Board of Governors Meeting

May 22, 2015

Chapel Hill, North Carolina

The Board of Governors met in regular session on May 22, 2015, at the Spangler Center in Chapel Hill. Chairman Fennebresque called the meeting to order at 9:00 a.m. He welcomed the guests.

INVOCATION

Chairman Fennebresque called on Mr. Lail 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 W.G. Champion Mitchell (by phone)

John C. Fennebresque Hari H. Nath Hannah D. Gage Anna S. Nelson

Ann B. Goodnight

H. Frank Grainger

Tommy J. Harrelson

Henry W. Hinton

Rodney E. Hood

R. Doyle Parrish (by phone)

Joan Templeton Perry

Therence O. Pickett

David M. Powers

Robert S. Rippy

Zack H. King

W. Marty Kotis III

G. Leroy Lail

Scott K. Lampe

Scott K. Lampe

Robert S. Rippy

J. Craig Souza

G.A. Sywassink

Richard (Dick) Taylor

Raiford G. Trask III

Steven B. Long

Phillip D. Walker

Joan G. MacNeill Laura I. Wiley (by phone)

Mary Ann Maxwell

The following members were absent:

James L. Holmes, Jr. Harry L. Smith, Jr.

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, he 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. Kotis and Mr. Long abstained from specific items as duly noted under the Administrative Action Items section.

MINUTES

Mr. Grainger moved, seconded by Mr. Souza, that the minutes of the April 10, 2015, meeting be approved. The motion carried.

ADMINISTRATION OF THE OATH OF OFFICE

Mr. Zack King, student at North Carolina State University, was recently elected to serve as President of the University of North Carolina Association of Student Governments (UNCASG). In this capacity, Mr. King would become an *ex officio* member of the Board of Governors. He is a former student body president at NC State University and a Caldwell Fellow. Chairman Fennebresque called on the Honorable Judge Wanda Bryant to administer the oath of office. Chairman Fennebresque stated that it was an honor and delight to have Judge Bryant with us to administer the oath office to our newest member of the Board. Mr. King was officially sworn in as the *ex officio* member of the Board of Governors.

UNIVERSITY REPORT

Senior Vice President Gonzales provided an abbreviated report on behalf of President Ross, who was recovering from shoulder surgery. On behalf of President Ross, Senior Vice President Gonzales thanked the retiring members of the Board for their service, support and hard work. Next, Dr. Gonzales acknowledged the new members, who were in attendance and he welcomed Mr. Zack King, the new student member of the Board. He recognized the Chancellors and called attention to a few milestones and campus achievements that have occurred since the last meeting. He recognized two of our campus leaders who will step down next month – Chancellor Kyle Carter of UNC Pembroke and Chancellor Linda Brady of UNC Greensboro. He thanked them for their outstanding service and congratulated them on their retirements. He recognized Chancellor Sederburg, who served as chancellor at UNC Wilmington for the past year while a search was ongoing for a permanent leader. Chancellor Sederburg will step down next month. He thanked Chancellor Sederburg for his outstanding service. For Senior Vice President Gonzales' complete report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Fennebresque called attention to the Administrative Action Items listed as Item #7 on today's agenda. Mr. Kotis abstained from Administrative Action Item 7a – *Internal Audit Charter Revision*. Mr. Long abstained from Administrative Action Items 7c – *Sale of Special*

Obligation Bond Maturity Date Modification – UNC-CH; Item 7e – Refinancing of Housing Foundation Indebtedness – UNCSA; and Item 7f – Authorization of Capital Improvements Projects – ECU, NCCU, NCSU, UNC-CH, UCCC, UNCG, UNCW, and WCU. Mr. Taylor moved, seconded by Mr. Walker, that the Administrative Action Items be approved by consent. The motion carried.

