

OPEN SESSION MINUTES

December 2, 2016

University of North Carolina General Administration
Center for School Leadership Development, Room 111
Chapel Hill, North Carolina

Call to Order

The Board of Governors met in regular session on December 2, 2016 in the Board Room at the Center for School Leadership Development, Chapel Hill. The meeting was called to order at 9:00 a.m. Chairman Bissette asked for a moment of silence in honor of Chancellor Deb Saunders-White, North Carolina Central University, who passed away on November 26, 2016, after a battle with cancer.

Invocation

Chairman Bissette called on Ms. Burris-Floyd 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	J. Alex Mitchell
C. Philip Byers	Anna S. Nelson
Walter C. Davenport	R. Doyle Parrish
Madeline Finnegan	Joan T. Perry
Hannah D. Gage	Therence O. Pickett
Thomas C. Goolsby	David M. Powers
H. Frank Grainger	Robert S. Rippy
Henry W. Hinton	O. Temple Sloan III
James L. Holmes, Jr.	G.A. Sywassink
Joe T. Knott	William A. Webb
W. Marty Kotis III	Laura I. Wiley
Steven B. Long	Michael L. Williford

The following members were absent:

Scott K. Lampe	Harry L. Smith
W. G. Champion Mitchell	J. Craig Souza

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. Looking at the agenda, he asked if anyone had a potential conflict. Mr. Kotis and Mr. Long both abstained from Item 7d – *Acquisition of Property by Lease – UNCG* and Item 7e – *Disposition and Acquisition of Property by Lease – UNCG*.

Expectations of Conduct

Chairman Bissette reminded everyone of the Expectations of Conduct during Meetings of the UNC Board of Governors that the Board set forth at its meeting in April 2015. He asked those attending the

meeting to be respectful of fellow attendees and the Board. Any individual who disrupts the meeting will be asked to leave the room.

Presentation of Resolution Honoring Chancellor Deb Saunders-White

Chairman Bissette called on Mr. Davenport to present the Resolution Honoring the Life and Memory of Debra Saunders-White, Chancellor of North Carolina Central University (see Appendix A).

Mr. Webb moved to adopt the Resolution and repose the Resolution in the Board's records. Upon a proper motion and second, the Board unanimously approved the Resolution.

Minutes

Chairman Bissette entertained a motion to approve the minutes for the open session of the October 14, 2016, Board of Governors meeting. The motion was made by Mr. Webb and properly seconded. The motion carried.

Presentation of the Governor James E. Holshouser, Jr. Award for Excellence in Public Service

Chairman Bissette recognized Mrs. Nelson, Chair of the 2016 James E. Holshouser, Jr. Award for Excellence in Public Service, to begin the presentation. Mrs. Nelson recognized the other members who served on this year's award – Mr. Davenport, Mr. Knott, and Ms. Maxwell. After consideration of many qualified nominees, the Board of Governors selected Dr. Steve McKeand, NC State University, Professor of Forestry and Environmental Resources and Director of the Co-operative Tree Improvement Program. Following a short video highlighting Dr. McKeand's extraordinary public service contributions, President Spellings and Chairman Bissette presented him with a stipend and an engraved bronze medallion. Chairman Bissette asked Dr. McKeand to make brief remarks. For a summary of Dr. McKeand's remarks, please see Appendix B.

President's Report

Chairman Bissette recognized President Spellings for her report. She remarked that the entire University was mourning the passing of Chancellor Deb Saunders-White. Next, she thanked Chancellors Anderson, Cummings, and Staton for their work in the aftermath of Hurricane Matthew. For President Spellings' complete report, please see Appendix C.

Administrative Action Items

Chairman Bissette called attention to the Administrative Action Items listed as Item 7 on today's consent agenda. Mr. Kotis asked that Item 7c – *Capital Improvements Projects – ASU, ECU, NCSU, UNC-CH, UNCC, and WCU* be removed for discussion. Chairman Bissette stated that the Item 7c would be voted on separately. He entertained a motion to approve the remaining administrative action items by consent. Mr. Williford moved and the motion was properly seconded. The motion carried. The Board discussed Item 7c. Chairman Bissette entertained a motion to approve Item 7c – *Capital Improvements Projects – ASU, ECU, NCSU, UNC-CH, UNCC, and WCU*. Mr. Hinton moved and the motion was properly seconded. The motion carried. Chairman Bissette noted that Mr. Kotis and Mr. Long abstained from Items 7d and 7e as aforementioned herein.

