

DRAFT OPEN SESSION MINUTES

September 8, 2017
University of North Carolina
Center for School Leadership Development, Room 111
Chapel Hill, North Carolina

Call to Order

The Board of Governors met in regular session on September 8, 2017, in the Board Room at the Center for School Leadership Development, Chapel Hill. Chairman Bisette called the meeting to order at 9:00 a.m. He welcomed the guests. He noted that the previous day's special meeting of the Board was candid and productive.

Chairman Bisette recognized the oil-on-canvas painting that is now displayed in the Board Room. The painting is by a North Carolina artist and was donated by the NC Arboretum at the July Board of Governors meeting in Asheville.

Invocation

Chairman Bisette called on Mrs. Blue who gave the Invocation.

Roll Call

Ms. Poole, Secretary of the University, called the roll. The following members were present:

Darrell T. Allison	W. Marty Kotis III
W. Louis Bisette, Jr.	Steven B. Long
Kellie Hunt Blue	Ann Maxwell
Robert P. Bryan III	J. Alex Mitchell
Pearl Burris-Floyd	Wendy F. Murphy
C. Philip Byers	Anna S. Nelson
Carolyn Lloyd Coward	R. Doyle Parrish
N. Leo Daughtry	David M. Powers
Walter C. Davenport	Randall C. Ramsey
Thomas H. Fetzer	Robert A. Rucho
Thomas Goolsby	O. Temple Sloan III
H. Frank Grainger	Harry L. Smith, Jr.
Tyler D. Hardin	William A. Webb
James L. Holmes, Jr.	Michael L. Williford
Joe T. Knott	

State Ethics Act

Chairman Bisette 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. The following members indicated that they would not participate in and would recuse themselves from discussion, consideration, or other participation in official action concerning Agenda Item #20 – *UNC Health Care Briefing*: Ms. Burris-Floyd, Mr. Bryan, Mr. Fetzer, Mr. Davenport, Mr. Powers, Mrs. Nelson, Mr. Goolsby, and Chairman Bisette. Mrs. Murphy indicated that she would not participate in any

discussion, consideration, or other participation in official action relating to consideration of the UNC Centers and Institutes policy, which would be presented during the Report of the Committee on Educational Planning, Policies, and Programs.

Expectations of Conduct

Chairman Bissette reminded everyone of the Expectations of Conduct during meetings of the UNC Board of Governors as set forth by the Board at its meeting in March 2016.

Minutes

Chairman Bissette entertained a motion to approve the minutes from the open sessions of July 13, July 14, and August 28, 2017, Board of Governors meetings. The motion was made by Mr. Sloan and properly seconded. The motion carried.

President's Report

Chairman Bissette recognized President Spellings for her report. President Spellings commented on the start of the new academic year and that the University is entering the 2017-18 academic year with record student enrollment. For this fall semester, the University welcomed more than 60,000 new students out of a total of 230,000 students enrolled across the University system. President Spellings also highlighted many recent campus achievements and spoke about the University's priorities and other important upcoming events, and legislative items. She introduced the new Presidential Scholars, who are working at General Administration this year. For President Spellings' complete report, please see Appendix A.

Administrative Action Items

Chairman Bissette called attention to the Administrative Action Items listed as Item 6 on the consent agenda. Mr. Kotis made a motion that Item 6d pertaining to the *Capital Improvement Project at ECU (football stadium renovation project)* be removed for a separate discussion and vote. Chairman Bissette entertained a motion to approve the remaining administrative action items by consent. Mr. Byers moved and the motion was properly seconded. The motion carried.

- a. (Audit) UNC-GA Internal Audit Plan for 2017-18 (Appendix B)
- b. (B&F) Sale of Special Obligation Bonds – ECU (Appendix C)
- c. (B&F) Sale of Special Obligation Bonds – UNCC (Appendix D)
- d. (B&F) Capital Improvement Projects – ECU, FSU, NCA&T, NCSU, UNC-CH, UNCC, UNCG, UNCSA and WCU (*Amended*) (Appendix E)
- e. (B&F) Disposition of Property by Demolition – ECU and FSU (Appendix F)
- f. (EPPP) Authorization to Establish the following UNC Degree Program: (Appendix G)
 - i. Master of Science in Architecture - UNCC
- g. (EPPP) Authorization to Discontinue the following UNC Degree Programs: (Appendix H)
 - i. Master of Education in Drama – UNCG
 - ii. Bachelor of Fine Arts in Theatre Arts Education – UNCG
- h. (EPPP) Authorization to Approve Licensure Programs for the following institutions: (Appendix I)
 - i. South College
 - ii. Western Governors University
 - iii. Johnson & Wales University
 - iv. Harrison College
- i. (EPPP) Authorization to Approve the Bachelor of Science in Nursing Improvement Plan – NCCU (Appendix J)
- j. (GOV) Resolution of the Board of Governors Authorizing Security Clearance (Appendix K)

