

Board of Governors Meeting

August 1, 2014

Chapel Hill, North Carolina

The Board of Governors met in regular session on August 1, 2014, 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. Mitchell to give the invocation.

ROLL CALL

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

Roger H. Aiken	Mary Ann Maxwell
W. Louis Bisette, Jr.	W. G. Champion Mitchell
John C. Fennebresque	Hari H. Nath
Hannah D. Gage	Alex J. Parker
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	David M. Powers
W. Edwin McMahan	

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. Mr. Long abstained from Administrative

Action Item 6a – *Authorization to Enter Into Line of Credit Agreements – UNC-CH* and item 6b – *Sale of Special Obligation Bonds – UNCA*; Mr. Aiken abstained from Administrative Action Item 6a – *Authorization to Enter Into Line of Credit Agreements – UNC-CH*; and Mr. Hinton abstained from Administrative Action item 6e – *Acquisition of Property – ECU*.

MINUTES

Mr. Taylor moved, seconded by Mr. Hood, that the minutes of the June 20, 2014, meeting be approved. The motion carried.

PRESIDENT ROSS' REPORT

President Ross paused for a Moment of Silence in remembrance of UNC-Chapel Hill Research Professor Feng Liu, who was tragically murdered last week and for Mr. Myron Burney, a former member of UNC General Administration and an administrator at Elizabeth City State University, who died earlier this week in an automobile accident.

President Ross reported that over the summer, the staff has kept a steady work pace and there remains a lot of work ahead. President Ross appreciated everyone's attention and questions regarding the presentation and report on the Campus Security Initiative (see Appendix A). Implementation on the recommendations for improving safety and security across the system would be forthcoming. President Ross noted that the task force recommendations will put the University in the forefront of dealing with these issues. This was a collaborative effort from folks at all our campuses. He thanked all those involved for their contributions to this work, especially co-chairs Chancellor Woodson and Chancellor Martin, as well as UNC General Counsel Shanahan, Staff Attorney Johnston, and others from the staff. President Ross thanked the members of the Board for their assistance during the budget process. He also thanked the General Administration staff, including Vice President Moretz and the entire federal/state relations staff. For President Ross' complete report, please refer to Appendix B.

ADMINISTRATIVE ACTION ITEMS

Chairman Fennebresque called attention to the Administrative Action Items listed as Item #6 on today's agenda. Mr. Rippy moved, seconded by Mr. Taylor, that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Authorization to Enter Into Line of Credit Agreements – UNC-CH
- b. (B&F) Sale of Obligation Bonds – UNCA
- c. (B&F) Authorization of Capital Improvements Projects – ECU, NCSU, and UNC-CH
- d. (B&F) Acquisition of Real Property by Lease – UNC-CH
- e. (B&F) Acquisition of Property – ECU
- f. (B&F) Policy 1300.6 – Policy on Efficiency and Effectiveness
- g. (EPPP) Request for approval of licensure for the following degree programs:
 - Miller-Motte College (Raleigh) has applied for a regular license to offer Associate in Applied Sciences (A.A.S.) in Veterinary Technology in North Carolina
- h. (GOV) Resolutions on Clearance Requirements

REPORT OF THE BUDGET AND FINANCE COMMITTEE

Mr. Smith, Chair of the Budget and Finance Committee, reported on three items. First, the Working Group on Financial Aid and Tuition presented a report which included recommended changes to the amount of tuition revenue that is set aside for need-based financial aid. The Working Group recommended that the Board of Governors end the practice of linking revenues from tuition increases to need-based financial aid and instead, implement a 15 percent freeze and cap proposal (see Appendix K). Under this proposal, a maximum of 15 percent of total based tuition revenue may be used for need based aid. He explained that if a campus exceeds the cap, the dollar amount of financial that was set aside from tuition revenue was frozen until it falls below the 15 percent of total based tuition revenue.

