

Board of Governors Meeting

April 15, 2016

Chapel Hill, NC

The Board of Governors met in regular session on April 15, 2016 in the Board Room at the Center for Leadership Development, Chapel Hill. Chairman Bissette called the meeting to order 9:00 a.m.

INVOCATION

Chairman Bissette called on Mr. Knott to give the invocation.

ROLL CALL

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

Roger H. Aiken	Joan G. MacNeill
W. Louis Bissette, Jr.	Ann Maxwell
Pearl Burris-Floyd	W.G. Champion Mitchell
C. Philip Byers	Anna S. Nelson
Walter C. Davenport	R. Doyle Parrish
Hannah D. Gage	Therence O. Pickett
Thomas C. Goolsby	Joan Templeton Perry
H. Frank Grainger	David M. Powers
Henry W. Hinton	Robert S. Rippy
Rodney E. Hood	O. Temple Sloan III
Zack H. King	Harry L. Smith, Jr.
Joe T. Knott	J. Craig Souza
W. Marty Kotis III (<i>by phone</i>)	William A. Webb
Scott K. Lampe	Laura I. Wiley
Steven B. Long	Michael L. Williford

The following members were absent:

James L. Holmes, Jr.
J. Alex Mitchell
G.A. Sywassink

STATE ETHICS ACT

Chairman Bissette stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts. Mr. Long and Mr. Aiken indicated they would abstain from voting on Administrative Action Item 7e – *Sale of Special Obligation Bonds – NCCU* as listed on today's consent agenda.

Chairman Bisette reminded everyone that at its last meeting the Board of Governors set forth Expectations of Conduct during Meetings of the UNC Board of Governors. He asked those attending the meeting to be respectful of fellow attendees and the Board. If any individual disrupts the meeting, the person will be asked to leave the room.

He commented that today's Board of Governors meeting was scheduled to be held on the campus of UNC Asheville. The meeting was moved to Chapel Hill because of a planned protest. He assured Chancellor Grant that the Board will visit the campus soon. He invited Chancellor Grant to make a few remarks.

REPORT ON THE UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE (UNCA)

Chancellor Grant thanked President Spellings and her staff for their help with the logistics involved with relocating the meeting on short notice. Chancellor Grant presented a video featuring UNC Asheville's incredible campus, community, faculty and students. She thanked the Board for its continued support and leadership.

MINUTES

Chairman Bisette explained the draft minutes from the March 4, 2016 meeting were edited to correct a motion made by Mr. Kotis. Mr. Byers moved that the minutes as edited of the March 4, 2016 meeting be approved. Mr. Grainger seconded the motion and the motion carried.

PRESIDENT'S REPORT

Chairman Bisette recognized President Spellings for the President's Report. For President Spellings' complete report, please refer to Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Bisette called attention to the Administrative Action Items listed as Item #7 on today's agenda. He entertained a motion to approve the Administrative Action Items by consent. The motion was properly seconded and the motion carried.

- a. (Audit) Charter for the Committee on Audit, Risk Management, and Compliance
- b. (Audit) Internal Audit Charter for UNC General Administration
- c. (B&F) UNC System Debt Affordability Study
- d. (B&F) Authorization of Capital Improvements Projects (ASU, NCSU, UNC-CH, UNCC, UNCW)
- e. (B&F) Sale of Special Obligation Bonds – NCCU
- f. (EPPP) UNC Policy 700.1.1 – *Minimum Requirements for First-time Undergraduate Admission Minimum Course Requirements*

- g. (EPPP) UNC Degree Program Discontinuations – ECU, UNC-CH, UNCG
- h. (EPPP) Licensure to offer post-secondary degree programs to students in North Carolina - University of Alabama; Walden University
- i. (P&T) Delegation of Authority to UNC Health Care System

REPORT OF THE COMMITTEE ON AUDIT, RISK MANAGEMENT, AND COMPLIANCE (CARMAC)

Mr. Davenport, Chairman of the Committee, reported it received updates from UNC General Administration Chief Audit Officer, Joyce Boni. Ms. Boni noted that the Committee Charter for the Board of Governors Committee on Audit, Risk Management, and Compliance (see Appendix B) required updates for approval by the Committee and the full Board. In addition, the Committee reviewed and endorsed the University of North Carolina General Administration Internal Audit Charter (see Appendix C). The Committee approved placing both these items on the Board's consent agenda for full approval by the Board.