a. (AUDIT) Internal Audit Charter Revision Authorization of Delegated Authority – Allocation of Funds b. (B&F) c. (B&F) Special Obligation Bond Maturity Date Modification – UNC-CH d. (B&F) Loan Agreement - UNCP e. (B&F) Refinancing of Housing Foundation Indebtedness - UNCSA Authorization of Capital Improvements Projects – ECU, NCCU, NCSU, f. (B&F) UNC-CH, UNCC, UNCG, UNCW, and WCU g. (B&F) Disposition of Property by Easement and Right-of-Way – ECU h. (B&F) Proposed Waiver of Potential Conflict of Interest i. (EPPP) Request for approval of licensure for the following degree program South University at its High Point campus: • Doctor of Business Administration (D.B.A) j. (BOG) Resolution Honoring Ann B. Goodnight k. (BOG) Resolution Honoring Thomas J. Harrelson 1. (BOG) Resolution Honoring G. Leroy Lail m. (BOG) Resolution Honoring W. Edwin McMahan n. (BOG) Resolution Honoring Hari H. Nath Resolution Honoring Alex J. Parker o. (BOG) Resolution Honoring Dick Taylor p. (BOG) q. (BOG) Resolution Honoring Raiford G. Trask III r. (BOG) Resolution Honoring Phillip D. Walker s. (BOG) Resolution Honoring Robert J. Nunnery

REPORT OF THE AUDIT COMMITTEE

Mr. McMahan, Chair of the Audit Committee, reported the Committee reviewed ten campus audits released by the Office of the State Auditor, including one financial statement audit and nine statewide federal compliance audits. Six campus audits reported one or more findings. The Chancellors and representatives from each campus that reported audit findings were present at the meeting. Campuses are taking corrective action and implementing controls to prevent future issues. The Chief Audit Officer at each campus will follow up on the findings and will report the progress to UNC General Administration Compliance & Audit Services.

Next, the Committee was presented with updates to the Internal Audit Charter (see Appendix B). The Committee voted to approve the updates. The Internal Audit Charter Revision was approved and placed on today's Board of Governors consent agenda.

Senior Vice President and General Counsel Shanahan provided the Committee an update on the work being done at UNC General Administration to establish a risk management and compliance program. The work included identifying the top ten risks facing the University, formalizing revisions and responsibilities, and populating a compliance calendar.

In closing, Mr. McMahan thanked Ms. Sanders, Ms. Boni, and Mr. Shanahan and others on the great work they provided to the support of the Audit Committee.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Lampe, Vice Chairman of the Committee on Budget and Finance, reported that the Committee reviewed and approved the items that were placed on today's Board of Governors consent agenda.

The Committee discussed the status of the proposed Operating and Capital Budgets. The House budget had passed very early that morning; some highlights of the budget included an overall increase of five percent in the 2015-16 fiscal year including full enrollment growth funding, \$4 million for Elizabeth City State University transition, \$8 million for East Carolina University's Brody Medical School, a two percent salary increase for teachers and state employees, and an \$8 million management flexibility reduction this fiscal year as well as \$18 million in the next fiscal year. The Committee also discussed performance metrics in development that would be used to gauge success in achieving the goals and objectives of the University such as financials, student success, and retention.

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 presentations by Elizabeth City State University students – Mr. Tylor Pryor and Ms. Alanna Johnson – who spoke about their experiences with the Aviation Science Program.

Next, he reported on the following academic degree programs. UNC-Chapel Hill requested authorization to establish a Master of Arts in Educational Innovation, Technology and Entrepreneurship (see Appendix U).

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

The Committee considered 13 requests for authorization to discontinue programs (see Appendix V). The programs include four at Appalachian State University – B.S. in Health Education, Secondary Education, B.A. in Appalachian Studies, B.S. in Business Education, B.S. in Child Development: Birth-Kindergarten; one program at East Carolina University – B.A. in Hispanic Studies; one program at UNC-Chapel Hill – M.S. in Oral and Maxillofacial Surgery; and seven programs at UNC Greensboro – M.S. in Student Counseling, M.S. in Student Development in Higher Education, Ed.S. in School Counseling, Ed.S. in Student Development in Higher Education, Ed.D. in School Counseling, Ed.D. in Student Development in Higher Education, and Ed.D. in Community Counseling.

On behalf of the Committee, Mr. Souza moved approval of the discontinuation of the 13 above programs. The motion carried.

