

Board of Governors Meeting
January 16, 2015
Chapel Hill, North Carolina

The Board of Governors met in regular session on January 16, 2015, at the Spangler Center in Chapel Hill. Chairman Fennebresque called the meeting to order at 9:00 a.m. He welcomed all the guests.

INVOCATION

Chairman Fennebresque called on Mr. Smith to give the invocation.

ROLL CALL

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

Roger H. Aiken	W. Edwin McMahan
W. Louis Bissette	Anna S. Nelson
John C. Fennebresque	Alex J. Parker
Hannah D. Gage	R. Doyle Parrish
Ann B. Goodnight	Joan Templeton Perry
H. Frank Grainger	Therence O. Pickett
Peter D. Hans	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	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
Mary Ann Maxwell	

The following members were absent:

Thomas J. Harrelson (excused)	Hari H. Nath (excused)
W.G. Champ Mitchell (excused)	

STATE ETHICS ACT

Chairman Fennebresque 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 Fennebresque 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. Smith moved, seconded by Mr. Bissette, that the minutes of the December 5, 2014, meeting be approved. The motion carried.

REMARKS BY GOVERNOR PAT MCCRORY

Chairman Fennebresque introduced The Honorable Governor McCrory. He invited the Governor to make some brief remarks. Governor McCrory spoke about his recent travel to Europe where the focus of the visit was to tout North Carolina's job-creating business opportunities, attracting international companies to our state, and how the University of North Carolina serves as a catalyst for opportunity and economic development in this effort.

Next, he mentioned that his new budget director, Lee Roberts, was off to a great start and the Governor was proud to have him serving in his administration. Mr. Roberts spoke at the Committee on Public Affairs meeting the previous day.

Governor McCrory spoke about venture capital investments in North Carolina. The state's goal is to be a part of the "national innovation Triangle" stretching from Silicon Valley to Boston to North Carolina. Our state has the raw materials and the tools to be a leader in innovation especially with the research conducted by our University and other private and public universities in North Carolina.

Last, Governor McCrory introduced his Chief of Staff, Thomas Stith. Mr. Stith was directing the Governor's Innovation-to-Jobs Initiative project. Mr. Stith, Vice President Brown, and Mr. Thorp, presented an overview of the project including the recommendations and research findings from the Governor's Innovation-to-Jobs Initiative Working Group (see Appendix A).

PRESIDENT ROSS' REPORT

President Ross stated there was a lot of work that lie ahead as we continue to implement the University's Five-Year Strategic Directions Plan. He announced the Board would convene a special Education Summit hosted by SAS Institute on January 27. The Board and staff would be travelling to other UNC campuses. This year, the Board will hold three regular meetings on the campuses – the February meeting at UNC Charlotte, the April meeting at East Carolina University, and the September meeting at UNC School of the Arts.

He very much appreciated the Governor attending today's meeting to speak about innovation and accelerate commercialization of discoveries through the marketplace. Our

University brings in over \$1.2 billion in external research funding. The University has made important discoveries, created spin-off companies, and these innovations drive our economic future. He stated that the University was eager to work with the Governor to do an even better job. For President Ross' complete report, please see Appendix B.

ADMINISTRATIVE ACTION ITEMS

Chairman Fennebresque called attention to the Administrative Action Items listed as Item #7 on today's agenda. Mr. Hinton moved, seconded by Mr. Powers, 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 Capital Improvements Projects – ASU, NCA&T, NCSU, UNC-CH and UNCP
- c. (B&F) Disposition by Lease – NCSU
- d. (B&F) Acquisition of Property by Lease – NCSU
- e. (GOV) The *Code*: Section 103. Equality of Opportunity in the University
- f. (GOV) The *Code*: Section 604B. Appointment, Nonreappointment and Requirements of Notice and Review for Tenure Track Faculty
- g. (GOV) UNC Policy 300.2.14 – *Non-Salary and Deferred Compensation*
- h. (GOV) UNC Policy 700.4.2 – *Policy on Student Conduct*

REPORT OF THE AUDIT COMMITTEE

Mr. McMahan, Chair of the Audit Committee, introduced Ms. Joyce Boni, the new Chief Audit Officer for UNC General Administration. Ms. Boni received her undergraduate and master's degrees in accounting from Appalachian State University. She is a CPA and previously worked in the N.C. Office of State Auditor. The Committee heard an overview by Vice President Sanders on the work being done by Compliance and Audit Services. Mr. McMahan commended Vice President Sanders and her team on the remarkable work they have done and continue to do.