On behalf of the Committee, Mr. Smith moved the approval of the recommendation to implement the freeze and cap proposal as submitted by the Working Group on Financial Aid and Tuition. The motion carried.

Second, Mr. Smith reported that the current Four-Year Tuition and Fee plan would expire at the end of the 2014-15 academic year. A new plan was developed over the past year through meetings and presentations to the Board of Governors, the Chancellors and other University leaders. The plan provides general guidance to campuses as each develops tuition and fee requests over the next four academic years (see Appendix L). The plan establishes a five percent cap on tuition and fee increases for resident undergraduates and incorporated the recommendations by the Working Group on Financial Aid and Tuition.

On behalf of the Committee, Mr. Smith moved the approval of the proposed Four-Year Tuition Plan for academic years 2015-16 through 2018-19. Mr. Mitchell abstained. The motion carried.

Last, each year when the state budget is finalized, the Committee on Budget and Finance recommends allocation of funds made available by the General Assembly to the Board of Governors.

On behalf of the Committee, Mr. Smith recommended that the Committee be delegated the authority to allocate funds made available by the General Assembly if the state budget was ratified prior to its next regularly scheduled meeting. A special meeting would be called and the full Board would be invited to participate. The motion carried.

REPORT OF THE COMMITTEE ON EDUCATIONAL PLANNING, POLICIES AND PROGRAMS

Mr. Souza, Chair of the Committee on Educational Planning, Policies and Programs, recognized Provost Warwick Arden, who is also serving as Interim Senior Vice President for Academic Affairs, and thanked him for his exceptional leadership. Mr. Souza reported the Committee heard presentations by students from the North Carolina Research Campus in Kannapolis – Dr. Scott Smith, Ms. Angel Tarrier, and Mr. Christopher English. They spoke about the unique opportunity offered by the campus and the Plant Pathways Elucidation Project (P²EP) in which they are involved.

Next, the Committee considered the request for authorization to establish the following degree program – a Bachelor of Science in Computer Science and Business at North Carolina Central University (see Appendix M).

On behalf of the Committee, Mr. Souza moved approval for authorization to establish the above program at North Carolina Central University. The motion carried.

The Committee considered the request for authorization to discontinue the Master of Arts in Education in Community College Administration at Western Carolina University due to a pattern of low enrollment (see Appendix N).

On behalf of the Committee, Mr. Souza moved approval for authorization to discontinue the above program at Western Carolina University. The motion carried.

North Carolina State University requested authorization to consolidate five undergraduate degree programs – B.A. in French Language and Literature; B.A. in Spanish Language and Literature; B.A. in French Language and Literature, Teacher Education; B.A. in German Studies; and the B.A. in Spanish Language and Literature, Teacher Education, into one degree program and to discontinue the individual Foreign Languages and Literatures degree programs (see Appendix O).

On behalf of the Committee, Mr. Souza moved approval for authorization to discontinue the five undergraduate degree programs with the consolidation of these programs forming a new B.A. program in Foreign Language and Literature at North Carolina State University. The motion carried.

Next, the Committee heard a presentation by Associate Vice President Henz on the University of North Carolina Transfer Student Report 2013 (see Appendix P). The report discussed enrollment trends, demographic details and majors of transfer students as well as other initiatives focused on the student population. The University provides strong support of transfer students. The report found that approximately 28 percent of all undergraduate students entered a UNC institution as a transfer student. The majority of transfer students come to UNC campuses from the North Carolina Community College System institutions.

The Committee discussed a list of the items that will be presented to the Committee this year. Those items include upcoming annual reports and issues that are subject to consideration and action by the Committee. Some of the significant topics coming before the Committee include discussion on minimum admission requirements, nursing review, and the state authorization reciprocity agreement.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Holmes, Chair of the Committee on Public Affairs, reported the Committee introduced Chancellors and the General Administration staff who will serve for the upcoming term. The Committee heard a presentation from Mr. Wayne Szafranski, Assistant Vice Chancellor for Outreach & Economic Development and Dr. Jianmei Yu, Assistant Research Professor both from NCA&T State University, on the process that led to the development and creation of a hypoallergenic peanut, which significantly mitigates allergic reactions that some people have to peanuts. Mr. Szafranski explained how a scientific discovery of this significance is commercialized in a university setting.