The Committee heard a presentation of the 2014 University of North Carolina Academic Degree Program Productivity Review (see Appendix W). Mr. Souza distributed a handout that explains the process and outlines the elements of the review.

On behalf of the Committee, Mr. Souza moved the approval of the 2014 University of North Carolina Academic Degree Program Productivity Review and the discontinuation of the 46 programs. The motion carried.

As a result of the Academic Degree Program Productivity Review, two campuses requested authorization to consolidate undergraduate degree programs into a single degree program as follows: 1) East Carolina University's request to consolidate the B.A. in French, B.S. in French, French Language, B.A. in German, B.S. in German, German Language, B.A. in Hispanic Studies and B.S. in Hispanic Studies, Spanish Language into a B.A. in Foreign Languages and Literatures and 2) Appalachian State University's request to consolidate the B.S. in Business Education, B.S. in Family and Consumer Sciences, Secondary Education, and the B.S. in Technology Education into a B.S. in Career and Technical Education (see Appendix X).

On behalf of the Committee, Mr. Souza moved approval of the consolidation of the above degree programs at ECU and ASU. The motion carried.

Next, the Committee heard an update from the Subcommittee on International Programs, chaired by Ms. Maxwell along with Mr. Nath and Mr. Hood. The Subcommittee was tasked with reviewing the *UNC Global Connections* report that was presented in November 2014 and to make recommendations on which priority items to start moving forward. The Committee made the following four recommendations: 1) to pause in implementing the recommendation referenced in the *Our Time Our Future* report; 2) that UNC General Administration convene

with UNC campuses a conference focused on assisting campuses in expanding global certificate programs; 3) that UNC General Administration explore with UNC campuses developing a shared service approach to international student recruitment; and 4) that UNC endorse efforts by the Center for International Understanding to work with a variety of partners to develop a statewide strategic plan for internationalization.

On behalf of the Committee, Mr. Souza moved that the Board accept the recommendations of the Subcommittee on International Programs. The motion carried.

The Advising Subcommittee chaired by Dr. Perry along with Mr. Hood, Ms. Maxwell, Mrs. Nelson, and Mr. Parrish, met earlier this week. The Subcommittee will work with the campuses to create a committee on each campus to discuss ways to improve and promote student retention and success.

Mr. Souza reported the Committee previewed an impressive demonstration by Vice President Chapman on the Teacher Quality Dashboard – an interactive online tool for viewing and analyzing data reflecting the University's progress towards the goal of augmenting the quantity and quality of public school educators in North Carolina. The online tool was developed in close collaboration with SAS as part of the recommendations from the Board of Governors Subcommittee on Teacher and School Leader Quality.

Finally, Mr. Souza announced that a Working Group was formed that will focus on online learning for part-way home students – individuals with some college credit, but no degree. The Working Group will be chaired by Mr. Kotis along with Mrs. Gage, Ms. Nelson, Mr. Parrish, Chancellor Everts and Chancellor Martin.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Powers, Member of the Committee on Public Affairs, reported the Committee welcomed Senator Chad Barefoot to its meeting the previous day. Senator Barefoot offered his thoughts on the role of the UNC system and the state's economy. He shared insights into legislation that he worked on this session involving the University. The Committee thanked him for attending its meeting.

Next, Associate Vice President Kappler provided an update on the State House budget that was currently being debated. The House budget proposal makes several key investments in the University North Carolina and its people including salary increases for University employees, enrollment growth funding, funds for the Brody School of Medicine and Elizabeth

City State University, in-state tuition for veterans, additional resources to support game-changing research and funding to help bring new discoveries to the marketplace. Discussion regarding a bond package was ongoing. The Committee thanked our state legislators for their support.

Mr. Powers thanked Vice President Moretz and Associate Vice President Kappler for their outstanding work.