Since the last Board meeting, the Office of the State Auditor released eight financial statement audit reports for the fiscal year ending June 30, 2014. The reports were issued for Elizabeth City State University, NC A&T State University, North Carolina Central University, UNC Charlotte, UNC Greensboro, UNC Pembroke, UNC Wilmington, and Winston-Salem State University. All reports issued found no audit findings. Congratulations to those campuses.

REPORT OF THE BUDGET AND FINANCE COMMITTEE

Mr. Smith, Chair of the Budget and Finance Committee, reported on two items. The Committee discussed a proposed system-wide campus security fee. The Committee decided not to take any action on the proposed fee at this time while work continued on determining a funding solution for the key recommendations identified in the Campus Security Initiative Report.

The Committee heard a presentation on Tuition and Fee proposals as submitted by the campuses for 2015-16 and 2015-17. Notebooks with all tuition and fee requests including supporting materials were distributed to the Board. Mr. Smith announced that an interim meeting would be scheduled prior to the February Board meeting to discuss the proposals. All members will be notified of the interim meeting, and they are encouraged to attend.

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. The Committee heard a presentation from three UNC Pembroke students, Samantha Malpass, Ethan Byrd, and Frank James. The students were introduced by Provost Kitts. They spoke about student success programs offered at UNC Pembroke. The programs include the Transfer Transition Office that is committed in assisting with transfer related needs and resources; the Honing Academic With Knowledge (H.A.W.K.) – a program designed to identify students who are having academic difficulty at any point in their academic career; and revisions to the New Student Orientation program that assists students in making a successful academic and social transition into the University community.

Next, the Committee reviewed Appalachian State University's request for authorization to establish a Master of Science in Nursing (M.S.N.) degree program (see Appendix K). This is an online program that builds upon the success of their online RN-BSN programs.

On behalf of the Committee, Mr. Souza moved approval of the recommendation to establish the above program. The motion carried.

Vice President Dixon provided a report on UNC Policy 700.7.1 – *Military Student Success* (see Appendix L). Technical corrections were necessary to reflect changes made to the policy and regulations related to UNC Policy 700.1.1 – *Minimum Requirements for First-time Undergraduate Admissions* (see Appendix M). Additional language was amended to be in compliance with the Veterans Access, Choice and Accountability Act 2014.

On behalf of the Committee, Mr. Souza moved that the revisions to UNC Policy 700.7.1 – *Military Student Success* and UNC Policy 700.1.1. – *Minimum Requirements for First-time Undergraduate Admissions Minimum Course Requirements* be approved. The motion carried.

Associate Vice President Henz presented The University of North Carolina Intercollegiate Athletics Report 2013-2014 (see Appendix N). The report includes information about admission of students, programs of study chosen by student-athletes, academic progression and promotion, and implementation of the new academic and financial regulations. The report indicates that the University's student-athletes are performing well academically based on 2013 NCAA and UNC Academic metrics.

Vice President Dixon provided a report on the UNC Academic Summer Bridge Program (see Appendix O). The program has been in existence since 2008 with five universities providing a rigorous summer programs specifically designed for first-generation, underserved students to assist them with transitioning from high school to the University setting.

The Committee received a report from Associate Vice President Henz on The University of North Carolina Enrollment Report Fall 2014 (see Appendix P). The report presents trends in enrollment across the system that focuses on total headcount. Overall headcount enrollment increased slightly over the prior year, however, Master's level enrollment decreased for the fifth consecutive year, driven largely by declines in the Education field of study. Vice President Chapman provided a brief overview of Education enrollments. The total minority enrollment and transfer student enrollment had increased and 86 percent of the first-time, full-time students enrolling in Fall 2014 were in-state students. The report included new information about enrollment in online learning. Last year, 39 percent of all UNC students took at least one online course and 9 percent took exclusively online courses.

Vice President Rascoff led a discussion on the University's learning innovation goals and assessment of its progress. The University has made progress in serving non-traditional student populations with more flexible online programs. Progress has been made to ensure the programs are using the best tools and pedagogical approaches available.

Vice President Dixon presented a draft report of the Bilateral Agreement Study. The Board of Governors and the State Board of Community Colleges were asked to study various bilateral agreements and partnerships that exist between their institutions throughout the state. The report will be submitted to the legislature later this month.