Mr. Kotis expressed concern that the documentation submitted by ECU requesting additional funding for the football stadium renovation project was incomplete. He made a motion that the project not be approved until the required documents are received. Mr. Knott proposed to amend the motion that the Committee on Budget and Finance be delegated the authority to consider this matter and make the final approval contingent upon the Committee receiving the proper documentation from the campus. A motion to approve the amended motion was made. It was properly seconded and it carried. The main motion was approved as amended.

Report of the Committee on Audit, Risk Management, and Compliance

Mr. Smith, Chair of the Committee, reported that at its meeting the previous day, Audit Officer Joyce Boni provided an update on an internal audit report at UNC General Administration (UNC-GA) that was released last month. She also presented UNC-GA's Internal Audit Plan for 2017-18 and the Committee approved it. The Committee recommended that it be placed on today's consent agenda for the Board's approval (see Appendix B). The Committee also received the Summary Report of Major Associated Entities of the University. It received and approved the Annual Report of the Committee on Audit, Risk Management, and Compliance from July 1, 2016 – June 30, 2017 (see Appendix S). The Committee also discussed its priorities for this year.

Report of the Committee on Budget and Finance

Mr. Sloan, Chair of the Committee, reported that the Committee heard an update from Associate Vice President Will Johnson regarding the Connect NC Bond project. All 17 UNC constituent institutions were in various stages of capital improvement projects. UNC General Administration staff was working closely with regulatory agencies and UNC institutions to monitor the rising cost of construction projects caused by higher inflation throughout the market.

Next, Mr. Sloan reported that the Committee reviewed the 2017-18 Capital Improvement Allocations (see Appendix L) and the 2017-18 Operating Budget Allocations (see Appendix M).

On behalf of the Committee, Mr. Sloan moved that the Board of Governors approve the above aforementioned allocations. The motion carried.

The Committee reviewed a request from North Carolina Central University for additional project and financing authority of \$11 million for its Student Center Project (see Appendix N).

On behalf of the Committee, Mr. Sloan moved that the request for additional financing authority for the above construction project be approved. The motion carried. Mr. Kotis and Mr. Goolsby dissented.

The Committee reviewed a Sale of Obligation Bonds at UNC-Chapel Hill, which would permit refunding of outstanding debt resulting in nearly \$4 million of savings (see Appendix O).

On behalf of the Committee, Mr. Sloan moved that the above item regard the sale of obligation bonds at UNC-CH be approved. The motion carried.

The Committee held a teleconference meeting on Tuesday, September 6. It considered routine administrative and transactional items consisting of four items that were placed on today's consent agenda. Senior Vice President Jonathan Pruitt presented the Annual Report of the Committee on Budget and Finance from July 1, 2016 – June 30, 2017 (see Appendix S). The committee considered an amendment to the UNC Policy Manual regarding report deregulation and recommended it to the full Board for approval. The proposed policy change will be brought to the full Board at its next meeting.

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

Mrs. Nelson, Chair of the Committee, reported that since its last meeting on July 14, 2017, the Committee met on August 1 and on September 7, to consider several matters. The Committee recommended the establishment of one new degree program at UNCC (see Appendix G), the discontinuation of two degree programs at UNCG (see Appendix H), the licensure programs at three non-public institutions, and the authorization to approve an administrative office for another (see Appendix I). The Committee also recommended the Bachelor of Science in Nursing Improvement Plan at NCCU (see Appendix J). These items were placed on today's consent agenda.

The Committee heard a report by Director Samantha MacAuliffe-Raynor on the Partway Home Project as well as the deregulation of some reporting requirements. The Committee received and approved the Annual Report of the Committee on Educational Planning, Policies, and Programs from July 1, 2016 – June 30, 2017 (see Appendix S).

At its meeting on August 1, the Committee discussed and voted on proposed UNC Policy 400.7 – *Involvement of Centers and Institutes in Legal Actions*. Mrs. Nelson reported that the Committee spent significant time evaluating the proposed policy, including the review of written submissions from NCCU, UNC-CH, and the general public. A public input session was held to hear from faculty members, administrators, and outside speakers. At the meeting, the Committee voted 5-1 in favor of accepting the proposed policy, with one abstention. Mrs. Nelson called on Mr. Knott to offer a motion.