Last, the Committee heard an update from Vice President Rhinehardt on the research being done that calculates the amount of universities budgets dedicated to federal regulatory compliance, which is approximately eight percent. This is a significant driver of the cost of higher education. The Committee would address this issue with our state legislatures as well as the North Carolina Congressional Delegation. He thanked the retiring members and Chancellors Carter and Brady for their service on the Committee.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mrs. MacNeill, Chair of the Committee on University Governance, reported the Committee has completed the 2015 Trustee Selection process. The Committee reviewed recommended slates for ten campuses – Fayetteville State University, North Carolina A&T State University, North Carolina Central University, North Carolina State University, North Carolina School of Science and Math, UNC Asheville, UNC-Chapel Hill, UNC Greensboro, UNC Wilmington, and UNC School of the Arts (see Appendix Y).

There are three positions on the North Carolina Arboretum Board of Directors for the term 2015-2019. Two current Board of Directors members – Dr. David Belcher and Mr. Dumont Clarke IV – are eligible for reappointment. Mr. Jack F.A.V. Cecil is not eligible for reappointment. Dr. William Sederburg has been recommended to fill the position. On behalf of the Committee, Mrs. MacNeill recommended that the Board accept the reappointments of the two current members, Dr. Belcher and Dr. Clarke, and the appointment of Dr. Sederburg. The motion carried.

In closing, Mrs. MacNeill thanked the members who participated in the campus spring commencement ceremonies. She thanked the departing members for their service to the Committee as well as Chancellor Carter and Chancellor Brady.

REPORT OF THE SPECIAL COMMITTEE ON MILITARY AFFAIRS

Mr. Trask, Chair of the Special Committee on Military Affairs, provided an update on UNC SERVES – UNC Systemwide Evaluation & Recommendation for Veterans Education and

Service. He shared a short video highlighting the key aspects of the program. Mr. Trask thanked Mrs. Maxwell and those from UNC-TV, who produced the film. He called on Chancellor Folt for some brief remarks. Chancellor Folt spoke about the importance of student veterans and how UNC-Chapel Hill and the University as a whole is dedicated to helping veterans and military-affiliated students achieve their educational aspirations. Mr. Trask thanked all the Chancellors for their commitment to our military and veterans.

CHAIRMAN'S REPORT

Chairman Fennebresque recognized the retiring members of the Board and presented the members with an engraved bronze medallion and a resolution honoring each member's service. The retiring members consisted of Mrs. Ann Goodnight, Mr. Leroy Lail, Mr. Tommy Harrelson, Mr. Leroy Lail, Mr. Ed McMahan, Mr. Hari Nath, Mr. Alex Parker, Mr. Dick Taylor, Mr. Raiford Trask, and Mr. Phil Walker.

Next, Chairman Fennebresque made the following announcements. The Chairman will appoint members to the standing committees in the next few weeks. Board members will also be assigned to the Audit Committee and the Committee on Public Affairs. He asked the members to complete the Standing Committee Preference form. Regarding the Presidential Search, a signup sheet was circulated with the list of regional input sessions. He asked the members to indicate which sessions they plan to attend. He encouraged the members to attend at least one session. There will be a special meeting of the Board on Friday, May 29 to select a consultant to assist with the search.

Chairman Fennebresque recognized Mr. Hood. Mr. Hood made notice of the Governor James E. Holshouser, Jr. Award for Excellence in Public Service. He reminded the Chancellors that the nominations for the award are due by June 24; he strongly urged all the chancellors to submit a nominee on part of their campus. The goal is to have 100 percent participation. The committee will make a recommendation at its August meeting and the award will be presented in the Fall.

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

The Board went into closed session at 10:50 a.m. and returned to open session at 11:30 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Sywassink, Chair of the Committee on Personnel and Tenure, reported the Committee heard an update from Senior Vice President Gonzales on the status of recruitment for the position of Assistant Vice President for Academic & University Programs and for the position of Vice President for Academic Planning & Assessment. Searches for these positions were underway. Mr. Sywassink remarked that he along with Senior Vice President Gonzales and Vice President Brody would identify potential informational topics to be discussed during next year's committee meetings.