Mr. Davenport mentioned that the Committee also received an informational presentation on the Report Deregulation component of the Policy Review Project.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Smith, Chairman of the Committee, reported the Committee endorsed the 2016-17 Budget Priorities for the short session of the General Assembly (see Appendix K).

On behalf of the Committee, Mr. Smith moved that the Board approve the University of North Carolina 2016-17 Budget Priorities. The motion carried.

The Committee unanimously endorsed the 2016 Non-appropriated Capital Projects and Associated Debt Service Fees for 2016 (Appendix L). Mr. Smith provided an overview of the six institutions (ASU, NCCU, NCSU, UNCA, UNCC, and UNC Healthcare) requesting approval for ten capital improvements projects totaling \$652 million and requiring aggregate debt issuance of \$538 million. Four campuses requested approval of associated student debt service fees and the elimination of one existing debt service fee.

On behalf of the Committee, Mr. Smith moved the Board's approval of the capital projects as denoted above. The motion carried.

Mr. Smith reported the Committee considered Issuance of Century Bonds. The Committee endorsed the concept of Century Bonds for NC State University and UNC-Chapel Hill. The item was referred to the Committee on Public Affairs for consideration and included on the University of North Carolina 2016 Policy Agenda (see Appendix M).

The Committee received a report from Associate Vice President Poole on the 2015-16 Management Flexibility Reductions. The 2015 Appropriations Act required a reduction of \$18 million to

be allocated by the Board of Governors. The report was conveyed to Fiscal Research and the Office of State Budget and Management.

The Committee received a report from Associate Vice President Johnson on the Connect NC 2016 Bond referendum that was approved by the citizens of North Carolina last month. The bonds fund 21 capital improvement projects at 17 University constituent institutions, 14 new projects and seven renovation projects totaling \$1 billion.

Finally, Mr. Smith mentioned the Committee received a report on the UNC Policy Manual Review Project. This Committee will be responsible for policies that govern areas of capital construction, real property, and contracting.

REPORT OF THE COMMITTEE ON EDUCATIONAL PLANNING, POLICIES AND PROGRAMS

Mrs. Nelson, Chair of Committee, reported the Committee heard an update from Vice Dean & Director Warren Newton of the NC Area Health Education Center (AHEC) Program. Dr. Newton presented the 2016 Update on Primary Care Medical Education Plans for North Carolina (see Appendix N). Similar plans were also required for physician assistant, nurse practitioner and nurse midwifery programs.

On behalf of the Committee, Mrs. Nelson moved approval of the report on the 2016 Update on Primary Care Medical Education Plans and that the report be conveyed to the General Assembly. The motion carried.

The Committee heard an update from Associate Vice President Gallimore related to proposed amendments to UNC Policy 400.4.1 – *Policy on Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*. An amendment to this policy is necessary to accommodate the State Authorization Reciprocity Agreement (SARA) Exemption from Licensure that the Board of Governors approved in January, 2016. The Committee recommended that UNC Policy 400.4.1 be amended as presented and to place this item on the consent agenda at the next Board of Governors meeting in May. The Committee heard a report from Vice President Boney on the proposed rescission of UNC Policy 400.1.4 – *UNC Exchange Program*. The Committee recommended that the policy be repealed and will place the item on the consent agenda at the next Board of Governors meeting in May.

Next, the Committee considered authorization to establish two degree programs at Appalachian State University (see Appendix O) – Bachelor of Science in Business Administration in Supply Chain Management and the Master of Science in Applied Data Analytics.

On behalf of the Committee, Mrs. Nelson moved approval of the above two degree programs at Appalachian State University. The motion carried.

The Committee reviewed NC A&T State University's academic reorganization proposal (Appendix P). The campus underwent a review process aimed at enhancing programs and research productivity and fostering sustainable enrollment growth. The process resulted in eight recommendations approved by NC A&T University's Board of Trustees. Pursuant to UNC Policy 400.2.1.1[R] – *Regulations on Terminating Programs* – the Board of Governors must approve any proposals for major reorganization of the administrative structure of the constituent institutions. The Committee recommended that NC A&T State University's proposals be approved.

On behalf of the Committee, Mrs. Nelson moved approval of NC A&T State University reorganization proposal. The motion carried.

The Committee received a report from Associate Vice President Henz who presented the UNC Undergraduate Retention & Graduation Report (see Appendix Q). The UNC system exceeded the national average in student retention and 4-year, 5-year and 6-year graduation rates. Associate Vice President Henz indicated that system-wide baccalaureate attainment gaps exist between underrepresented minorities and other races, between low-income and high income students, and between men and women.