On behalf of the Committee, Mr. Knott moved that the Board adopt UNC Policy 400.7 – *Involvement of Centers and Institutes in Legal Actions* (see Appendix P). Chairman Bissette opened the floor for discussion. The motion carried.

The Chairman requested that the minutes reflect that Mr. Allison abstained, that Mrs. Murphy did not participate or vote due to her recusal pursuant to the State Ethics Act, and that Mrs. Nelson, Ms. Burris-Floyd, and Mr. Davenport voted against the proposal. Mr. Hardin also requested that the minutes reflect that he would have voted against the proposal were he able to vote.

Report of the Committee on University Governance

Mr. Long, Chair of the Committee, reported that the Committee discussed several topics including consideration of appointing a nominating committee, report deregulations, adoption of a free speech policy, and the need to examine the flow of communications between the Board, General Administration, and the campuses.

The Committee discussed the existing practices that are in place across our University on free speech. It discussed the next steps the Board should take in establishing a system-wide policy as required by the Campus Free Expression Act, which was recently enacted by the General Assembly. The Committee will form a subcommittee to review and draft an initial policy on this topic. Mr. Long stated that he would serve on the subcommittee along with Mr. Powers, Mr. Webb, and Mr. Hardin. Staff from UNC-GA Affairs will work with the constituent institutions in preparing an initial policy and will share it with the full Board at a future meeting. The Committee received the Annual Report of the Committee on University Governance from July 1, 2016 – June 30, 2017 (see Appendix S).

The Committee will develop best practices regarding the flow of information between the Board, the President, and the campuses. Mr. Long and Senior Vice President and General Counsel Shanahan will confer with President Spellings and Chairman Bissette about developing a system to share information in a timely manner.

Mr. Long reported that the Committee reviewed and approved the annual Resolution of the Board of Governors Authorizing Security Clearance (see Appendix K). Regarding vacancies on Councils and Boards of Trustees, the Committee recommended the reappointments of Dr. Mary J. Raab and Mr. Carlester T. Crumpler to serve on the Vidant Medical Center Board of Trustees; the appointment of Mrs. Cheryl McMurry Kaynard to serve on the North Carolina Arboretum Board of Directors; and the appointments of Dean Mary Ann Danowitz, Dean Melba Spooner, Dr. Barbara Parker, Ms. Ebonie Brownlee, Ms. Mary Webb, Mr. Thomas Luckadoo, and Mr. Lawrence Somers to be appointed to the NC Teaching Fellows Commission.

On behalf of the Committee, Mr. Long moved that the Board appoint the aforementioned nominees to serve as described above. The motion carried.

The Committee reviewed the Board of Governors 2017-2018 Campus Liaison Assignments. Mr. Long thanked the members who volunteered to serve as a liaison and noted their purpose is to serve as the primary point-of-contact with our campuses. He noted that a copy of a matrix with the Boards of Trustees meeting dates and winter commencements were included in the members' materials.

Lastly, Mr. Long announced that the Board of Governors will hold a Boards of Trustees Workshop in Chapel Hill on November 1. He encouraged all the members to attend. Details will be forthcoming.

Report of the Committee on Public Affairs

Mr. Daughtry, Chair of the Committee, reported that the Committee discussed ways the Committee effectively conveys the Board's message to the General Assembly. Vice President Howell introduced the Committee members to several External Affairs staff and provided information about key appointments, studies, and reporting requirements affecting the Board. Acting Vice President Kappler provided a Federal Relations update.

Vice President Moretz provided a report on the state budget provisions from this year's long session. He reported that the University's system received no management flex cuts and enrollment growth was fully funded. Many of the University's priorities were funded along with other priorities including capital projects. Mr. Moretz highlighted the ongoing legislative activities during the interim and discussed the upcoming legislative session, which begins next month.

Report of the Strategic Planning Committee

Mr. Mitchell, Chair of the Committee, reported that the Committee discussed ways it will monitor progress on the strategic plan and collaborate with the other standing committees. Next, he reported that the Committee recommended a new resolution and charter for the committee – the Resolution on Continuation of the Committee on Strategic Initiatives (see Appendix Q).

On behalf of the Committee, Mr. Mitchell moved that the Board adopt the Resolution on Continuation of the Committee on Strategic Initiatives as presented. The motion carried.

The Committee heard a presentation from Senior Vice President Kelly on student success metrics in the strategic plan relevant to student success trends in the UNC system as compared to the imitations of the federal graduation rate.

In closing, Mr. Mitchell remarked that the Committee considered potential topics it will discuss this year, including strategies to reduce time to degree, better utilization of summer session, financial aid reforms, and enhanced student advising.