- a. (CARMC) Summary of University Internal Audit Plans for Fiscal Year 2016-2017 (Appendix D)
- b. (B&F) Approval of Capital Projects and Financing – UNCC (Appendix E)
- c. (B&F) Capital Improvements Projects – ASU, ECU, NCSU, UNC-CH, UNCC and WCU (Appendix F)
- d. (B&F) Acquisition of Property by Lease – UNCG (Appendix G)
- e. (B&F) Disposition and Acquisition of Property by Lease – UNCG (Appendix H)
- f. (EPPP) Authorization to Establish the following UNC Degree Programs:

- i. Bachelor of Arts (B.A.) in Interdisciplinary Studies – ECSU (Appendix I)
 - ii. Bachelor of Science (B.S.) in Health Systems Management – UNCC (Appendix J)
 - iii. Master of Science (M.S.) in Data Science – UNCW (Appendix K)
- g. (EPPP) Request to Rename School of Graduate Studies to The Graduate School – UNCP (Appendix L)
- h. (EPPP) Request for approval of licensure to offer the following post-secondary degree programs in North Carolina by the following Institutions: (Appendix M)
 - i. Miami International University of Art & Design
 - ii. Northcentral University
 - iii. Western Governors University
- i. (EPPP) Approval of Mission Statement – NCSSM (Appendix N)
- j. (EPPP) UNC Policy Waiver for Actualizing Innovations Meant to Scale (AIMS) Microgrants (Appendix O)
- k. (EPPP) UNC Undergraduate Degree Completion Improvement Plan (Appendix P)
- l. (EPPP) AHEC Annual Report on Monitoring the Progress with Primary Care Physicians (Appendix Q)

Report of the Association of Student Governments

Ms. Finnegan, President of the UNC Association of Student Governments (UNC ASG), was recognized to provide the ASG annual report to the Board of Governors. Ms. Finnegan introduced several student leaders in attendance. She presented a brief video that highlighted the students’ perspectives about the Association of Student Governments and how it served the student body to the administration of the University and the Board of Governors. Finally, Ms. Finnegan provided an update on the students’ challenges and successes this past semester and discussed areas of focus for the coming semester.

Report of the Committee on Audit, Risk Management, and Compliance (CARMC)

Mr. Davenport, Chair of the Committee on Audit, Risk Management, and Compliance, reported the Committee heard a review of internal audit activities across the University for 2015-2016. The Committee approved the University Internal Audit Plans for Fiscal Year 2016-2017 and approved placing the item on today’s consent agenda (see Appendix D).

Next, the Committee received an update from Chief Audit Officer Joyce Boni. She provided an update on the status of UNC General Administration’s (UNC-GA) internal audit plan and the results and recommendations from two recently issued audit reports.

Prior to its meeting, the Committee held a joint strategic planning meeting with the Committee on Public Affairs related to the University’s strategic planning process. The Committees reached consensus on the goals and targets around the theme of economic impact and community engagement. The Committee updated its metrics related to community service to have UNC institutions create an implementation plan to assist communities or regions throughout the state that were in need. The Committee would forward the final product to the Strategic Planning Committee.

Report of the Committee on Budget and Finance

Mr. Holmes, Vice Chair of the Committee, reported at its teleconference meeting on Monday, November 28, the Committee considered four items and voted to place those items on today’s consent agenda. At its meeting the previous day, the Committee discussed the 2017-2019 Budget Priorities and Legislative Agenda to the strategic plan. A final proposed budget would be brought for action at next month’s Board meeting. Mr. Holmes welcomed feedback on the budget priorities.