Finally, the Committee voted to recommend that the Board approve the lists of licensures and program discontinuations that were part of Board's consent agenda (see Appendix I).

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mrs. MacNeill, Chair of the Committee, reported the Board is undertaking a Policy Review Project. The Committee on University Governance will act the steering committee for this project and will coordinate technical corrections and updates involving other standing committees as appropriate for the subject matter. The Committee continued its discussion on the review of UNC Policy 200.2 – *Election Procedures*. The Committee will defer discussion until after the Board's election in May. The Committee held a discussion on formats and timing for plans to begin the proposed public comment sessions at the May meeting.

Next, Mrs. MacNeill announced a vacancy on the UNC Press Board of Governors for the completion of a five-year term ending June 30, 2018. The UNC Press has 15 elected members who serve 5-year terms and may be reelected for up to three full terms. Thirteen members actively hold an academic position at UNC-Chapel Hill, UNC Greensboro, North Carolina State, North Carolina Central University and Duke University. She explained the process for UNC Press nominating its members. Following the recommendation of UNC Press, Chancellor Folt at UNC-Chapel Hill, and President Spellings, the Committee recommends the appointment of Dr. Timothy J. Smith, Associate Professor of Anthropology at Appalachian State University, to fill the vacancy. On behalf of the Committee, Mrs.

MacNeill moved approval of the appointment of Dr. Smith to serve. The motion carried. As of June 30, 2016, UNC Press will have three open positions on its Board of Governors for five-year terms. The Committee was seeking nominations for these positions.

Finally, Mrs. MacNeill thanked all the members who will be attending the spring commencements to bring greetings on behalf of the Board of Governors and present the Board of Governors Award for Excellence in Teaching.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Powers, Chair of the Committee, recalled that at last month's meeting the Board approved the University's 2016 Policy Agenda which included four items. The Committee considered two additional items to be included on the University's 2016 Policy Agenda (see Appendix M). The first policy priority item is to accept the UNC/NCCCS recommendation to postpone implementation of NC Guaranteed Admissions Program (NC GAP). The second policy priority item is to include UNC-Chapel Hill and NC State University legislative authorization to issue Century Bonds.

On behalf of the Committee, Mr. Powers moved the Board approve the two additional policy priority items to the University's 2016 Policy Agenda that: 1) postpone implementation of the UNC/NCCCS GAP Program and 2) allow UNC-Chapel Hill and NC State University to issue Century Bonds. Mr. Long made a motion to divide the original motion into two motions. The first is to accept the UNC/NCCCS recommendation to postpone implementation of NC GAP. Chairman Bissette asked those who wish to consider Mr. Long's motion to raise their hand. The motion failed. A vote was taken on the original motion and it carried. Mr. Byers, Mr. Goolsby, Mr. Long and Mr. Webb voted against the motion.

Mr. Powers announced that the North Carolina Legislature begins its 2016 short session later this month. The Committee received a report from Vice President Moretz on the status of interim legislative committees. The interim committees meet when the legislature is not in session to take a closer look at issues that can be accomplished during this period. Several committees asked UNC General Administration to give presentations during the interim session.

Finally, the Committee received a report on the Connect NC Bond referendum. On March 15, the voters of North Carolina overwhelmingly supported the referendum. Mr. Powers thanked the UNC Chancellors and their teams as well as Secretary Perry, who served on the Connect NC leadership team.

REPORT OF THE SPECIAL COMMITTEE ON STRATEGIC DIRECTIONS

Mr. C. Mitchell, Chair of the Special Committee, reported that the Committee began the next phase of the strategic planning process. The Committee revised the existing strategic plan and voted to

accept a new and more focused work plan that identifies five key areas – access, student success, affordability and efficiency, economic impact, and excellent and diverse institutions – as its foundation. The standing committees will be heavily involved in the process with each committee having an assigned theme. A single plan will be developed and brought to the Board for approval. The Committee approved a proposed Resolution on New Strategic Plan (see Appendix R), which outlines the process for developing the Plan as well as a Charter describing the duties and responsibilities of this Committee.

On behalf of the Committee, Mr. Mitchell moved that the Board approve this resolution. The motion carried.

CHAIRMAN'S REPORT

Chairman Bisette congratulated Chancellor Sartarelli who was officially installed as the sixth chancellor of the University of North Carolina at Wilmington on March 31. Chairman Bisette congratulated Chancellor Cummings who was officially installed as the sixth chancellor of the University of North Carolina at Pembroke on April 8. He commented that both ceremonies were incredible celebrations.

