Joining Forces</i> —an initiative to support North Carolina Military	Posted Online
Appendix N	University of North Carolina Performance Review of Tenured Faculty 2012-13	Posted Online