

Committee on
Audit, Risk
Management, and
Compliance

Annual Report
2016-2017



DUTIES AND MEMBERSHIP

The Committee on Audit, Risk Management, and Compliance is responsible for recommending a committee charter for review and approval by the Board, addressing the University’s internal audit, enterprise risk management, and compliance functions; recommending for approval University-wide policies regarding internal audit, enterprise risk management, and compliance; reviewing annual and other reports of the constituent institutions, UNC General Administration, and affiliated entities; reviewing a summary of the internal audit plans and work of the audit committees of the constituent institutions; reviewing a summary of the annual financial audit reports and management letters on University major associated entities; meeting with the State Auditor annually; and taking such other actions as are necessary or appropriate to ensure that risks are identified and properly managed and to assure the integrity of the finances, operations, and controls of the University. This report summarizes the work of the Committee on Audit, Risk Management, and Compliance from July 2016 through June 2017.

The Committee was composed of the following Board members: Mr. Walter C. Davenport, Mrs. Hannah D. Gage, Mr. Thom C. Goolsby, Mr. Robert S. Rippy, Mr. William A. Webb, and Mr. Michael Williford. Mr. Davenport served as Chair, Mr. Webb served as Vice-Chair, and Mr. Williford served as Secretary.

Chancellor Cecil Staton (ECU) and Chancellor Lindsay Bierman (UNCSA) also served on the Committee.

ACTIONS

The Committee on Audit, Risk Management, and Compliance met in six regular meetings and four joint meetings with Public Affairs between July 1, 2016 and June 30, 2017. The major actions of the Committee are summarized as follows:

Summary of Approval Actions	Month Approved
Approval of UNC-GA’s Internal Audit Plan for fiscal year 2017	July 2016
Approval of the Summary of University-Wide Internal Audit Plans for fiscal year 2017	December 2016
Approval of the definition of “Economic Impact” by the CARMC and Public Affairs	September 2016
Approval of the expansion of the strategic theme from “Economic Impact” to “Economic Impact and Community Engagement” by the CARMC and Public Affairs	October 2016
Approval of Updates to the Committee and Internal Audit Charters	February 2017
Approval of the Amendments to the UNC Policy Manual, Section 100.2	May 2017

Committee on Budget and Finance

Annual Report
2016-2017

DUTIES AND MEMBERSHIP

The Committee on Budget and Finance advises and consults with the Board of Governors' Chair and the President concerning budget policy and preparation; considers the budget proposed by the President, recommends modifications if needed, and approves the budget for consideration by the Board; makes recommendations to the Board for allocation of funds appropriated by the General Assembly; works with the Committee on Educational Planning, Policies, and Programs to ensure the proper funding of strategic objectives; and submits recommendations to the Board with respect to capital improvement projects, institutional borrowings, and property transactions, as well as other budgetary and financial matters within the jurisdiction of the Board of Governors. This report summarizes the work of the committee from July 2016 through June 2017.

The Committee on Budget and Finance was composed of the following members: Roger Aiken, Hannah Gage, James L. Holmes, Jr., William (Marty) Kotis II, Scott Lampe, J. Alex Mitchell, David Powers, and Harry L. Smith. Mr. Lampe served as Chair, Mr. Holmes served as Vice Chair, and Mr. Kotis served as Secretary.

Chancellor Philip L. Dubois (UNCC), Chancellor Sheri Everts (ASU), and Chancellor Randy Woodson (NCU) were assigned to the committee.

ACTIONS

The Committee on Budget and Finance met in nine meetings between July 1, 2016 and June 30, 2017. The major actions of the committee are summarized as follows:

BUDGETS and ALLOCATIONS, TUITION and FEES

During the year, the committee made specific recommendations for consideration by the Board related to budget requests, allocations of funds, and adjustments of tuition and fee rates.

2016-17 Operating Budget Allocations Requiring Board Approval:

The proposed 2016-17 Allocations for the Operating Budget were recommended for Board approval. The budget included specific allocations of funding to the constituent institutions and UNC General Administration: Enrollment Change funding (\$31,000,000), Management Flexibility Reduction (-\$44,914,851), and Compensation Bonus Reserve (nonrecurring funds of \$20,160,414) were appropriated for a one percent merit-based bonus for both EHRA and SHRA employees.

Enrollment Change Funding

The 2015 General Assembly appropriated \$31,000,000 for enrollment funding in the UNC system for 2016-17, which was 94 percent of the requested \$32,972,533. The appropriation was allocated to the campuses proportionally based on updated enrollment growth projections.

Systemwide, enrollment was expected to increase by 2,943 FTE students. While in previous years, enrollment appropriations were allocated directly to the campuses through the continuation budget, the General Assembly made the appropriation to UNC-GA, Institutional Programs (BOG Reserve). The enrollment change request and allocations were based on the University's student-credit-hour funding model, except for the components that remain on the FTE funding model. UNC-GA, Institutional Programs (BOG Reserve).

Management Flexibility Reduction

The 2015 General Assembly directed an additional management flexibility recurring reduction of \$43,593,567 to take effect in 2016-17. A nonrecurring reduction of \$3 million was also implemented in 2016-17. The 2016 General Assembly also mandated an additional \$16,354,396 in flex cuts. The Appropriations Act prohibited reductions to certain campuses (ECSU, FSU, UNCA, UNCSA, and NCSSM) and outlined other parameters for allocating the reductions for the 2015-17 biennium.

Five BOG-adopted efficiency and effectiveness metrics and three additional factors were considered in the reduction methodology for the remaining institutions, in order for institutions increasing performance or exceeding peer averages to receive a lower reduction. In addition, \$7,684,140 of the reduction was allocated to campuses based on the amount of state funds spent on advancement activities in excess of \$1 million in 2014-15.

Compensation Bonus Reserve (merit-based)

Nonrecurring funds of \$20,160,414 were appropriated for a one percent merit-based bonus for both EHRA and SHRA employees. The Board of Governors was required to determine the criteria for disbursement among EHRA employees; SHRA guidelines will be governed by the NC Office of State Human Resources (OSHR).

Additional Budget Actions Not Requiring Board Approval:

The General Assembly mandated reductions and increased appropriations directly to several campus budgets, which did not require Board allocation. These are described on the following pages for information only. Additionally, although funding for compensation and benefit changes was appropriated directly to the UNC budget, Section 36.17 directed the Office of State Budget and Management (OSBM) to determine the allocation of these funds. Unless otherwise noted, appropriations were made in the 2016 Appropriations Act [S. L. 2016-94 (HB 1030)].

Compensation Increase Reserve:

The General Assembly appropriated \$41,966,294 in recurring funds for a 1.5 percent across-the-board salary increase for UNC employees both subject to and exempt from the State Human Resources Act (SHRA and EHRA). The recurring funds impacted the employee's base salary and retirement contributions.

The General Assembly also appropriated nonrecurring funds of \$13,854,891 for a 0.5 percent one-time bonus for UNC employees both subject to and exempt from the State Human Resources Act (SHRA and EHRA). This bonus was not be considered part of an employee's annual salary or base rate of pay for retirement purposes. The Office of State Budget and Management (OSBM) was directed to determine the allocation of these appropriated funds to each constituent institution

Retirement Funding – TSERS and ORP:

The General Assembly appropriated \$3,664,607 in recurring funds in order to increase the state's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) from 15.32 percent to 16.12 percent. Nonrecurring funds of \$5,496,911 were also appropriated to provide a 1.6% one-time cost-of-living supplement to retirees. A recurring reduction of \$340,923 decreased the state's contribution for members of the Optional Retirement Program (ORP) from 20.32 percent to 21.12 percent to match the actuarially determined contribution for the Disability Income Plan. The Office of State Budget and Management (OSBM) was directed to determine the allocation of these appropriated funds to each constituent institution. No action was required by the Board of Governors to allocate these funds.

Reimburse Fine Assessed Against UNC-Chapel Hill for Exceeding Out-of-State Student Admission Limit:

Section 11. 9 of the Appropriations Act mandated that UNC-GA return \$500,000 of the \$1,041,017 fine assessed in March for exceeding the 18 percent limit on nonresident freshman enrollment for two consecutive years. Per the policy, these funds were forwarded to SEAA to be added to the UNC Need-Based Grant Financial Aid Program. In accordance with the special provision, NCSEAA returned \$500,000 to UNC-Chapel Hill, Academic Affairs.

Eliminate Enrollment Growth Performance Funding:

The General Assembly eliminated the enrollment growth performance funding that was originally appropriated in 2011 with a \$1,000,000 recurring reduction. The funds were reduced from UNC-GA, Institutional Programs (BOG Reserve).

UNC Teacher and Principal Preparation Program Lab School Administration:

The \$1,000,000 in nonrecurring funds appropriated by the General Assembly provided administrative and technical assistance related to the UNC Teacher and Principal Preparation Laboratory School Program. The funds were used to provide lab school start-up assistance to constituent institutions with educator preparation programs. These funds were appropriated to UNC-GA, Operating.

Internships and Career-Based Opportunities for HBCU Students:

The General Assembly appropriated \$183,000 in nonrecurring funds to expand the internship program for students attending Historically Black Colleges and Universities (HBCU). The funds were appropriated to UNC-GA, Institutional Programs (BOG Reserve). It was recommended that the President be authorized to make further allocations.

Leveraging Technology and Learning Innovations to get Part-Way Students Home:

The General Assembly provided \$2,300,000 in nonrecurring funds for leveraging technology and learning innovations to get part-way students home. The funds were used for technology and academic support strategies in order to recruit, retain, and graduate students who had not finished their baccalaureate degree. These funds were appropriated to UNC-GA, Institutional Programs (BOG Reserve).