He commented on President Spellings' campus tours. President Spellings has been well received at all our campuses she has visited. Chairman Bisette congratulated Mrs. Gage who was recently honored with the Razor Walker Award – an award for distinguished service to children and youth of North Carolina. Mrs. Gage was extremely deserving of the award.

The next Board of Governors meeting will be held on May 27 at the CSLD building in Chapel Hill. He noted there are several events scheduled around next month's meeting including the Staff Assembly's Golf Outing. The purpose of the Golf Outing is to provide funds for the Janet B. Royster Memorial Staff Scholarship Fund. The University Award Banquet is scheduled for May 26.

Secretary Perry moved that the Board go into closed session to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes; to prevent the premature disclosure of an honorary award or scholarship; to consult with our attorneys to protect the attorney client privilege; establish or instruct staff or agents concerning the negotiation of the amount of compensation or other terms of an employment contract; to consider the qualifications, competence, performance, or condition of appointment of a public officer or employee; or prospective public officer or employee pursuant to Chapter 143-318.11(a)(1),(2),(3),(5) and (6) of the North Carolina General Statutes.

The motion was duly seconded, and the Board voted to convene in closed session. The Board went into closed session at 11:30 a.m. and returned to open session at 11:45 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Pickett, Vice Chairman of the Committee, reported the Committee received updates from Senior Vice President Gonzales. Dr. Gonzales mentioned that Kimberly van Noort was recently appointed as Vice President for Academic Programs and Instructional Strategy. She will join Academic Affairs later this month. Vice President Brody mentioned that a working group on faculty salaries has convened and is comprised of General Administration staff for Human Resources, Finance and Institutional Research. The working group will continue reviewing faculty salary data. A report from the working group will be presented to the Committee at a future meeting.

The Committee received an informational report on Personnel Actions Delegated to the President. Mr. Pickett reported that Vice President Brody provided an update on the UNC Policy Manual Review Project. The Committee expects to begin its review of the UNC Policy Manual and make recommendations for the President on this matter at the next meeting. Vice President Brody presented a summary of the 2015-2016 EHRA Annual Raise Process (ARP). This year's ARP was funded by campus resources and designated to reward EHRA employees for meritorious performance and retain key personnel.

Finally, the Committee reviewed a Resolution of the Board of Governors Delegation of Authority to the UNC Health Care System (UNCHCS) Board of Directors for Certain Employment Matters Related to the Chief Executive Officer (see Appendix J). The Committee approved recommending this resolution to the Board of Governors for approval as part of today's consent agenda.

The next meeting of the Board of Governors is scheduled for Friday, May 27, 2016, at the Center for Leadership Development in Chapel Hill. There being no further business, the meeting adjourned at 11:55 a.m.

Secretary

APPENDICES

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

Appendix A	President Spellings' Report	Posted Online
Appendix B	Charter for the Committee on Audit, Risk Management, and Compliance	Posted Online
Appendix C	Internal Audit Charter for UNC General Administration	Posted Online
Appendix D	UNC System Debt Affordability Study	Posted Online
Appendix E	Authorization of Capital Improvements Projects (ASU, NCSU, UNC-CH, UNCC, and UNCW)	Posted Online
Appendix F	Sale of Special Obligation Bonds – NCCU	Posted Online
Appendix G	UNC Policy 700.1.1 – <i>Minimum Requirements for First-time Undergraduate Admission Minimum Course Requirements</i>	Posted Online
Appendix H	UNC Degree Program Discontinuations – ECU, UNC-CH, and UNCG	Posted Online
Appendix I	Licensure to offer post-secondary degree programs to students in North Carolina – University of Alabama; Walden University	Posted Online
Appendix J	Delegation of Authority to UNC Health Care System	Posted Online
Appendix K	University's FY 2016-17 Budget Priorities	Posted Online
Appendix L	2016 Non-appropriated Capital Projects and Associated Debt Service Fees for 2016	Posted Online
Appendix M	University of North Carolina 2016 Policy Agenda	Posted Online
Appendix N	2016 Update on Primary Care Medical Education Plans for North Carolina	Posted Online
Appendix O	Request to Establish a Bachelor of Science in Business Administration Management and Master of Science in Applied Data Analytics – ASU	Posted Online
Appendix P	Request for Authorization Academic Reorganization Plan – NCA&TSU	Posted Online
Appendix Q	UNC Undergraduate Retention & Graduation Report	Posted Online
Appendix R	Resolution on New Strategic Plan	Posted Online