Mr. Souza asked Mrs. Goodnight to provide an update pertaining to the upcoming Education Summit scheduled for January 27 on the SAS Institute campus. Mrs. Goodnight reported that in January 2014, the Board of Governors Working Group on Teacher Quality was formed with the charge from former Chairman Hans to review teacher quality and preparedness across our state. The group was chaired by Mrs. Goodnight and the other members consisted of Ms. Gage, Mr. Long, and Mrs. Wiley. Vice President Chapman served on the working group and provided much oversight and coordination with the group's activities. The group met with the 15 UNC Schools of Education deans, legislators, school superintendents and other school administrators from across the state to gather information and feedback. The group was prepared to present its key recommendations and findings at a special meeting of the Board of Governors Education Summit scheduled for January 27th. Mrs. Goodnight encouraged all the members to attend.

Finally, Mr. Souza announced that a Subcommittee was formed to review UNC international efforts. Ms. Maxwell will chair the Subcommittee and Mr. Nath and Mr. Hood will serve as members. They will work with closely with Vice President Boney on this issue.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Holmes, Chair of the Committee on Public Affairs, reported that Mr. Lee Roberts, North Carolina's State Budget Director, provided an overview on the current economy forecast and the budget process. Vice President Rhinehardt presented a preview of items from the Federal Agenda, which will be considered at the February meeting. Vice President Brown gave an advanced preview of the Innovations-to-Jobs Initiative presentation that the full Board viewed earlier today (see Appendix A).

Mr. Holmes commented on the Board of Governors Working Group on Centers and Institutes. He announced that the Working Group would present its report at next month's meeting.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mrs. MacNeill, Chair of the Committee on University Governance, reported the Committee continued its discussion on the Chancellor Selection process. It reviewed all the feedback which was incorporated into a draft document of the framework for the Chancellor Selection process. A final proposed document will be presented at the next meeting. The Committee considered a policy identifying duties, responsibilities and expectations of members

of the Board of Governors and the Board of Trustees. The policy would be used for preparing new members for their roles. The Committee will present a proposed policy at the next meeting.

Next, Mrs. MacNeill commented on the Trustee Selection process. She thanked the members who have given input and nominations into the pool.

There was a term ending September 30, 2015 on the UNC Health Care System Board of Directors due to the resignation of Mr. John Lassiter. On behalf of the Committee, Mrs. MacNeill recommended the appointment of Mr. Dale Jenkins to fill the vacancy. The motion carried. There are two vacancies on the Vidant Health Medical Center beginning March 1, 2015. On behalf of the Committee, Mrs. MacNeill recommended the reappointments of Mr. Arthur H. Keeney, III and Dr. Peter Jacobson to serve. The motion carried.

Last, Mrs. MacNeill thanked the members who participated in the campuses winter commencement ceremonies and brought greetings on behalf of the Board of Governors.

REPORT OF THE SPECIAL COMMITTEE ON STRATEGIC DIRECTIONS

Mr. Hans, Chair of the Special Committee on Strategic Directions, reported the Committee had a very productive meeting. He referred to the Strategic Plan's Interim Report 2015 that was distributed to the Board and the Chancellors. The report describes many of the accomplishments that have occurred since the Plan was approved by the Board in 2013. He thanked President Ross and his staff for their tremendous leadership with the Plan. He thanked the Chancellors, faculty and campus leaders for all their efforts. He acknowledged that the savings requirements of the Plan have been met each year and the Plan's projects are carefully managed through existing resources. Mr. Hans stated that the Committee was hopeful that the legislature would continue to back the University's efforts to increase educational attainment, academic quality and enhance our service to North Carolina.

Mr. Hans noted that a briefing on the UNC Center for Public Television (UNC-TV) will be made during the campus visit today. UNC-TV has developed an exciting vision for this important University asset. He thanked Mrs. Gage, Mr. Grainger, and Mr. Hinton for their contributions to this effort.

The Committee reviewed and approved two additions and four modifications to the plan. The plan calls for periodic changes throughout. Mr. Hans provided an overview of the additions and modifications to the Plan, which are described in the Recommended Plan Revisions per Appendix Q.

Vice President Rascoff provided an interesting presentation on the work underway to leverage and expand the University's existing e-learning platforms. The current plan would be rewritten in a unified manner and include specific strategies and objectives in the areas of marketing/partnerships, student services, faculty development, research and development, and policy. Mr. Hans commented on the Employer Survey action item. The item was recast to focus on gathering quantitative measures from businesses to gain feedback on how our graduates are faring in the workplace and finding ways to better prepare graduates for the workplace.