Mr. Holmes reported the Committee reviewed a proposed policy on the Tuition Guarantee Program. The proposed policy would be brought to the full Board at next month's meeting for approval.

Related to the University's strategic planning process, the Committee discussed a working draft, the public's input, and the goals, metrics, and targets around the themes of affordability and efficiency. The Committee would continue discussion to address the potential changes to the affordability metrics. Following further discussion, the Committee will forward a revised draft to the Strategic Planning Committee.

Report of the Committee on Educational Planning, Policies, and Programs

Mrs. Nelson, Chair of the Committee, reported at its teleconference meeting on Tuesday, November 29, the Committee considered several items included on today's consent agenda. At the meeting on Thursday, December 1, the committee considered two additional items, also on today's consent agenda. Related to the University's strategic planning process, the Committee discussed a working draft, the public's input, and the goals, metrics, and targets around the theme of student success. The Committee reached consensus and will forward the final product to the Strategic Planning Committee.

Following Mrs. Nelson's report, Chairman Bissette recognized Senator David Curtis to make remarks regarding the UNC Undergraduates Degree Completion Improvement Plan (see Appendix P).

Report of the Committee on Public Affairs

Mr. Powers reported that the Committee held a conference call on Monday, November 21, to hear an update from staff noting potential policy implications at the state and federal levels due to election results. Over the past months, staff had met with campus leaders and local legislators leading up to the election; staff would continue these visits with our campus leaders and legislators. Mr. Powers reported that the staff presented an overview of the legislative committee meetings that had transpired in the interim dealing with University-related issues. The House Select Committee on Education Strategy and Practices and the Blue Ribbon Commission on the State's Building and Infrastructure Needs have been meeting. The staff would continue to monitor the legislative meetings and will keep the Board apprised on any developments related to University issues.

Report of the Committee on University Governance

Mr. Hinton, Chair of the Committee, reported the Committee received an update on a vacancy on the North Carolina School of Science and Math (NCSSM) Board of Trustees for Congressional District 1. Mr. Grainger, who serves as the Board's liaison at NCSSM, was working with the Chancellor in reviewing nominations for the vacancy. UNC Health Care Board of Directors had an at-large position for a partial term ending October 2018. The Committee continued to seek nominations to fill these vacancies.

The Committee discussed plans for conducting an orientation program for new members of the Board of Governors or Boards of Trustees. Mr. Hinton asked that if anyone had suggestions or interest in assisting with the orientation program to contact him or Andrea Poole, Secretary of the University. The Committee would continue discussions on this topic.

Related to the University's strategic planning process, the Committee discussed a working draft, the public's input, and the goals, metrics, and targets around the theme of access. The Committee reached consensus around the theme, but has additional work required on the targets. During the coming month, Mr. Hinton will continue working with UNC-GA staff and will forward the final product to the Strategic Planning Committee.

Report of the Strategic Planning Committee

Mr. Aiken, Vice Chair of the Committee, reported that the Committee met on Monday, November 14, to discuss a working draft of the definitions, goals, metrics, and targets related to the five themes of the University's strategic plan: 1) access, 2) affordability and efficiency, 3) student success, 4) economic impact and community engagement, and 5) excellent and diverse institutions. Mr. Aiken spoke about the work that the standing committees accomplished with feedback from many different constituencies on each of the five themes. Mr. Aiken commended Senior Vice President Andrew Kelly for the dedication and great work he and his staff had done on this project. The standing committees were nearing completion in finalizing its goals, metrics, and targets, which would be forwarded to the Strategic Planning Committee next month. The Committee would examine a draft of the goals, metrics, and targets and discuss the full preamble that will frame the plan.

Chairman's Report

Chairman Bissette reflected on the Board's progress over the past year. He commended President Spellings on her leadership during her first year, noting that President Spellings had travelled the state, forged new relationships, opened critical dialogues with various constituencies vested in the future of the University, and identified the need to focus more strategically in our operations. The University has become better equipped to develop and implement the policies required to remain the nation's top higher education system and to implement the University's strategic plan.