Advancement Activity Limitations:

The General Assembly restored the funds of \$16,354,396 due to the elimination of the cap on the amount of state funds used for advancement activities. S. L. 2015-268 prohibited more than \$1 million of state funds to be used toward advancement activities per campus that was to be effective beginning in 2016-17. A corresponding reduction of \$16,354,396 was added to the management flex reduction.

UNC Core:

The General Assembly converted recurring funding of \$1,000,000 to nonrecurring status for UNC Core, a distance education program for active duty service members and veterans administered by the Friday Center for Continuing Education at UNC-Chapel Hill. The adjustment was made to UNC-CH, Academic Affairs.

North Carolina Policy Collaboratory:

Recurring funds of \$1,000,000 appropriated by the legislature provided for the newly established NC Policy Collaboratory at UNC-Chapel Hill. The Collaboratory would conduct and disseminate research related to natural resources management for state and local government. These funds were appropriated to UNC-Chapel Hill, Academic Affairs. In addition to this appropriation, \$3,500,000 in nonrecurring funds was provided to OSBM to administer a new challenge grant for the Collaboratory. UNC-CH is required to match one-to-one the grant funds.

Jordan Lake Study:

The General Assembly appropriated \$500,000 in recurring funds for a Jordan Lake study. The Chief Sustainability Officer at UNC-CH would designate an entity to study nutrient management strategies. These funds were appropriated to UNC-Chapel Hill, Academic Affairs.

Western School of Medicine – Asheville:

The General Assembly appropriated \$3,000,000 in recurring funds for the UNC School of Medicine's Asheville campus, a joint program between the UNC School of Medicine and the Mountain Area Health Education Center. Funding would support administration, faculty, and related programs. These funds were appropriated to UNC-Chapel Hill, Health Affairs.

North Carolina State University – Agriculture Institute:

Recurring funds of \$200,000 appropriated by the General Assembly would provide for increased student support, recruitment, and marketing at NCSU's Agriculture Institute. The funds were appropriated to NCSU, Academic Affairs.

ECU Medical School Sustainability Funds:

The General Assembly converted half of the state budget sustainability funds (\$4,000,000) for the Brody School of Medicine to recurring status. The funds would provide support for the school due to lost revenue. The adjustment was made to ECU, Health Affairs.

UNC Pembroke Video Surveillance Upgrades:

The legislature provided nonrecurring funds of \$675,000 to expand and upgrade video surveillance systems on UNCP's campus. These funds were appropriated to UNC Pembroke.

Elizabeth City State University Marketing:

Nonrecurring funds of \$250,000 were provided for ECSU to market the NC Promise Tuition “Buy Down” Program. In accordance with HB 805 (technical corrections), the funds were appropriated to UNC-GA, Operating Budget.

Western School of Engineering and Technology:

The General Assembly appropriated \$130,000 in recurring funds and \$500,000 in nonrecurring funds for project management and curriculum development at the Western School of Engineering and Technology, which was funded in 2016 in the Connect NC Bond. An additional position, based in Morganton would provide construction management of the project. Additional funds would be used for curriculum development for the new school. These funds were appropriated to North Carolina School of Science and Mathematics.

Cheatham-White Scholarships:

The General Assembly is provided \$300,000 in recurring funds to administer a new scholarship program at North Carolina A&T State University and North Carolina Central University to be called the Cheatham-White Scholarships. The full scholarships would fund up to 50 students at each campus beginning in the fall 2018 semester. NCA&T and NCCU would be required to match the General Fund appropriation. These funds were appropriated to UNC-GA, Related Educational Programs.

Aid to Private Institutions:

The 2016 General Assembly appropriated \$9,300,000 in additional recurring funds and \$34,840,000 in nonrecurring for programs for private institutions. The funds for these programs were appropriated directly to Aid to Private Institutions.

Intra-Agency Transfers:

The following intra-agency transfers did not require Board action.

NCSU Energy Center:

In accordance with the Joint Conference Committee Report, nonrecurring funds of \$200,000 was be transferred to NCSU from the Environmental Quality budget for the Energy Center.

Crab Pot Cleanup:

In accordance with the Joint Conference Committee Report, nonrecurring funds of \$100,000 was be transferred to NCSU from the Environmental Quality budget for a crab pot cleanup pilot project to be managed by NC Sea Grant.

Applied Physical Sciences:

In accordance with the Joint Conference Committee Report, nonrecurring funds of \$4,000,000 was provided to OSBM to administer a new challenge grant for applied physical sciences at UNC-Chapel Hill. Receipt of these grant funds would require a one-to-one match by the recipient.

Authorization of Tuition for 2017-18 (Excluding Debt Service Fees):

The 2016 General Assembly enacted a new guaranteed tuition program, beginning in 2016-17, that fixes tuition rates for first-time full-time resident undergraduates and new transfer students that remain continuously enrolled for eight consecutive semesters or the equivalent number of remaining semesters for transfer students. New resident undergraduate tuition rates for 2017-18 would only apply to the students enrolled in the fall of 2017. The Committee on Budget and Finance recommended a maximum two percent tuition increase for undergraduate resident students.

NC Promise:

The 2016 General Assembly named Elizabeth City State University, The University of North Carolina at Pembroke, and Western Carolina University as the institutions for the new NC Promise Tuition Plan, which would reduce tuition costs for in-state undergraduate students to \$500 per semester beginning in fall 2018. Nonresident undergraduates would pay \$2,500 per semester.

Authorization of Fees for 2017-18:

The 2016 General Assembly enacted a provision that capped mandatory student fee increases (including debt service fees) to three percent per year.

2017-19 Budget and Policy Priorities:

The committee recommended approval of the following:

Inform: Fulfill our responsibility to be more transparent and accountable.

	2017-18		2018-19	
Data Modernization Initiative	\$10,000,000	NR	\$16,625,000	NR
			1,375,000	R
Student Outcomes and HR Data	750,000	R	750,000	R
Nonrecurring Subtotal	10,000,000	NR	16,625,000	NR
Recurring Subtotal	750,000	R	2,125,000	R
Inform Total	\$10,750,000		\$18,750,000	

Innovate: Invest in promising new ideas that will raise graduation rates and grow our economy.

Student Success Innovation Initiative	\$ 500,000	NR	\$ 3,500,000	R
“Finish in Four” Technology	1,200,000	NR	800,000	R
Research Opportunities Initiative	3,000,000	R	3,000,000	R
Faculty Recruitment and Retention Fund	3,000,000	R	3,000,000	R
Nonrecurring Subtotal	1,700,000	NR		
Recurring Subtotal	6,000,000	R	10,300,000	R
Innovate Total	\$7,700,000		\$10,300,000	

Other Targeted Priorities

	2017-18		2018-19	
Reinstate NCSSM Tuition Grant	\$	-	\$1,500,000	R
Lab Schools Operational Funding	1,000,000	NR		
	930,000	R	1,860,000	R
Elizabeth City State University	2,805,352	NR	2,185,352	NR
Medical Education Expansion	10,000,000	R	10,000,000	R
Doctoral Program at NC A&T	2,500,000	R	2,500,000	R
Operating Building Reserves	751,112	R	5,910,362	R
Nonrecurring Subtotal	3,805,352	NR	2,185,352	NR
Recurring Subtotal	14,181,112	R	21,770,362	R
Other Targeted Priorities Total	\$17,986,464		\$23,955,714	

Enrollment Funding

Enrollment Funding	\$46,571,112	R	\$94,734,518	R
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Capital Construction: Repairs and Renovations

UNC received 50% of state-wide repair and renovations funds.

Empower: Grant institutions more flexibility in exchange for stronger accountability.

In order to achieve the goals set out in UNC's Strategic Plan and fulfill its obligation to make well-informed decisions, UNC institutions need flexibility to pursue necessary reforms and relief from burdensome regulations. Some of this work could be achieved by simply reducing reporting requirements and focusing transparency efforts on an annual progress card. However, the University could realize even greater efficiencies if key pieces of legislation were amended to allow the Board of Governors and the institutions more authority in exchange for stronger accountability.

Allow additional flexibility for more efficient use of state funds for repairs and renovations.

The University currently has over \$1 billion in repair and renovation (R&R) needs as identified by the Facilities Condition and Assessment Program (FCAP). While UNC has benefited from an average R&R appropriation of just under \$30 million per year over the last 10 years, the University needs more flexibility to ensure regular maintenance of our facilities. Timely investment in facilities could reduce long-term maintenance costs for the University and the state while addressing issues that need immediate attention.

The following changes would allow chancellors and the Board of Governors more flexibility to use their operating funds for capital projects to facilitate strategic investment in institutional facilities:

- Reinstate 5 percent carryforward authority to allow problem solving with existing resources;
- Increase limit on operating funds used for capital projects from \$300,000 to \$1 million; and
- Allocate R&R funding directly to the Board of Governors.

Reduce time and cost of planning, completing, and funding capital projects.

The following changes would significantly impact UNC's ability to implement efficiencies related to design, review, and approval, thus leading to faster completion of capital projects at lower cost:

- Allow confidential approval for capital projects to be published publicly after the bid process;
- Create a State Aid Intercept Program to reduce interest expense and keep student fees low;
- Amend the State Construction Office process for review and approval as recommended by the UNC Working Group on Capital Construction Costs; and
- Eliminate the non-state funded Advanced Planning requirement before requesting legislative support.

Reduce transactional management by the Office of State Budget and Management (OSBM).