Vice President Brody reported that a new executive director position would be established in Human Resources to focus on the area of compensation in order to better serve the campuses and the Board. This action was taken, in part, due to the recent NC GEAR study – North Carolina Government Efficiency and Reform. UNC General Administration Human Resources is working on proposed changes to the methodology used in developing the annual EPA Senior Officers Tier I and Tier II salary ranges. More information on these proposed changes will be brought to the next meeting. Next, Vice President Brody requested that the Committee schedule a teleconference meeting during the summer in order to be able to preapprove time sensitive campus salary increase requests in a timely manner. The campuses were directed to hold off on submitting nonessential and discretionary salary increases until the 2015-16 EPA salary guidelines are approved by the Committee and released by the President, which will occur after the state budget is enacted.

Next, Vice President Brody informed the Committee that the campuses have been reminded of their responsibility to ensure that appropriate procedures are in place to remove temporary increases from employees once their temporary assignments or duties have been concluded. An online certification process is being conducted to ensure compliance in this area by all 17 campuses. In addition, the Committee received a recommendation from the President to make one change to the campus groups as identified in the Buck Consultants Report. He recalled that the Board approved the consultant's report last month. The report organized campuses into four salary groups. The President recommended that UNC Greensboro be moved from the second grouping of constituent institutions to the third grouping for purposes of executive compensation. The Committee voted to accept the President's recommendation.

On behalf of the Committee, Mr. Sywassink moved that the Board accept the President's recommendation to move UNC Greensboro to the third group as described above. The motion carried.

The Committee asked Senior Vice President Gonzales and Vice President Brody to ensure that the constituent institutions are on track to implement the appropriate changes to the post-tenure review process starting July 1, 2015. The Committee received the informational report on Personnel Items Delegated to the President.

Prior to the next agenda item, Chairman Fennebresque recognized a special guest. The Honorable Rep. Tim Moore, NC Speaker of the House, attended part of today's meeting. Chairman Fennebreque thanked him for his continued support of the University.

ELECTION OF A CHANCELLOR

Senior Vice President Gonzales remarked that President Ross sends his best wishes and regrets missing an important event in the life of the UNC System. Dr. Gonzales stated that he was privilege to nominate a candidate for Chancellor at the University of North Carolina at Greensboro (UNC Greensboro) on the President's behalf.

He expressed his sincere thanks to Acting Chancellor Dana Dunn for the leadership she has demonstrated at UNC Greensboro in recent months. The campus has been in very capable hands and we owe her our deepest gratitude.

It was with great pride that Dr. Gonzales recommended to the Board a collaborative, creative, entrepreneurial new leader for the University of North Carolina at Greensboro. He reported that Mrs. Susan Safran, Chair of the Board of Trustees, also served as Chair of the Search Committee. He asked Mrs. Safran to provide a brief summary of the search process.

Mrs. Safran remarked that this was an exciting day in the life of UNC Greensboro. Last October when Chancellor Brady announced her plans to retire in the spring, President Ross asked Mrs. Safran to form a search committee that would be comprised of faculty members, alumni, students, staff, and representatives of the community. The search committee was comprised of 24 members. She recognized the members of the search committee and thanked them all their hard work. She also recognized several of the Board of Trustees members.

Mrs. Safran explained that the Search Committee convened on December 2, 2014, when President Ross charged the committee. R. William Funk & Associates assisted with the search to help recruit and evaluate candidates. Several public forums were held on campus, in the community and across the state to gather input from students, faculty staff, alumni and the community leaders. The committee received very good feedback and input. It carefully

reviewed all the information and developed a leadership profile to help identify the characteristics that UNC Greensboro required in its next chancellor. The Search Committee received 51 applicants. Ten candidates were invited for the initial interviews and five were invited back to meet with constituents on the campus. Three candidates were recommended to the Board of Trustees and those names were forwarded to President Ross. Mrs. Safran thanked Secretary of the University Ann Lemmon and her assistant, Ms. Debbie Robertson, for their tremendous support during the search process.