Next, Director of State Relations Kappler provided an overview of the budget conference report which was released the previous day. He updated the Committee on key pieces of legislation that was passed in the short session. The General Assembly was expected to give final approval to the budget, send it to the Governor, and then adjourn. Vice President Moretz thanked the members for their active participation during the session.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Ms. MacNeill, Chair of the Committee on University Governance, reported the Committee heard a presentation from Ms. Carla Castro-Davis, an Intern in the Office of the Secretary, on her research project into the orientation programs provided by the campuses for their Boards of Trustees. This research project originated as a result of feedback received from the UNC Trustee Workshop that was held last fall. Ms. Castro-Davis presented recommendations for a template to be adapted by the campuses (see Appendix Q). The Committee would work with the Chancellors to implement the template in readiness for the new class of trustees that will begin in 2015.

The Committee reviewed the UNC Board of Governors 2014-2015 Governance Committee Campus Liaisons assignments. Ms. MacNeill encouraged the other members of the Board to participate and visit the campuses. She asked the members for their input regarding nominations that are coming up for the Boards of Trustees on various campuses. The Committee received a report on the resolution regarding a legal claim by the University of North Carolina at Wilmington.

Ms. MacNeill reported on the UNC Center for Public Television (UNC-TV) Board of Trustees. UNC-TV Board of Trustees serves in a direct advisory capacity. The Board of Governors appoints 11 members, the Governor appoints four, the President Pro Tem and Speaker of House each appoint one, and there are five *ex-officio* members. There are two open positions on UNC Center for Public Television Board of Trustees for the 2014-18 term. On behalf of the Committee, Ms. MacNeill moved the reappointment of Mr. James Olin Treadaway, Jr., to serve. Mr. Lail abstained from voting. The motion carried. On behalf of the Committee, Ms. MacNeill moved the appointment of Mr. Joseph H. Ely to serve. The motion carried.

There was a partial term ending June 30, 2017, on the University of North Carolina at Wilmington Board of Trustees. This vacancy results in the resignation of Mr. Britt A. Preyer. Nominations to fill this vacancy were being sought. There are seven terms ending October 31,

2014, on the University of North Carolina Health Care System (UNCHCS) Board of Directors. Four members are eligible for reappointment. The Board of Governors appoints the members of the UNCHCS Board upon the recommendation of the President as defined by state statute. Nominations are being accepted for these positions. Mr. Fennebresque commented that all the members need to be involved in identifying and recruiting great people to serve on these boards.

REPORT OF THE SPECIAL COMMITTEE ON MILITARY AFFAIRS

Mr. Trask, Chair of the Special Committee on Military Affairs, reported the Committee welcomed the new members and set priorities for the next twelve month. The priorities include Joining Forces marketing plan, in-state residency, online delivery systems and accountability. Vice President Rhinehart provided an update on the in-state residency issue. Congress passed the Veteran's Access to Care Act in 2014 and Section 702 of the Act requires states to charge in-state tuition to veterans within three years from discharge irrespective of the veteran's current state of residence. There are significant differences between this new requirement and that which the state approved. The Committee will continue to address the matter and staff will provide further information.

Next, Ann Marie Beall, Director of Military Education, gave an update on efforts related to providing academic credit for military training. Vice President Dixon shared that this process will be similar to the one employed for the NC Community College Comprehensive Articulation Agreement.

Last, Mr. Holmes reported on the UNC Joining Forces initiative. He reiterated that this is a collaborative effort and the priorities include focus on funding via private-public partnerships, creation of materials that are consistent and professional to use in solicitation of funds, and engaging current supporters.