The following changes would significantly reduce the administrative burden of transactional approvals and allow for more efficient use of time by budget staff at each institution, General Administration, and OSBM:

- Require OSBM approval of budget revisions to certify funds to budget codes specified in the Appropriations Act;
- Allow for transfers between budget codes and capital projects for all Special Responsibility Constituent Institutions;
- Move from monthly to quarterly allotments; and
- Eliminate the requirement for the State Budget Director to approve the availability of funds for specific capital projects.

Ensure that we attract and retain the best and brightest.

The following changes target key segments of the workforce for highly competitive positions that are particularly difficult to recruit and susceptible to high turnover:

- Expand EHRA exemption to financial and IT positions to keep pace with competitive employment markets; and
- Grant authority to establish performance incentive, recruitment, and retention compensation policies for SHRA employees.

CAPITAL IMPROVEMENTS

2016-17 Capital Improvement Allocations:

The proposed 2016-17 Allocations for Capital Improvements were recommended for Board approval.

2016-17 Allocations from the Reserve for Repairs and Renovations:

The 2016 General Assembly appropriated \$81,400,000 to the statewide Reserve for Repairs and Renovations. Eight (8) specific capital projects for other state agencies were earmarked at a value of \$13,923,000, to be deducted from the \$81,400,000. This yielded a net Reserve for Repairs and Renovations equal to \$67,477,000, of which \$33,738,500 (one-half) was allocated to the Board of Governors, as shown below. By statute, the Board was directed to allocate such funds in accordance with guidelines developed in the UNC Funding Allocation Model for Repairs and Renovations.

2016-17 Allocations - Reserve for Repairs and Renovations	Amount
Appalachian State University	\$ 2,291,453
East Carolina University	3,813,019
Elizabeth City State University	702,749
Fayetteville State University	674,770
North Carolina A&T State University	1,777,450
North Carolina Central University	1,498,710
North Carolina State University	6,971,067
The University of North Carolina at Asheville	897,723
The University of North Carolina at Chapel Hill	5,570,915
The University of North Carolina at Charlotte	889,677
The University of North Carolina at Greensboro	2,472,004
The University of North Carolina at Pembroke	674,770
The University of North Carolina at Wilmington	1,185,683
The University of North Carolina School of the Arts	674,770
Western Carolina University	1,408,422
Winston-Salem State University	885,778
North Carolina School of Science and Mathematics	674,770
The University of North Carolina General Administration	674,770
TOTAL ALLOCATIONS	\$33,738,500

In accordance with the Appropriations Act, the Board allocated repair and renovation funds considering all of and only the following:

- (1) The amount of each institution's deficiencies documented pursuant to the Facilities Condition Assessment Program.
- (2) The availability of non-state resources and carry-forward funds available for repair and renovations at each campus, which shall be negatively weighted in making allocation decisions."

Allocations from the Connect NC Bond Program for Capital Repairs and Renovations:

The Connect NC Bond Program contained 21 capital improvement projects at the UNC constituent institutions, 14 new projects, and seven renovation projects that total \$1,065,000,000 with voter approval.

Institution	Capital Project	Bond Funding
ASU	Health Sciences Building	\$ 70,000,000
ECU	Life Sciences and Biotechnology Building	90,000,000
ECSU	Moore Hall Building Renovation	8,500,000
ECSU	G.R. Little Library Building Renovation	4,500,000
FSU	Lyons Science Building Renovation	10,000,000
NCA&T	Engineering Building	90,000,000
NCCU	Business School	30,000,000
NCSU	Engineering Building – Oval	75,000,000
NCSU	Plant Sciences Building/Ag-NCSU Partnership	85,000,000
UNCA	Owen Hall Renovation	15,100,000
UNCA	Carmichael Hall Renovation	6,000,000
UNC-CH	Medical Education Building Replacement	68,000,000
UNCC	Sciences Building	90,000,000
UNCG	Nursing and Instructional Building	105,000,000
UNCP	Business School	23,000,000
UNCW	Allied Health/Human Services/Nursing Building	66,000,000
UNCSA	Old Library Renovation	8,000,000
UNCSA	Performance Place Renovation	2,900,000
WCU	Science/STEM Building	110,000,000
WSSU	Sciences Building	50,000,000
NCSSM	N.C. School of Technology and Engineering	58,000,000
Grand Total		\$1,065,000,000

Other funds, including Non-General Funds, contributed to projects at nine UNC institutions bringing the Connect NC Bond Program total to \$1,288,991,792. These Non-General Funds projects are shown below.

**Allocations from Non-General Funds for
Capital Repairs and Renovations**

	Amount
Appalachian State University	
Health Sciences Building	\$10,000,000
East Carolina University	
Life Sciences and Biotechnology Building	5,050,000
North Carolina State University	
Engineering Building	79,000,000
Plant Sciences Building/Ag-NCSU Partnership	75,200,000
NCSU Subtotal	154,200,000
The University of North Carolina at Chapel Hill	
Medical Education Building Replacement	22,429,792

The University of North Carolina at Charlotte	
Sciences Building	11,000,000
The University of North Carolina at Pembroke	
Business School	13,000,000
University of North Carolina School of the Arts	
Performance Place Renovation	5,000,000
Winston-Salem State University	
Sciences Building	3,312,000
Grand Total	\$223,991,792

Non-General Fund Capital Improvement Projects Authorizations:

In response to the Board’s request, the 2016 General Assembly authorized capital projects funded from non-general fund sources totaling \$567,259,571 in House Bill 872 (S. L. 2016-97).

SECTION 2. The capital improvement projects, and their respective costs, authorized by this act to be acquired or constructed and financed as provided in Section 1 of this act, included by revenue bonds, by special obligation bonds as authorized in Section 4 of this act, or by both, were as follows:

Project Authorization	Amount
Appalachian State University	
Convocation Center Parking Deck	\$ 11,250,000
North Carolina Central University	
New Student Center	36,084,571
North Carolina State University	
Plant Sciences Building	75,200,000
Carmichael Addition and Renovation	45,000,000
Case Commons Residence Hall	15,000,000
NCSU Subtotal	135,200,000
The University of North Carolina at Asheville	
Highsmith Union Renovation	12,430,000
Student Apartment Housing	33,795,000
UNCA Subtotal	46,225,000
The University of North Carolina at Charlotte	
Scott Hall Renovations	22,500,000
Health and Wellness Center	66,000,000
UNCC Subtotal	88,500,000
UNC Hospitals at Chapel Hill	
Surgical Pavilion and Renovations	250,000,000
Grand Total	\$567,259,571

Authorization of Non-Appropriated Capital Improvement Projects – 2017:

On an annual basis, the Board considers campus proposals for projects funded from non-appropriated sources requiring the issuance of long-term debt. The committee recommended ten capital improvement projects at six institutions totaling \$348.5 million and requiring aggregate debt issuance of \$238 million. Additionally, four campuses requested approval of associated student debt service fees. The projects were forwarded to the General Assembly for authorization during the 2017 legislative session. For each authorized project, a detailed financial plan would be reviewed in consultation with financial advisors and bond counsel before bonds were issued and construction contracts were awarded.

All projects complied with G. S. Chapter 143C (State Budget Act) and all associated fees complied with the guidelines set forth in the Four-Year Plan for Tuition and Fees.

Project	Total (\$)	Cash/GO Bond/Other (\$)	Debt (\$)	Source of Funds
East Carolina University				
Dowdy-Ficklen Stadium Southside Renovation	\$55,000,000	-	\$55,000,000	Athletic Receipts
ECU Subtotal	\$55,000,000	\$0	\$55,000,000	
Elizabeth City State University				
Demolition of Hugh Cale and Doles Halls	611,294	-	611,294	Housing Receipts
Renovation of Bias Hall	4,522,272	-	4,522,272	Housing Receipts
Renovation of Butler Hall	3,790,242	-	3,790,242	Housing Receipts
Demolition of Complex A-G Buildings	576,192	-	576,192	Housing Receipts
Update Master Plan	500,000	-	500,000	Housing Receipts
ECSU Subtotal	\$10,000,000	\$0	\$10,000,000	
North Carolina Central University				
Baynes Residence Hall Renovations	12,207,319	5,665,198	6,542,121	Housing Receipts
NCCU Subtotal	\$12,207,319	\$5,665,198	\$6,542,121	
UNC Chapel Hill				
Indoor Practice Facility and Fetzer Field	55,000,000	25,000,000	30,000,000	Fundraising/Educ. Foundation Bond
Media and Communication Studio (Athletics)	10,000,000	-	10,000,000	Athletic Receipts
DLAM Renovations (swing space for Berryhill Hall) & AAALAC Certification	22,340,000	450,000	21,890,000	F&A Receipts
Kenan Labs -Renovations to Labs 7A,7B,7C,8B, & 8C for Applied Physical	15,850,000	8,167,000	7,683,000	F&A, R&R, State Appropriation
Medical Education Building	90,600,000	68,000,000	22,600,000	Clinical Tax on UNC FP/F&A
UNC-CH Subtotal	\$193,790,000	\$101,617,000	\$92,173,000	

UNC Greensboro				
Spartan Village Phase II Acquisition	50,900,000	-	50,900,000	Housing and Dining Revenues
UNCG Subtotal	\$50,900,000	\$0	\$50,900,000	
Western Carolina University				
Parking Deck Facility	26,615,185	3,000,000	23,615,185	Parking Receipts
WCU Subtotal	\$26,615,185	\$3,000,000	\$23,615,185	
Grand Total	\$348,512,504	\$110,282,198	\$238,230,306	

Authorization of Energy Conservation Measures – North Carolina State University:

Pursuant to G.S. 143-64.17L, the Board of Governors of The University of North Carolina may authorize North Carolina State University (NCSU) to implement energy conservation measures related to the Centennial Campus central plant co-generation project. The installation would provide adequate firm steam capacity to support the EB Oval, Plant Sciences, and approximately four additional projects in the future.