Senior Vice President Gonzales recommended the selection of Dr. Franklin D. Gilliam, Jr., as the next Chancellor for UNC Greensboro. Dr. Gilliam serves as Dean of the Luskin School of Public Affairs at the University of California, Los Angles (UCLA). In nominating him, Senior Vice President Gonzales remarked that Dr. Gilliam's stellar career spans three decades. He has distinguished himself as a faculty member, researcher and a top-notch administrator. Dr. Gilliam has taught and held senior leadership positions at respected universities. At each step along the way, he has proven himself to be an effective leader who promotes openness and collaboration, strategic thinking and creative problem solving, and real-life commitment to academic excellence and community partnership. Dr. Gilliam will be a great leader for UNC Greensboro with his wealth of talent, passion and commitment.

On behalf of President Ross, Dr. Gonzales recommended the election of Dr. Franklin D. Gilliam, Jr., as chancellor of UNC Greensboro effective September 15, 2015. Mr. McMahan moved to accept the recommendation of President Ross and elect Dr. Franklin D. Gilliam, Jr., as Chancellor of the University of North Carolina at Greensboro. Mr. Hood seconded the motion and it carried. Chairman Fennebresque introduced Dr. Franklin Gilliam and asked him to make some brief remarks. In accepting the position, Dr. Gilliam thanked the members of the Board, President Ross, Dr. Gonzales, members of the Search Committee, and Acting Chancellor Dunn. He recognized his wife, Jacquie, and their children, Ariel and Trey. Dr. Gilliam stated he looked forward to this exciting opportunity and noted that Greensboro is a warm and lovely city and that he and his family look forward to calling it home. For or Dr. Gilliam's complete remarks, please see Appendix Z.

There being no further business, the meeting adjourned at 12:10 p.m.

Secretary

APPENDICES

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

Appendix A	Senior Vice President Gonzales' University Report	Posted Online
Appendix B	UNC GA Office of Internal Audit Charter Revision	Posted Online
Appendix C	Authorization of Delegated Authority – Allocation of Funds	Posted Online
Appendix D	Special Obligation Bond Maturity Date Modification – UNC-CH	Posted Online
Appendix E	Loan Agreement – UNCP	Posted Online
Appendix F	Refinancing of Housing Foundation Indebtedness – UNCSA	Posted Online
Appendix G	Authorization of Capital Improvements Projects – ECU, NCCU	Posted Online
	NCSU, UNC-CH, UNCC, UNCG, UNCW, and WCU	
Appendix H	Disposition of Property by Easement and Right-of-Way – ECU	Posted Online
Appendix I	Proposed Waiver of Potential Conflict of Interest	Posted Online
Appendix J	Request approval of licensure for the following degree program	Posted Online
	South University at its High Point Campus	
	• Doctor of Business Administration (D.B.A)	
Appendix K	Resolution Honoring Ann B. Goodnight	Posted Online
Appendix L	Resolution Honoring Thomas J. Harrelson	Posted Online
Appendix M	Resolution Honoring G. Leroy Lail	Posted Online
Appendix N	Resolution Honoring W. Edwin McMahan	Posted Online
Appendix O	Resolution Honoring Hari H. Nath	Posted Online
Appendix P	Resolution Honoring Alex J. Parker	Posted Online
Appendix Q	Resolution Honoring Dick Taylor	Posted Online
Appendix R	Resolution Honoring Raiford G. Trask III	Posted Online
Appendix S	Resolution Honoring Phillip D. Walker	Posted Online
Appendix T	Resolution Honoring Robert J. Nunnery	Posted Online
Appendix U	Request for Authorization to establish a Master's of Arts in Edu.	Posted Online
	Innovation, Technology and Entrepreneurship – UNC-CH	Posted Online
Appendix V	Requests for Authorization to Discontinue four degree programs	Posted Online
	at ASU, one degree program at ECU, one degree program at	
	UNC-CH and seven degree programs at UNCG	
Appendix W	2014 University of North Carolina Academic Degree Program	Posted Online
	Productivity Report	
Appendix X	Requests for Authorization to consolidate undergraduate degree	Posted Online
	one a single degree program – ECU and ASU	
Appendix Y	2015 Trustee Selection slate	Posted Online
Appendix Z	Remarks by Chancellor-Elect Franklin D. Gilliam, Jr. – UNCG	Posted Online