Chairman Bissette also noted that this past year the University welcomed a trio of new leaders on the campuses and affiliated institutions (Chancellor Cecil Staton at East Carolina University, Chancellor Thomas Conway at Elizabeth City State University, and Director and General Manager Brian Sickora at UNC Center for Public Television), enrolled 229,000 students (an increase of 2 percent over last year's enrollment and the largest increase in the past five years), and strengthened its partnership with the General Assembly.

In closing, he recognized the assistance that our institutions provided to communities and campuses impacted by Hurricane Matthew. North Carolina Central University's food hospitality partner provided food and water to the UNC Pembroke community. Winston-Salem State University and North Carolina A&T State University conducted relief drives to provide essentials to the affected areas. NC State University provided housing for students from the campuses who were displaced by the flood and UNC Chapel Hill, in coordination with Harris Teeter's Million Meals Challenge, partnered on a food drive to help the flood victims. He shared a video produced by UNC Pembroke that highlighted the devastation from the flood and the relief efforts provided by people from our campuses.

Secretary Perry stated that the printed motion to go into closed session was in the Board members' folders. She continued with the motion that the Board go into closed session as described in the written motion, pursuant to sections 143-318.11(a)(1), (3), (5), and (6), of the North Carolina General Statutes. The motion was properly seconded and it carried.

The Board went into closed session at 11:10 a.m. and returned to open session at 12:20 p.m.

Report of the Committee on Personnel and Tenure

Mr. Parrish, Chair of the Committee, reported the Committee met earlier this week and heard several updates. Vice President Brody reported on a temporary injunction granted in a federal lawsuit that suspended significant changes to new overtime rules mandated by the U.S. Department of Labor which were set to go into effect December 1, 2016. Vice President Kimberly van Noort reported that the University continued to see faculty retention losses across the system and the faculty Recruitment and Retention Fund continued to decrease. The fund was not replenished during the last legislative session. This item would be a priority of the University moving forward. Vice President Matthew Brody and Associate Vice President Daniel Cohen-Vogel presented an overview of the UNC System Faculty Compensation Analysis Methodology and Approach used to study faculty compensation. Senior Associate Vice President Brian Usischon presented a Resolution on the Optional Retirement Program of the University of North Carolina (see Appendix R). The Committee unanimously supported the resolution.

On behalf of the Committee, Mr. Parrish moved that the Board adopt the Resolution on the Optional Retirement Program of the University of North Carolina as presented. The motion was properly seconded and it carried.

At its meeting the previous day, the Committee discussed appointment terms and conditions and compensation plans for the chancellors. Vice President Brody and Senior Vice President and General Counsel Tom Shanahan reviewed possible revisions to existing University policies that would provide specific terms and conditions for the appointment and separation of chancellors, including severance pay provisions. The Committee received feedback from the members of the Board and requested benchmarking of other public universities on key terms. Buck Consultants joined the meeting and presented examples of short and long-term incentive compensation plans for the chancellors. Mr. Parrish noted that he, Chairman Bissette, and President Spellings would have further discussions to determine next steps.

Related to the University's strategic planning process, the Committee discussed a working draft, the public's input, and the goals, metrics, and targets around the theme of excellent and diverse institutions, and consensus was reached. The final product will be forwarded to the Strategic Planning Committee.

In closing, Chairman Bissette announced that the memorial service for Chancellor Deb Saunders-White would be held today at 2:00 p.m. on the campus of North Carolina Central University. The next meeting of the Board of Governors was scheduled for Friday, January 13, 2017.

There being no further business, Chairman Bissette requested a motion to adjourn. Mr. Grainger moved and the motion was properly seconded. The meeting adjourned at 12:30 p.m.

Secretary

APPENDICES

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

Appendix A	Resolution Honoring the Life and Memory of Debra Saunders-White	Posted Online
Appendix B	Presentation of the 2016 Governor James E. Holshouser, Jr. Award for Excellence in Public Service Recipient Dr. Steve McKeand – NCSU	Posted Online Posted Online
Appendix C	President Spellings' Report	Posted Online
Appendix D	Summary of University Internal Audit Plans for Fiscal Year 2016-2017	Posted Online
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