Emergency Procedures:

Chancellors informed the president of the need to invoke emergency procedures as allowed by G. S. 143-129 to provide for new capital improvement projects. In accordance with emergency procedures, the State Building Commission was also notified.

Institution/Project	Funding Source	Amount
North Carolina Central University		
Repair Campus Steam System Leaks	R&R/Non-General Funds	\$551,582
The University of North Carolina at Chapel Hill		
Steam Line Repairs on Skipper Bowles Drive	Non-General Funds	\$2,600,000
Elevator Repairs – Gore Building & Medical Wings E&F	Non-General Funds	\$775,000
UNC-CH Subtotal		\$3,375,000
The University of North Carolina at Greensboro		
UNCG Auditorium Fire Damage Repairs	Insurance	\$90,452
The University of North Carolina at Pembroke		
Campus Gas Line Repair – Chavis Dining Hall	Repairs and Renovations	\$411,455
UNC School of the Arts		
Stevens Center Cladding and Structural System Repairs	Repairs and Renovations	\$350,000

Capital Improvement Projects Not Requiring Action by the General Assembly:

During the year, the committee recommended approval of the following capital improvement projects to be funded principally from non-appropriated funds.

Institution and Project	Amount Requested
Appalachian State University	
Holmes Convocation Center Scoreboard Installation	800,000
College of Health Sciences	5,000,000
Broyhill Inn Demolition	600,000
Doughton Hall Makeup Air Handler Replacement	110,521
Garwood Hall Lab and Classroom Renovations	918,856
Peacock Hall and Parking West Restroom Renovation	1,200,000
Stadium Video Scoreboard Structure	535,106
ASU Subtotal	\$9,164,483
East Carolina University	
Uptown 209	2,998,409
Life Sciences and Biotechnology Building	5,050,000
Student Recreation Center – Replace Steam Service	498,500
Biotechnology Building Elevator Modernization	321,000
Bate Steam Tunnel Renovations	1,228,620
Brody Building Upgrades to Emergency Power System – Phase II	3,000,000
Health Sciences Campus (HSC) Central Utility Plant Chiller #1 Replacement	1,200,000
Install Fuel Oil Containment Facilities - Main Campus Steam Plant	1,200,000
Brody Building – High Point Code Compliance	1,844,278
Croatan Renovations-Full Service Chick-fil-A	800,800
Advance Planning – Brody Auditorium Renovation (\$5,222,000)	600,000
Advance Planning – Fletcher Residence Hall Make Up Air (\$800,000)	100,000
Advance Planning – Mendenhall Comprehensive Renovation (\$20,000,000)	1,300,000
ECU Subtotal	\$20,141,607
North Carolina Central University	
One Stop Shop	\$1,591,735
North Carolina State University	
CVM North Theater Renovation	495,000
Dan Allen Parking Deck Repairs	1,400,000
CVM C273 Suite Renovation for General Dentistry	400,000
CVM Dining Seating Area Renovation	350,000
Harris Hall Student Services Center Renovation	1,750,000
Bureau of Mines Renovation	6,000,000
Morrill Sidewalk & Lighting Project	360,000
Bragaw Hall Toilet Room Finish Renovations – Phase 1	400,000
Varsity Research Building – Renovations Phase 1	350,000
Brooks Hall Roof Replacement	487,583
Daniels Hall Roof Replacement	1,000,000
ES King Village Roof Replacement – Phase II	1,400,000
Exterior Lighting LED Conversion Phase 1	1,438,645
Syme, Gold, Welch, Bragaw Residence Halls Water Line Replacement	605,000
Wolf Ridge Student Health Renovation	495,000
Patterson Hall Business Center Renovation	795,000
Owen Hall Renovation	350,000

Institution and Project	Amount Requested
North Carolina State University (continued)	
Theriogenology Facility at Reedy Creek Equine Farm	2,170,000
CBC Chiller Plant Expansion	3,514,329
North and Central Campus Precincts Electrical Distribution Master Plan – Phase 1	3,626,280
CVM Main Building Data Infrastructure Upgrades	900,000
EH&S Chilled Water Connection	350,000
Biltmore Data Infrastructure Upgrades	335,000
DH Hill North-South Tower & Poe Hall Waterproofing	725,000
Murphy Center – Media Center Renovation	5,230,000
Vaughn Towers, Dail Club Seating Upgrade	450,000
Carter-Finley Stadium, South End Video Board Upgrade	499,690
Advance Planning – Exterior Lighting LED Conversion Phase 1 (\$1,000,000)	100,000
Advance Planning – Academic Success Center at DH Hill Library (\$9,300,000)	700,000
Advance Planning – Case Academic Center Dining Addition (\$495,000)	49,500
Advance Planning – Murphy Center Media Center Renovation (\$2,000,000)	175,000
Advance Planning – Murphy Sports Medicine Renovation (\$1,000,000)	120,000
Advance Planning – Greek Village Phase 3 Infrastructure (\$5,500,000)	550,000
Advance Planning – CVM Main Building, B104 Lab Renovation (\$2,000,000)	200,000
Advance Planning – Varsity Research Renovations – Phase 2 (\$2,300,000)	230,000
NCSU Subtotal	\$38,001,027
The University of North Carolina at Asheville	
Mills Hall Bathroom Renovations 3 rd & 4 th Floors	\$480,000
The University of North Carolina at Chapel Hill	
Battle Grove Regenerative Storm Water Conveyance	84,000
Ehringhaus, Hinton James, and Carmichael Residence Halls – Elevator Modernization	400,000
Ambulatory Care Center – Musculoskeletal Enhancement Services Renovation	3,000,000
Everett, Lewis & Stacy Window Replacement & HVAC Improvements	4,500,000
Taylor Campus Health Sports Medicine and Specialty Clinics Renovation	1,900,000
Carmichael Maker Space	533,364
Kenan Stadium Turf Replacement	2,016,163
Men’s Locker Room Renovation at the Smith Center	1,391,897
UNC Student Stores Interior Renovations and Exterior Storefront Modifications	3,799,850
Energy Project: McGavran Greenberg AHU and ERU Repairs	409,000
Energy Project: Taylor Air Flow Reduction	520,000
Energy Project: Thurston Bowles Air Flow Reduction	1,300,000
Medical Education Building – Berryhill Vivarium Migration	21,890,000
Cheek Clark Repair and Renovation	4,995,825
Kenan Laboratory Renovations	14,850,000
New Women’s Field Hockey Stadium and Playing Field	14,185,500
University Master Plan	500,000
Faculty Recruitment Laboratory Renovations – Lineberger Cancer Center	379,960
Porthole Alley – Pedestrian, Bicycle and Vehicular Area Improvements	780,000
Advance Planning – Media and Communications Studios (\$10,000,000)	687,000
Advance Planning – North Carolina Botanical Garden Herbarium – Feasibility Study and Master Plan (\$31,091,457)	500,000
Advance Planning – Science Complex 3 & Institute of Convergent Science (\$175,000,000)	300,000
Advance Planning – Translational Research Building (\$133,400,000)	1,750,000
Advance Planning – Kenan Lab Building Renovation (\$12,595,106)	1,000,000
Advance Planning – UNC Innovation Center @ 200 W Franklin St. (\$2,699,796)	190,000
UNC-CH Subtotal	\$81,862,559

The University of North Carolina at Charlotte	
Science Building	11,000,000
Irwin Belk Track Resurfacing	250,000
Student Counseling Center	400,000
Sycamore Hall Renovation	3,780,000
Campus Storm Water Improvements Phase 2 – Toby Creek Restoration	850,000
Union Deck Expansion	13,300,000
Reclaimed Water	2,100,000
Parking Lots Revitalization	1,600,000
Student Activity Center IT Upgrade	1,800,000
Facilities Operations (FO) Complex	18,805,093
Hawthorn Hall Basement Renovation	400,000
Baseball Indoor Training Facility	850,000
Softball Indoor Training Facility	650,000
Campus Storm Water Improvements – Davis Lake	250,000
UNCC Subtotal	\$56,035,093
The University of North Carolina at Greensboro	
Cone Residence Hall Renovation	9,806,700
Taylor Building Elevator Addition	450,000
Gove Student Health Center Elevator Modernization	315,000
Advance Planning – Parking Deck Repairs – Campus-wide (\$3,000,000)	300,000
UNCG Subtotal	\$10,871,700
The University of North Carolina at Wilmington	
Randall Library Fire Alarm System Replacement	725,000
Randall Library Restroom Additions and Refurbishments	731,711
Athletic Track Renovations and Improvements	1,250,438
Campus-wide Fire Alarm Panel Upgrades	400,000
Fisher Student Center Flooring Replacement	455,509
Hurst Parking Lot	3,458,771
Administrative Annex	5,306,415
UNCW Subtotal	\$12,327,844
The University of North Carolina at School of the Arts	
Campus Master Plan	500,000
Performance Place Renovations	5,000,000
UNCSA Subtotal	\$5,500,000
Western Carolina University	
Ramsey Activity Center – Façade Replacement	2,114,377
Highlands Biological Station – North Campus Project	1,546,708
Indoor Practice Facility	19,400,000
Advance Planning – Lower Campus Residence Hall (\$30,528,000)	50,000
WCU Subtotal	\$23,111,085
Winston-Salem State University	
Number 2 Chiller Replacement at O’Kelly Library	280,200
Chiller and Cooling Tower Replacement at Wilson Hall	447,000
Master Plan Update	450,000
New Freshman Living/Learning Center	2,150,000
Campus Bookstore Expansion	600,000
WSSU Subtotal	\$3,927,200
GRAND TOTAL	\$263,014,333

Increases in Previously Authorized Projects:

Capital improvements actions initiated throughout the year by the president pursuant to Board delegation are reported below. The following increases in previously authorized projects were approved.