REPORT OF THE SPECIAL COMMITTEE ON STRATEGIC DIRECTIONS

Mr. Hans, Chair of the Special Committee on Strategic Directions, reported the Committee received the Quarterly Implementation Dashboard Report on the plan's progress (see Appendix R). Vice President Stewart discussed the College Learning Assessment pilot and redesign. Chief of Staff FitzGerald provided an accounting of the \$3 million spent in the last fiscal year on the plan. He also provided a tentative outline of the plan's priorities for this year and more information would be forthcoming once the state budget was finalized. He reported

that \$4 million was appropriated for the plan and the legislature granted the Board to repurpose some additional funds for the plan's priorities.

CHAIRMAN'S REPORT

Chairman Fennebresque thanked all the members for their support. He reflected on the previous day's policy discussion session that included viewing of the film *Ivory Towers* and the session on the Campus Security Initiative. The presentation on campus security was very well done. He remarked that the University of North Carolina was the best system in the country and attributed much its success to the Chancellors. He told the Chancellors how much he and the Board value and appreciate them.

Chairman Fennebresque made the following announcements. The Board would hold its retreat on September 3-4, 2014, on the SAS campus. The Board will meet at Western Carolina University next month. He was excited about having the opportunity for the Board to meet on the various campuses throughout the current academic year.

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

The Board went into closed session at 10:15 a.m. and returned to open session at 10:45 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Sywassink, Chair of the Committee on Personnel and Tenure, recognized Interim Senior Vice President Arden. Mr. Sywassink commented that Dr. Arden is a terrific person and is doing an excellent job. The Committee conducted an orientation session for the new members of the Committee. The Committee's staff was introduced, a listing of annual reports provided to the Committee on Personnel and Tenure was reviewed, an overview of the salary preapproval process was discussed, and an overview of the faculty appeal process was provided.

Mr. Sywassink encouraged the members to share their ideas on the types of tutorials that would be useful to the Committee.

Next, the Committee discussed salary exception requests for preemptive retentions. These kinds of requests occur prior to the employee having a written job offer and were approved by the Committee in 2011. There were more requests in this category during this review cycle than had been received in the past. This is largely due to the fact that recruitments are underway prior to the start of the academic year. The flexibility for campuses to offer preemptive retentions is critical especially for the faculty. Preemptive offers serve as a useful tool in keeping the best faculty. Senior Vice President Arden and Vice President Fleming will continue to monitor salary requests categorized as preemptive retention requests to ensure their legitimacy.

The Committee received three information reports – the Report on Personnel Actions Delegated to the President, the Use of Funds Report for the Board of Governors Awards for Excellence in Teaching, and the Faculty Recruiting and Retention Fund. The balance of the Retention Fund was \$1.6 million. Last year the fund was restricted to retention awards at the request of campus provosts who felt the greater need was retaining faculty.

ELECTION OF A CHANCELLOR

Chairman Fennebresque called on President Ross for his recommendation of a new Chancellor for the University of North Carolina at Asheville. President Ross expressed his sincere gratitude to Chancellor Ponder for the remarkable leadership that she has demonstrated at UNC Asheville during her nine-year tenure. She has been a terrific leader and has worked tirelessly to help the institution realize its potential for even greater service to the state. Next, President Ross called on Mr. King Prather, Chair of the UNC Asheville Board of Trustees and Chair of the Search Committee, for a brief summary of the search process.

Mr. Prather recognized and thanked the other members of UNC Asheville's Board of Trustees. He remarked that a 20- member search committee was formed and was comprised of faculty, staff, students, alumni, trustees and community representatives. He thanked Dr. Doug Orr, who co-chaired the search committee. In February, President Ross charged the search committee with identifying the best candidate to become the next leader of the University's designated liberal arts campus – the University of North Carolina at Asheville. The search committee supported a closed search. They provided regular updates to the campus community and kept everyone apprised of the status of the process throughout the search. The Search Committee was staffed by personnel from UNC General Administration and from UNC Asheville. He thanked Ms. Ann Lemmon from UNC General Administration and Ms. Christy