Finally, Mr. Hans stated the verbiage associated with the financial aid information review action item would be revised in order to account for a technical correction that complies with the U.S. Department of Education.

On behalf of the Committee, Mr. Hans moved approval of the Strategic Directions Plan with the changes described above. The motion carried.

CHAIRMAN'S REPORT

Chairman Fennebresque commented that the Education Summit was an important event. The purpose of the event was to learn and look at best practices to make the University system the best in preparing our teachers. He thanked Mrs. Goodnight and Vice President Chapman for their hard work in this effort and planning the Summit.

Last, Chairman Fennebresque made the following announcements. The new members would visit the UNC Center for Public Television this afternoon. The next meeting of the Board is scheduled for Friday, February 27, 2015 at UNC Charlotte. Campus tours were scheduled for the North Carolina Research Campus in Kannapolis on Wednesday, February 25 and UNC Charlotte the following day. He encouraged all the members to attend.

On motion by Secretary Perry 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 11:55 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Sywassink, Chair of the Committee on Personnel and Tenure, reported the Committee heard a presentation from Senior Vice President and Chief Operating Officer Perusse on the personnel and student ratios across the University of North Carolina. Over a ten-year period, the data reflected that the UNC System has seen a 21% increase in positions and student enrollment increased relative to the increase in positions. Over the same period, degrees have increased by 46%, outpacing increases seen in other areas. The increase in EPA faculty positions mirrors the increases in degrees and student full time equivalent. SPA staff positions have been flat over the ten-year period and the ratio of EPA to SPA staff has decreased. The presentation illustrated the UNC system's spending on institutional support is lower than our peer institutions.

Next, the Committee considered a recommendation to authorize the President to approve an amendment to the Employment Agreement for Dr. William L. Roper as the Chief Executive Officer of the UNC Health Care System (UNCHCS). This will allow the UNCHCS' Compensation Committee to approve contributions to the Healthcare 457(f) plan for the term of the agreement.

On behalf of the Committee, Mr. Sywassink moved the Board accept the recommendation. The motion carried.

Senior Vice President Arden presented an informational report on the Personnel Actions Delegated to the President. The Committee appointed a Faculty Appeal Subcommittee. The Committee recognized that this was the last meeting for Senior Vice President Arden and Vice President Fleming. He thanked them for their tremendous contributions.

Chairman Fennebresque referred to the Employment Contract for President Ross. A motion was made and seconded to approve the contract. Mr. Kotis voted against the motion based on the process, timing, and lack of time for certain Board members to review the materials. The motion carried.

The next meeting of the Board of Governors was scheduled for Friday, February 27, 2015, at UNC Charlotte. There being no further business, the meeting adjourned at 12:05 p.m.

Secretary

APPENDICES

(All Appendices are a part of the official record of the meeting)

Appendix A	Governor's Innovation-to-Jobs Initiative Presentation	Posted Online
Appendix B	President Ross' Report	Posted Online
Appendix C	Sale of Special Obligation Bonds, UNCC	Posted Online
Appendix D	Authorization of Capital Improvements Projects, ASU, NCA&T, NCSU, UNC-CH and UNCP	Posted Online
Appendix E	Disposition by Lease, NCSU	Posted Online
Appendix F	Acquisition of Property by Lease, NCSU	Posted Online
Appendix G	The <i>Code</i> : Section 103. Equality of Opportunity in the University	Posted Online
Appendix H	The <i>Code</i> : Section 604B. Appointment, Nonreappointment and Requirements of Notice and Review for Tenure Track Faculty	Posted Online
Appendix I	UNC Policy 300.2.14 – <i>Non-Salary and Deferred Compensation</i>	Posted Online
Appendix J	UNC Policy 700.4.2 – <i>Policy on Student Conduct</i>	Posted Online
Appendix K	Authorization to establish a Master of Science in Nursing, ASU	Posted Online
Appendix L	UNC Policy 700.7.1 – <i>Military Student Success</i>	Posted Online
Appendix M	UNC Policy 700.1.1 – <i>Minimum Requirements for First-time Undergraduate Admissions</i>	Posted Online
Appendix N	The University of North Carolina Intercollegiate Athletics Report 2013-2014	Posted Online
Appendix O	UNC Academic Summer Bridge Program	Posted Online
Appendix P	The University of North Carolina Enrollment Report Fall 2014	Posted Online
Appendix Q	UNC Strategic Directions Plan 2013-2018 Recommended Plan Revisions	Posted Online