Institution and Project	Amount Increased
East Carolina University	
Bate Steam Tunnel Renovations	\$ 11,450
The University of North Carolina at Chapel Hill	
Emergency Declaration - Steam Line Repairs on Skipper Bowles Drive	2,500,000
Emergency Declaration - Elevator Repairs in Gore Building & Medical Wings E&F	435,771
UNC-CH Subtotal	\$2,935,771
GRAND TOTAL	\$2,947,221

INSTITUTIONAL BORROWING

Approval of USDA Financing – Elizabeth City State University:

The committee approved authorization of various agreements related to the refinancing of the Viking Village student housing facility and the financing of various student housing facility projects through a loan from the United States Department of Agriculture (USDA).

Bond Anticipation Note:

The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board of Governors and the General Assembly and have been approved for financing.

University of North Carolina Hospitals:

 Surgical Pavilion (\$110,000,000)

Commercial Paper Program:

In 2001, the General Assembly and the Board authorized NCSU and UNC-Chapel Hill to implement a commercial paper program allowing the periodic issuance of tax-exempt commercial paper bonds. The committee recommended approval and authorized the vice president for finance to use commercial paper bonds for the following projects approved by the 2013 Session of the General Assembly.

North Carolina State University:

- \$75,200,000 Plant Sciences Building
- \$45,000,000 Carmichael Addition and Renovation
- \$15,000,000 Case Commons Residence Hall

Refinancing of Housing Foundation Indebtedness Bonds:

Institution	Refinancing of Housing Foundation Indebtedness Bonds	Approved by BOG
FSU	Authorization of a use agreement to memorialize terms of a refinancing related to a previously approved lease extension for a housing foundation financing of University Place Apartments.	1/13/2017
UNCP	Amendments to previously approved agreements related to the financing of student housing facilities on the campus of UNCP that were constructed through a university-created nonprofit entity, The University of North Carolina Pembroke Student Housing Foundation, LLC.	10/14/2016
WSSU	Amendments to previously approved agreements related to the financing of student housing facilities on the campus of WSSU that was constructed through a university-created nonprofit entity, The WSSU Housing Foundation, LLC.	7/26/2016

Special Obligation Bonds:

The Board of Governors is authorized to issue special obligation bonds for capital improvement projects approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves. The committee recommended that the president of the University, or his/her designee, be authorized to sell the following special obligation bonds.

Institution	Special Obligation Bonds	Approved by BOG
NCA&T	An amount not to exceed \$2,700,000 for the purpose of (1) refinancing outstanding indebtedness to achieve interest rate savings, and (2) paying the costs incurred in connection with the issuance of the 2017 Bond.	1/13/2017
NCSU	An amount not to exceed \$56,200,000 for the purpose of (1) financing the construction, equipping, and furnishing of Case Commons Residence Hall, the renovation of Reynolds Coliseum, and the completion of the Phytotron Energy Savings project (the “2017 Projects”), and (2) refunding some or all of North Carolina State University at Raleigh General Revenue Bond, Series 2002A (commercial paper), the proceeds of which were used to pay costs of the 2017 Projects.	3/3/2017
UNCA	An amount not to exceed \$48,536,000 for the purpose of (1) constructing a residence facility on the campus of UNCA, (2) renovation of the Highsmith Student Center, and (3) paying the costs incurred in connection with the issuance of the 2017 Bonds.	1/13/2017
WSSU	An amount not to exceed \$29,500,000 for the purpose of (1) constructing and equipping a New Residence Hall-Freshmen Living/Learning facility, (2) refund a portion of the outstanding The University of North Carolina system Pool Revenue Bonds, Series 2008A, the proceeds of which were loaned to WSSU, maturing on and after October 1, 2019 (the “Refunded 2008A Bonds”), and (3) finance the costs incurred in connection with the issuance of the Bonds.	3/3/2017
Special Obligation Bonds Refinancing		
ASU	An amount not to exceed \$55,000,000 for the purpose of (1) refinancing outstanding indebtedness to achieve interest rate savings, and (2) constructing a residence hall on the campus of ASU, and (3) paying the costs incurred in connection with the issuance of the 2016 Bonds.	10/14/2016
UNCW	An amount not to exceed \$12,000,000 for the purpose of (1) refinancing outstanding indebtedness to achieve interest rate savings, and (2) paying the costs incurred in connection with the issuance of the 2016 Bonds.	10/14/2016

Change of Vote re: Sale of Special Obligation Bonds – UNC-CH:

During its October 2015 meeting, the Board unanimously approved the issuance of special obligation bonds for capital improvement projects at UNC-Chapel Hill. At that time, Board Member Rodney Hood inadvertently voted in favor of selecting JPMorgan as an underwriter for the bond offering, but discovered a potential conflict regarding his vote. In October 2016, Mr. Hood changed his vote to “abstain.”

Approval of Capital Projects and Financing – UNC Charlotte:

The committee recommended authorization of the capital projects and the special obligation bond for financing of Scott Hall Renovations and the Health and Wellness Center.

PROPERTY

All property transactions, other than leases, of \$250,000 or more require approval of the Board and, therefore, action by the Committee on Budget and Finance unless approved under the President’s delegation up to \$500,000. Upon the approval of the Board, the committee staff forwards such items to the Council of State for final action. The following property transaction was recommended for approval.

Institution	Property Acquisition	Approved by BOG
ECU	Six properties were acquired at cost of \$1,671,250. This strategic acquisition completes assemblage of two city blocks west of the campus. These two blocks would be the site of the Connect NC 2015 Life Sciences and Biotechnology Building and a related parking deck.	5/19/2017

Lease transactions in excess of \$150,000 for campuses without delegated authority require approval of the Board. Lease costs will be at market rate, subject to approval by the State Property Office, and accomplished within the guidelines, procedures, and policies of the North Carolina Department of Administration. The following property transactions were recommended for approval.

Institution	Acquisition of Real Property by Lease	Approved by BOG
FSU	Amendment to the current ten-year lease term (SPO File No. : 26-15. 140) to match the bond repayment term for the bond debt financing this housing facility and owned by the FSU Housing Foundation.	9/6/2016
UNC-CH	Renewal of the current lease and location for the Renaissance Computing Institute (RENCI). RENCI develops and deploys advanced technologies to enable research discoveries and practical innovations and is an institute of The University of North Carolina at Chapel Hill. RENCI was launched in 2004 as a collaboration involving UNC-CH, Duke University, and North Carolina State University.	10/14/2016
UNCG	Approval to lease this State property asset to the CFF for the purpose of a construction renovation project undertaken to create administrative space. The University also requests approval to enter into a long-term lease to acquire the improved property asset when construction is complete.	12/2/2016
UNCP	UNCP requests amendment of the current five-year lease term (SPO File No.: 78-014D010) for this student residential apartment property to match the bond repayment term for the bond debt that is financing this property and owned by The UNCP University Foundation, LLC.	3/3/2017
	Acquisition of Right-of-Way	
NCSU	Authorization to assume ownership from the North Carolina Department of Transportation (NCDOT) for +/-0.742 acres of surplus right-of-way along Centennial Parkway.	1/13/2017

Institution	Demolition of Real Property	Approved by BOG
UNCG	Mclver Building located in the City of Greensboro, Guilford County, North Carolina.	5/19/2017
WSSU	Conjoined Health Building and Old Nursing Building located in the City of Winston-Salem, Forsyth County, North Carolina.	5/19/2017
Disposition of Real Property by Ground Lease		
UNCG	The Capital Facilities Foundation, Inc. (CFF) a North Carolina nonprofit corporation wholly controlled by UNCG, acquired properties on 812 Lilly Avenue and 326 S. Tate Street and 328 S. Tate Street (Theater Department Facilities) for the purpose to renovate and accommodate the programmatic needs of the UNC Greensboro Theater Department. The facilities would be developed in support of space needs related to moving university staff in the existing UNCG Mclver building to allow for its demolition and the construction of a new Nursing and Instructional Building as part of the Connect NC Bond Program.	12/2/2016
Disposition of Real Property by Lease		
WCU	The Endowment Fund requested to sub-ground lease approximately two acres of land located on the Western Carolina University Millennial Campus to Summit Healthcare Group, LLC for a term of fifty (50) years plus renewal options and rent at fair market value of \$0. 11 per square foot, totaling \$4,300 per acre.	10/14/2016
Disposition of Real Property by Easement		
ECU	The City of Greenville was completing the Town Creek Culvert Project which would drain approximately 250 acres of the uptown area. In order to complete this project, the City had requested the use of 18 separate land parcels from East Carolina University that include 3.71 acres of permanent easements and 1.65 acres of temporary construction easements.	5/19/2017
UNCC	Authorization to grant an easement to Mecklenburg County for the non-exclusive right to enter, construct, maintain, and stabilize 1.5 miles of embankment along Toby Creek.	1/13/2017

Approval of Use Agreement – UNC Pembroke:

The committee authorized a use agreement to memorialize terms related to a previously approved lease extension for an existing housing foundation financing for the University Courtyard Apartments.