Williams from UNC Asheville. The Committee enlisted the executive search firm of Witt/Kieffer to assist with the process. The Committee held several public forums and all were well attended. The members gathered input from key constituent groups. A leadership profile was developed that described the desired characteristics for an ideal candidate. There were 119 applicants. Twelve candidates were invited for interviews; five candidates were invited to the campus where they met with faculty, staff, students and alumni. The Committee recommended a slate of three candidates to the Board of Trustees. The slate was forwarded to President Ross for his consideration. Chairman Prath thanked all those involved with the process. He thanked Chancellor Ponder for her leadership and stewardship over the last nine years and he recognized President Ross and the members of the Board of Governors for their ongoing support.

President Ross recommended the election of Dr. Mary K. Grant, President of the Massachusetts College of Liberal Arts. In recommending her, President Ross stated that Dr. Grant brings to UNC Asheville almost 25 years of academic and leadership experience at two highly respected public universities, a solid reputation as an energetic and creative problem solver, and a passionate belief in the enduring value of liberal arts education. Throughout her career, she has also made community involvement a key priority and proven herself to be an engaged and effective leader who promotes openness, collaboration, and strategic thinking. He provided a summary of Dr. Grant's background, administrative and leadership experience. Her term would begin January 5, 2015.

On behalf of the Board of Governors, Mr. Sywassink offered the motion to accept President Ross' recommendation that the next chancellor at the University of North Carolina at Asheville be Dr. Mary K. Grant. Mr. Souza seconded the motion and it carried. President Ross introduced Dr. Grant. In accepting the position, Dr. Grant stated that she was proud to be part of this phenomenal community and she was deeply honored to be a part of the University. For Dr. Grant's complete remarks, please see Appendix S.

The next meeting of the Board of Governors was scheduled for Friday, September 12, 2014, at Western Carolina University. There being no further business, the meeting adjourned at 11:35 a.m.

Secretary

APPENDICES

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

Appendix A	2013-14 UNC Campus Security Initiative Report	Posted Online
Appendix B	President Ross' Report	Posted Online
Appendix C	Authorization to Enter Into Line of Credit Agreements, UNC-CH	Posted Online
Appendix D	Sale of Obligation Bonds – UNCA	Posted Online
Appendix E	Authorization of Capital Improvements Projects, ECU, NCSU and UNC-CH	Posted Online
Appendix F	Acquisition of Real Property by Lease – UNC-CH	Posted Online
Appendix G	Acquisition of Property – ECU	Posted Online
Appendix H	Policy 1300.6 – Policy on Efficiency and Effectiveness	Posted Online
Appendix I	Request for approval of licensure for the degree programs: Miller-Motte College (Raleigh) license to offer Associate in Applied Sciences (A.A.S.) in Veterinary Technology	Posted Online
Appendix J	Resolutions on Security Clearance for the Board of Governors and UNC General Administration	Posted Online
Appendix K	UNC Board of Governors Working Group on Financial Aid/ Tuition Freeze and Cap Proposal	Posted Online
Appendix L	University of North Carolina New Four-Year Tuition and Fee Plan	Posted Online
Appendix M	Authorization to Establish the Bachelor of Science in Computer Science and Business, NCCU	Posted Online
Appendix N	Authorization to Discontinue the Master of Arts in Education (MAEd) in Community College Administration, WCU	Posted Online
Appendix O	Authorization to Consolidate Bachelor's Degrees in Foreign Languages and Literature, NCSU	Posted Online
Appendix P	University of North Carolina Transfer Student Report 2013	Posted Online
Appendix Q	A Proposal for Boards of Trustees Orientation Template	Posted Online
Appendix R	UNC Strategic Directions Plan 2013-18 Quarterly Implementation Dashboard Report	Posted Online
Appendix S	Excerpts of Chancellor-Elect Grant's Remarks to the Board of Governors	Posted Online