Chairman's Report

Given the extensive closed session agenda and in the interest of time, Chairman Bissette stated that he would forego his report. He called on Mrs. Coward for a motion to go into closed session.

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

The Board went into closed session at 10:20 a.m. and returned to open session at 1:35 p.m.

Report of the Committee on Personnel and Tenure

Mr. Parrish, Chair of the Committee, reported that at its meeting on Tuesday, September 5, the Committee conducted an orientation session for new committee members on important topics related to tenure conferral, faculty appeals, and the process for pre-approval of salary increases. The Committee also reviewed a number of informational reports. Vice President Brody provided a summary of the Annual Raise Process for 2017-2018 for employees exempt from the State Human Resources Act and provided updates on changes to the system-wide salary ranges for Senior Academic and Administrative Officers.

Mr. Parrish reported that the Committee received an update from Senior Associate Vice President Usischon on the University's retirement programs and noted that the President's staff, delegated with the responsibility to review plan investments, recommended the Board adopt a Collective Investment Trust with Vanguard (see Appendix R).

On behalf of the Committee, Mr. Parrish made a motion that the Board adopt a Collective Investment Trust with Vanguard and authorize the President and her staff to execute the required documents to enter into a collective investment trust agreement. The motion carried.

Finally, the Committee reviewed and approved a summary report under the Salary and Position Consultation process.

Election of Officers

Chairman Bissette presided over the elections of Vice Chairman and Secretary offices for the unexpired terms ending June 30, 2018. Mr. Harry Smith was the candidate for the office of Vice Chairman and Ms. Pearl Burris-Floyd for the office of Secretary. The offices were uncontested. Chairman Bissette recommended that the Board suspend the rules and elect Mr. Smith to the office of Vice Chairman and Ms. Burris-Floyd to the office of Secretary. Mr. Grainger made the motion to accept the recommendation and it was properly seconded. The motion carried. Mr. Smith and Ms. Burris-Floyd were unanimously elected.

In closing, the following announcements were made – Chairman Bissette stated that the next meeting of the Board of Governors was scheduled for November 3, 2017 in Chapel Hill; Mr. Fetzer asked that the Board adopt a resolution thanking the police officers for their steadfast dedication in safeguarding everyone during this week's Board meetings and other meetings and to present the resolution at the next meeting; and he asked the members to gather for a group photo wearing WCU baseball caps on behalf of Chancellor Belcher.

There being no further business, Chairman Bisette requested a motion to adjourn. Mr. Grainger moved and the motion was properly seconded. The Board adjourned at 1:50 p.m.

Pearl Burris-Floyd, *Secretary*

APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	President Spellings' Report	Posted Online
Appendix B	UNC-GA Internal Audit Plan for 2017-18	Posted Online
Appendix C	Sale of Special Obligation Bonds – ECU	Posted Online
Appendix D	Sale of Special Obligation Bonds – UNCC	Posted Online
Appendix E	Capital Improvement Projects–FSU, NCA&T, NCSU, UNC-CH, UNCC, UNCG, UNCSA and WCU (<i>Amended</i>)	Posted Online
Appendix F	Disposition of Property by Demolition – ECU and FSU	Posted Online
Appendix G	Authorization to Establish a M.S. in Architecture – UNCC	Posted Online
Appendix H	Authorization to Discontinue MEd in Drama – UNCG	Posted Online
Appendix I	Authorization to Discontinue B.F.A. in Theatre Arts Education and the B.F.A. in Theatre Arts Education – UNCG	Posted Online
Appendix I	Authorization to Approve Licensure Programs at the following: <ul style="list-style-type: none">• South College• Western Governors University• Johnson & Wales University• Harrison College	Posted Online
Appendix J	Authorization to Approve B.S. in Nursing Improvement Plan – NCCU	Posted Online
Appendix K	Resolution of the Board of Governors Authorizing Security Clearance	Posted Online
Appendix L	2017-18 Capital Improvement Allocations	Posted Online
Appendix M	the 2017-18 Operating Budget Allocations	Posted Online
Appendix N	Request for Additional Project and Financing Authority – NCCU	Posted Online
Appendix O	Sale of Obligation Bonds – UNC-Chapel Hill	Posted Online
Appendix P	Adoption of UNC Policy 400.7– <i>Involvement of Centers and Institutes in Legal Actions</i>	Posted Online
Appendix Q	Resolution on Continuation of the Committee on Strategic Initiatives	Posted Online
Appendix R	Adoption of a Collective Investment Trust with Vanguard	Posted Online
Appendix S	2017-18 Committee Reports from July 1, 2016 – June 30, 2017	Posted Online