TRANSACTIONS BY DELEGATED AUTHORITY

In 2012, G. S. 116-31. 12 delegated to the Board of Governors of The University of North Carolina the authority to authorize the constituent institutions and The University of North Carolina General Administration to acquire and dispose of real property by lease if the lease was for a term of not more than ten years. The Board had delegated that authority to the president, NC State University, UNC-Chapel Hill, and East Carolina University up to \$500,000. The following property transactions were approved under delegated authority.

Campus	Description	Transaction Type	Approval Date
ECU	20800 SF office space for admin use	Lease Acquisition	11/29/2016
	Demo of 1350 SF wash facility to make room for bus parking, approx. \$7K	Demolition	3/27/2017
	Grant of easement to City of Greenville for fiber optic network	Disposition Easement/ROW	3/27/2017
ECSU	19,921 SF of space on campus for use by public charter school	Lease Disposition	7/21/2016
NCCU	Purchase of property for new Business School	Acquisition – Deed	1/31/2017
	Purchase of property for new Business School	Acquisition – Deed	5/4/2017
UNC-CH	17,864 SF office space to be used while on-campus space is renovated	Lease Acquisition	8/8/2016
UNCC	Surface parking lot with 400 spaces for construction contractors to park	Lease Acquisition	11/8/2016
	Surface parking lot with 205 spaces	Lease Acquisition	11/8/2016
	7500 SF warehouse lease to accommodate swing space	Lease Acquisition	12/21/2016
	Grant of easement by UNCC Real Estate Foundation for sidewalk to improve connectivity from campus to light rail station	Acquisition Easement/ROW	5/8/2017
WSSU	Supplemental student housing: 15 – three-bedroom and four – two-bedroom	Lease Acquisition	6/14/2017

OTHER ACTIONS

Annual Report:

The Annual Report of the Committee on Budget and Finance to the Board of Governors of The University of North Carolina for July 1, 2015 through June 30, 2016 was recommended for approval.

ECU Physicians/Vidant:

The committee authorized:

- a.) President Spellings, Chancellor Staton, and Chairman Lampe to negotiate and execute, on behalf of ECU and the Board of Governors, such final agreement or agreements as may be necessary to integrate ECU Physicians and Vidant Medical Group into a new organization, according to the material terms that were discussed with UNC legal counsel;
- b.) Chairman Bisette to review the final agreement or agreements before such agreement or agreements were signed by President Spellings, Chancellor Staton, and/or Chairman Lampe, to ensure that the agreement or agreements contained the material terms discussed and established in conversations with UNC legal counsel; and
- c.) No further action or approval was required by the Board of Governors or by this committee.

Millennial Campus:

- ASU – An expansion by approximately 87.96 acres on a single site based on its proximity to existing campus academic student services, residence halls, and athletic performance activities was recommended.
- UNC Greensboro – The committee designated a Millennial Campus of approximately 72.85 acres in two separate sites. The Health and Wellness across the Lifespan District would encompass approximately 52.72 acres. The Visual and Performing Arts District would encompass approximately 20.13 acres.

UNC Strategic Plan:

The Plan focused on five themes: Access, Student Success, Affordability and Efficiency, Economic Impact and Community Engagement, and Excellent and Diverse Institutions. In December, after months of committee work, the Strategic Planning Committee approved the final draft of the definitions, goals, metrics, and targets. The Committee on Budget and Finance was charged with the theme of Affordability and Efficiency.

Definition of Affordability & Efficiency

Article IX, Section 9 of the North Carolina State Constitution requires that “The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.” That constitutional mandate encourages a working compact among the state’s elected officials, taxpayers, and UNC to deliver the University’s multifaceted mission at the highest levels of quality in a cost-effective manner without regard to a student’s ability to pay.

Goal 1: Affordability

Topical Area: The cost of attending The University of North Carolina has been increasing faster than the median income in North Carolina.

Goal: Offer education of equal or higher quality at a cost that is both consistent with the State constitution and attainable to students and families in North Carolina.

Metric: Commit to affordable tuition by tying annual percent increases in undergraduate resident tuition rates to no more than the increase in the rate of inflation (CPI/Average Annual Wages/Median Family Income), while providing autonomy and incentives for campuses that can demonstrate that the financial investment made by students, families, and taxpayers is of excellent value.

Potential Target: Keep the annual increases to undergraduate resident tuition rates at or below the three- year rolling average annual increase in CPI/Average Annual Wages/Median Family Income.

Goal 2: Efficiency

Topical Area: The University of North Carolina is charged to fulfill its mission through the efficient use of available resources to ensure the highest quality of service to the citizens of the State.

Goal: Pursue and utilize increased operational and financial flexibility for the benefit of the educational, research, and public service missions of The University of North Carolina.

Metric: Increase operational and financial flexibility for The University of North Carolina and demonstrate its financial impact.

UNC System Debt Affordability Study:

It was recommended that the Board of Governors approve the UNC Debt Affordability Study.

The 2015 Appropriations Act bill (SL 2015-241) contained a provision that required the Board of Governors to annually advise the General Assembly and the Governor on the estimated debt capacity of The University of North Carolina for the upcoming five years. The provision also required each constituent institution to report current and anticipated debt levels to the Board of Governors by November 1 of each year. Following the institution reports, the Board was to report findings for the UNC system as a whole by April 1 of each year.

To comply with this new provision, the University selected a financial advisor to assist UNC General Administration. First Tryon Advisors of Charlotte was selected through a competitive process and worked with the constituent institutions and UNC-GA to develop the UNC system Debt Affordability Study.

Committee on
Educational
Planning, Policies,
and Programs

Annual Report
2016-2017

ANNUAL REPORT
COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS
July 1, 2016 — June 30, 2017

Creation, Duties and Membership

The Committee on Educational Planning, Policies, and Programs is one of four standing committees established by the Board of Governors on September 15, 1973. There are now six standing committees. ¹The Committee consists of nine members designated by the Chair of the Board of Governors for a one year term starting at the first meeting after July 1 of the year and continuing until their successors are appointed. As a matter of practice, the chair may also appoint additional members and the Committee has chancellors serving as ex-officio members. It is the duty of the Committee to receive advice and recommendations of the President and in turn make recommendations to the Board of Governors in all areas pertaining to the development of a coordinated system of higher education in North Carolina, including:

- (a) the definition of mission and assignment of functions of each constituent institution;
- (b) the review of requests for the initiation of new degree programs and recommendations for the termination of existing programs; and
- (c) the provision of supportive services, facilities, and other resources for the instructional, research and public service programs of the constituent institutions.

The Committee shall also advise and assist the President and the Board by maintaining close liaison with the State Board of Education, the Department of Community Colleges, and the private colleges and universities. It shall further recommend to the Board procedures and guidelines for the licensing of non-public educational institutions. [Code, Sec. 301C]

In August 2016, the following persons continue on or were appointed to the Committee: Ms. Pearl Burris-Floyd; Ms. Hannah D. Gage, Emerita; Mr. Thom C. Goolsby; Joseph T Knott III; Ms. Anna S. Nelson; Dr. Joan T. Perry; Mr. Therence O. Pickett, Mr. William Webb, Ms. Laura I. Wiley; Mr. Michael L. Williford; ¹the Board Chair subsequently appointed Ms. Anna S. Nelson as Chair; Ms. Laura I. Wiley as Vice Chair, and Mr. Therence O. Pickett as Secretary. Ex-officio members: Chancellor Frank Gilliam, Chancellor Elwood Robinson, Chancellor Todd Roberts, Chancellor Jose Sartorelli and Ms. Madeline Finnegan (*student*).

The Committee met in seven (7) regular meetings between July 1, 2016 and June 30, 2017. The major actions of the Committee are summarized as follows:

Academic Program Development

The Committee recommended and the Board of Governors subsequently approved the establishment of the following new doctoral degree programs on the dates indicated:

¹ *The Code* 101.1 Revised 10/17/08. Section 302B. Officers of Standing Committees.

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
1.	NCSU	D. Des	Doctor of Design	04.0401	9/7//16	9/9/16
2.	UNC-CH	Ph.D.	Doctor of Philosophy in Health Information	51.2706	9/7/16	9/9/16
3.	NCSU	Ph.D.	Doctor in Geospatial Analytics	30.0601	5/18/17	5/19/17
4.	ECU	Ph.D.	Doctor in Public Health	51.2201	5/18/17	5/19/17

The Committee recommended and the Board of Governors subsequently approved the establishment of the following new baccalaureate and master's degree programs on the dates indicated:

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
1.	NCCU	BA	Interdisciplinary Studies	24.0101	7/25/16	7/29/16
2.	UNC-C	MS	Cybersecurity	11.1003	7/25/16	7/29/16
3.	UNC-C	MS	Respiratory Care	51.0908	10/10/16	10/14/16
4.	ECSU	BA	Arts in Interdisciplinary Studies	30.0000	11/29/16	12/2/16
5.	UNC-C	BS	Health Systems Management	51.0701	11/29/16	12/2/16
6.	UNCW	MS	Data Science	11.0802	11/29/16	12/2/16
7.	UNCW	BA	Music in Music Education	13.1312	3/2/17	3/3/17
8.	ECSU	BS	Special Education	13.1001	3/2/17	3/3/17
9.	UNCW	BA	Digital Arts	50.0102	5/15/17	5/19/17
10.	ECSU	BS	Emergency Management	43.0302	5/15/17	5/19/17
11.	UNC-CH	MPS	Digital Curation	11.0401	5/15/17	5/19/17
12.	UNC-C	MS	Management	52.0201	5/15/17	5/19/17
13.	UNCG	BS	Integrated Professional Studies	30.9999	5/15/17	5/19/17
14.	NCSU	BS	Agroecology and sustainable Food Systems	01.0308	5/15/17	5/19/17

The Committee recommended and the Board of Governors subsequently approved the discontinuation of the following baccalaureate and associates degree programs on the dates indicated:

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
1.	ECSU	BS	Industrial Technology	15.0612	7/25/16	7/29/16
2.	UNCP	BA	Art Education	13.1302	7/25/16	7/29/16
3.	UNC-C	BS	Economics, Social Sciences	45.0601	3/2/17	3/3/17

The Committee recommended and the Board of Governors subsequently approved the discontinuation of the following master's degree programs on the dates indicated:

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
1.	NCCU	MA	Arts in English, Secondary Education	13.1305	9/7/16	9/9/16

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
2.	NCCU	MS	Science in Mathematics, Secondary Education	13.1311	9/7/16	9/9/16
3.	NCCU	MS	Chemistry, Secondary, Education	13.1323	9/7/16	9/9/16
4.	NCCU	MA	Arts in History, Secondary Education	13.1328	9/7/16	9/9/16
5.	NCSU	MS	Electrical Engineering	14.1001	1/12/16	1/13/16
6.	NCSU	MS	Specialized Veterinary Medicine	51.2501	1/12/16	1/13/16
7.	UNC-C	MAEd	Health Promotion	51.2207	3/2/17	3/3/17

The Committee recommended and the Board of Governors subsequently approved the discontinuation of the following doctoral degree programs on the dates indicated:

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
1.	WCU	Ed.S	Education Leadership	13.0401	5/17/17	5/19/17

There were a total 18 programs for establishment, and 11 programs approved for discontinuation or merger for the year July 1, 2016 through June 30, 2017.

Reports Received and Adopted

The Committee and the Board of Governors approved the following reports:

	Reports	Committee Approved	Board Approved
1.	Annual Report of the Educational Planning Committee	9/7/16	9/9/16
2.	Cambridge Course Weighting	10/10/16	10/14/16
3.	Resolution on Delegation of Authority to Plan Lab Schools	10/10/16	10/14/16
4.	Biennial Productivity Review Thresholds	10/10/16	10/14/16
5.	UNC Undergraduate Degree Completion Improvement Plan	12/1/16	12/2/16
6.	AHEC Annual Report on Primary Care Physicians	12/1/16	12/2/16
7.	AFA-BFA Uniform Articulation Agreement	5/18/17	5/19/17

The Committee also received and discussed the following reports / topics:

	Reports / Topics	Presented to Committee
1.	Strategic Plan Working Documents: Benchmark I	7/28/16
2.	Community Precepting Crisis in North Carolina	7/28/16
3.	Consideration of Student Success Definition – Benchmark I	9/8/16
4.	Strategic Plan Working Documents: Benchmark II	9/8/16
5.	Strategic Plan Working Documents: Summary Memorandum	10/14/16
6.	Strategic Plan Working Documents: Draft Goals	10/14/16
7.	Consideration of Working Draft and Public Input	12/1/16

	Reports / Topics	Presented to Committee
8.	Consideration of Working Targets	12/1/16
9.	Lab Schools Report	12/1/16
10.	Consideration of Working Draft and Public Input	12/1/16
11.	Academic Advising Subcommittee Draft Report	1/12/17
12.	President's Report on Research and Sponsored Programs	3/2/17
13.	Faculty Teaching Workload Report	5/18/17
14.	Optimizing Advising for Students Success	5/18/17
15.	Laboratory Schools Report	5/18/17
16.	UNC Intercollegiate Athletics Report	5/18/17
17.	Centers and Institutes Interim Report	5/18/17
18.	Report on the Task Force on the Future of Online Learning at UNC	5/18/17
19.	Recommended Findings and License Restrictions for Charlotte School of Law	5/18/17

Others Board Actions:

	Topics	Presented to Committee	Board of Governors
1.	Renaming of a School – UNC Greensboro School of Music, Theatre and Dance be renamed to the College of Visual and Performing Arts	7/25/2/16	7/29/16
2.	Regular licensure of <u>South College-Asheville</u> to offer post-secondary degree program in North Carolina: Associate of Applied Science in Health Science	9/7/16	9/9/16
3.	Regular licensure of <u>South College-Knoxville</u> to offer post-secondary degree program in North Carolina: Master of Health Science in Physician Assistant Studies	10/10/16	10/14/16
4.	Regular licensure of <u>Miami International University of Art & Design</u> to designate the Art Institute of Charlotte and the Art Institute of Raleigh-Durham as branch campuses offering post-secondary degree programs in North Carolina.	11/29/16	12/2/16
5.	Regular licensure of <u>Northcentral University</u> to offer post-secondary degree programs in North Carolina: Master of Education (PK-12 Principal Leadership Specialization); Master of Arts in Marriage and Family Therapy	11/29/16	12/2/16
6.	Regular licensure of <u>Western Governors University</u> to offer the following post-secondary degree programs in North Carolina: Bachelor of Science, Business Management, Bachelor of Science, Business, (3): Healthcare Management, Human Resource Management, and Information Technology Management, Bachelor of Science, Marketing Management, Bachelor of Science, Accounting, Master of Science, Master of Science, Management and Leadership, Master of Business Administration, MBA, Information Technology Management, Healthcare Management, Bachelor of Science, Information Technology, Information Technology, Network Administration, and Security, Bachelor of Science, Software Development, Bachelor of Science, Health Informatics, Master of Science, Cybersecurity and Information Assurance, Master of Science, Information Technology Management, Bachelor of Science, Nursing (RN TO BSN)	11/29/16	12/2/16

	Topics	Presented to Committee	Board of Governors
7.	UNC Pembroke Renaming of a School: School of Graduate Studies renamed to The Graduate School.	11/29/16	12/2/16
8.	North Carolina School of Science & Math Mission Statement approval of revised mission statement.	11/29/16	12/2/16
9.	UNC Policy Waiver for AIMS Microgrants	11/29/16	11/30/16
10.	Charlotte Teacher Early College	3/2/17	3/3/17
11.	Regular licensure of <u>Chamberlain College</u> to offer the following post-secondary degree program in North Carolina: Master of Health Science in Physician Assistant Studies, Graduate Certificate in Nursing Education, Graduate Certificate in Nursing Informatics	3/2/17	3/3/17
12.	Regular licensure of <u>Living University</u> to offer the following online degree program in North Carolina: Associate of Arts degree, Baccalaureate degree minor in business, Baccalaureate degree minor in communication, Undergraduate courses in the arts and sciences, business and professional disciplines (accounting, business, education, nutrition, and physical education)	3/2/17	3/3/17
13.	Regular licensure of <u>Western Governors University</u> , to offer the following post-secondary teacher education degree programs online in North Carolina: Bachelor of Arts, Interdisciplinary Studies (K-8), Bachelor of Arts, Special Education (K-12) • Bachelor of Arts, Mathematics (5-9) and Mathematics (5-12,) Bachelor of Arts, Science, Science (5-9), Biological Science (5-12), Chemistry (5-12), Geosciences (5-12), and Physics (5-12), Post Baccalaureate Teacher Preparation, Elementary Education(K-8), Mathematics (5-9) and (5-12), Science (5-9) and (5-12), and Social Science (5-12), Master of Arts in Teaching , Elementary Education (K-8), Mathematics (5-9) and (5-12), Science (5-9) and (5-12), Social Science (5-12), and English (5-12), Master of Arts, Mathematics Education: K-6, 5-9, and 5-12, Master of Arts, Science Education, Science Education (5-9), Biological Sciences (5-12), Chemistry (5-12), Geosciences (5-12), and Physics (5-12), Master of Science, Special Education (K-12), Endorsement Preparation Program, English Language Learning, English Language Learning (PREK-12), Endorsement Preparation, Program, Education Leadership, Master of Science, Education Leadership, Master of Science, Curriculum and Instruction, Master of Education, Instructional Design, and Learning and Technology	3/2/17	3/3/17
14.	Proposed Policy on Involvement of Centers and Institutes in Legal Actions	3/2/17	3/3/17
15.	Regular licensure of <u>Northeastern University</u> to offer the Master of Legal Studies degree online and the Master of Science in Innovation degree in North Carolina.	5/18/17	5/19/17
16.	<u>Miami International University of Art and Design</u> is requesting authorization to continue its current license under the new ownership of the Dream Center Foundation.	5/18/17	5/19/17
17.	<u>South University</u> requested authorization to continue its current license under the new ownership of the Dream Center Foundation.	5/18/17	5/19/17

Committee on
University
Governance

Annual Report
2016-2017

DUTIES AND MEMBERSHIP

The Committee on University Governance is responsible for reviewing and making recommendations for proposed changes to *The Code* and the Delegations of Duty and Authority involving University governance; for nominating individuals for election to the seventeen institutional boards of trustees and other University-related boards; for authorizing the initiation and settlement of litigation and pending litigation in circumstances where that authority has not otherwise been delegated; and for appellate review of certain campus actions and decisions involving students. This report summarizes the work of the committee from July 2016 through June 2017.

The committee was composed of the following Board members: Philip Byers, Frank Grainger, Henry Hinton, Rodney Hood (7/1/16-9/30/16), Ann Maxwell, Joan MacNeill (10/1/16-6/30/17), Champ Mitchell, and Robert Rippey. Mr. Hinton served as Chair, Ms. Maxwell served as Vice-Chair, and Mr. Grainger served as Secretary.

Chancellor David Belcher (WCU), Chancellor Thomas Conway (ECSU), Chancellor Robin Cummings (UNCP), and Chancellor Carol Folt (UNC-CH) also served on the committee.

ACTIONS

The Committee on University Governance met in seven regular meetings, and two special called meetings between July 1, 2016 and June 30, 2017. The major actions of the committee are summarized as follows:

Appointments to Boards for Affiliated Entities

Pursuant to the committee's recommendations for affiliated entities to the University, the Board of Governors made the following appointments or confirmations:

Name of Board	Member	Term Ending
Appalachian State University	Marvin Lee Barnes	June 30, 2021
Appalachian State University	Charles Murray	June 30, 2021
Appalachian State University	E. Bonnie Schaeffer	June 30, 2021
Appalachian State University	Carole Wilson	June 30, 2021
East Carolina University	Vern Davenport	June 30, 2021
East Carolina University	Max Joyner	June 30, 2021
East Carolina University	Robert Plybon	June 30, 2021
East Carolina University	Vincent Smith	June 30, 2021
Elizabeth City State University	Bruce Brown	June 30, 2021
Elizabeth City State University	Lynne Bunch	June 30, 2021
Elizabeth City State University	Stephanie Johnson	June 30, 2021

Elizabeth City State University	Kennis Wilkins	June 30, 2021
Fayetteville State University	Richard Adams	June 30, 2021
Fayetteville State University	Stuart Augustine	June 30, 2021
Fayetteville State University	Brandon Phillips	June 30, 2021
Fayetteville State University	Brenda Timberlake	June 30, 2021
Liability Insurance Trust Council	Thomas Ivester	N/A
NC Arboretum Board of Directors	Jack Britt	June 30, 2021
NC Arboretum Board of Directors	Mary Ann Rice	June 30, 2021
NC Arboretum Board of Directors	Michael Tanner	June 30, 2021
NC Arboretum Board of Directors	Mark Schmidt	June 30, 2021
NC School of Science and Mathematics	Erik Troan	June 30, 2019
NC School of Science and Mathematics	Stephanie Bass	June 30, 2021
NC School of Science and Mathematics	Lisa Cooper	June 30, 2021
NC School of Science and Mathematics	Michael Dougherty	June 30, 2021
NC School of Science and Mathematics	Genevia Fulbright	June 30, 2021
NC School of Science and Mathematics	Vimal Kolappa	June 30, 2021
NC School of Science and Mathematics	Page Ives Lemel	June 30, 2021
NC School of Science and Mathematics	Alan C. Lewis	June 30, 2021
NC School of Science and Mathematics	Bobby Maynor	June 30, 2021
NC School of Science and Mathematics	Mark Morgan	June 30, 2021
North Carolina A&T State University	George Mainor	June 30, 2021
North Carolina A&T State University	Laura Meagher	June 30, 2021
North Carolina A&T State University	Joseph Parker Jr	June 30, 2021
North Carolina A&T State University	Hilda Pinnix-Ragland	June 30, 2021
North Carolina Central University	Isaiah Tidwell	June 30, 2019
North Carolina Central University	John A. Herrera	June 30, 2021
North Carolina Central University	Kevin Holloway	June 30, 2021
North Carolina Central University	Allyson Siegel	June 30, 2021
North Carolina Central University	Kenneth Tindall	June 30, 2021
North Carolina State University	Thomas Cabiness	June 30, 2021
North Carolina State University	Wendell Murphy Sr	June 30, 2021
North Carolina State University	Ronald Prestage	June 30, 2021
North Carolina State University	Edward Weisiger	June 30, 2021
State Advisory Council on Indian Education (SACIE)	Susan C. Faircloth	September 30, 2018
UNC Health Care	Anne H. Bernhardt	October 31, 2020
UNC Health Care	Susan B. Culp	October 31, 2020
UNC Health Care	A. Dale Jenkins	October 31, 2020
UNC Health Care	Edward Willingham	October 31, 2020
UNC Press Board of Governors	Anita Brown-Graham	June 30, 2022
UNC Press Board of Governors	Blair Kelly	June 30, 2022
UNC Press Board of Governors	Inger Brodey	June 30, 2022

UNC School of the Arts	Steven Berlin	June 30, 2021
UNC School of the Arts	Robert King	June 30, 2021
UNC School of the Arts	Michael Tiemann	June 30, 2021
UNC School of the Arts	Erna Womble	June 30, 2021
UNC Television	Jack Clayton	July 12, 1905
University of North Carolina at Asheville	Kennon Briggs	June 30, 2021
University of North Carolina at Asheville	Karen Brown	June 30, 2021
University of North Carolina at Asheville	Ronald Paulus	June 30, 2021
University of North Carolina at Asheville	Imogene "Cissie" Stevens	June 30, 2021
University of North Carolina at Charlotte	Theresa Drew	June 30, 2021
University of North Carolina at Charlotte	James Brett Keeter	June 30, 2021
University of North Carolina at Charlotte	Mary Ann Rouse	June 30, 2021
University of North Carolina at Charlotte	Michael Wilson	June 30, 2021
University of North Carolina at Greensboro	Kathy Manning	June 30, 2021
University of North Carolina at Greensboro	W. Dean Priddy	June 30, 2021
University of North Carolina at Greensboro	D. Ward Russell	June 30, 2021
University of North Carolina at Greensboro	David Sprinkle	June 30, 2021
University of North Carolina at Pembroke	Mary Ann Elliott	June 30, 2019
University of North Carolina at Pembroke	Wiley Barrett	June 30, 2021
University of North Carolina at Pembroke	Allen Jamerson	June 30, 2021
University of North Carolina at Pembroke	James Jones	June 30, 2021
University of North Carolina at Pembroke	Donald Metzger	June 30, 2021
University of North Carolina at Wilmington	Michael Drummond	June 30, 2021
University of North Carolina at Wilmington	H. Carlton Fisher	June 30, 2021
University of North Carolina at Wilmington	Henry Kitchin	June 30, 2021
University of North Carolina at Wilmington	Maurice Smith	June 30, 2021
University of North Carolina-Chapel Hill	Jefferson Brown	June 30, 2021
University of North Carolina-Chapel Hill	Haywood Cochrane	June 30, 2021
University of North Carolina-Chapel Hill	Charles Duckett	June 30, 2021
University of North Carolina-Chapel Hill	Dwight Stone	June 30, 2021
Western Carolina University	Gaither M. Keener, Jr.	June 30, 2017
Western Carolina University	Timothy Haskett	June 30, 2019
Western Carolina University	Rebecca Schlosser	June 30, 2019
Western Carolina University	Haden Boliek	June 30, 2021
Western Carolina University	Gaither Keener	June 30, 2021
Western Carolina University	Kenny Messer	June 30, 2021
Western Carolina University	Robert Roberts	June 30, 2021
Winston-Salem State University	William Harris	June 30, 2021
Winston-Salem State University	Kathleen Kelly	June 30, 2021
Winston-Salem State University	Drewry Nostitz	June 30, 2021
Winston-Salem State University	David Smith	June 30, 2021

Campus Liaison Assignments

Each constituent institution and selected affiliated entities were assigned a “liaison” from the committee. The 2016-17 campus liaisons were:

Mr. Byers:	Appalachian State University UNC Charlotte Winston-Salem State University	Mr. Grainger:	NC A&T State University NC State University NC School of Science and Mathematics
Mr. Hinton:	Elizabeth City State University UNC Wilmington UNC TV Other Affiliated Entities	Mr. Hood/ Ms. MacNeill:	North Carolina Central University UNC Greensboro Western Carolina University
Mr. Mitchell:	Fayetteville State University UNC Asheville UNC Health Care	Ms. Maxwell:	UNC-Chapel Hill UNC School of the Arts UNC Press
Mr. Rippy:	East Carolina University UNC Pembroke		

Review of *The Code*, UNC Policy Manual (Policies, Regulations and Guidelines)

Throughout the year, the committee held ongoing discussion in the areas of the UNC Policy Manual that needed to be updated, amended or reviewed. The committee voted to adopt the following revisions.

1. **UNC Policy 200.5** – Initiating and Settling Lawsuits and **UNC Policy 200.6** – Delegation of Authority to the president. The previous policies did not explicitly address whether approvals that are required to settle lawsuits that have already been filed also applied to unfiled or potential litigation. The revisions clarified that the same requirements apply to pending litigation and potential litigation.
2. **Sections 200, 300, and 400 of *The Code*** which were changed in response to 2017 legislative action:
 - a. **Section 200 B(1)(a)**. This section of *The Code* describes the requirements for electing members of the Board of Governors. The language includes the number to be elected every two years and the term limits for board members. The changes to this section were needed to conform to legislation passed in 2017 and 2016 that reduced the size of the Board of Governors and provided for a lifetime limitation of three full four-year terms.

- b. **Section 300.** This section of *The Code* contains the substantive and procedural rules that establish the Board's standing committees, provide for the selection of members for standing committees, set limits for serving as a member or chair of a standing committee, and describe the Board chair's (and vice chair's) authority and voting rights on committees. The proposed changes to this section are designed to: (a) allow for a reduction in the required membership of the committees given the upcoming reduction in the size of the board; and (b) adjust certain limitations on how long individuals may serve as voting members or chairs of committees.
- c. **Section 300 B.** This provision has long been interpreted by board chairs and members to *limit* voting members to serving on only one of the four main committees: Ed Planning; Governance; Budget and Finance; Personnel and Tenure. The Board desired the limitation to continue, it specified this limitation by saying that each voting member will serve on "no more than" one of those committees.
- d. **Section 301 A.** The amendment to this provision established a single minimum number of voting members for each committee (5), subject to the chair's determination, unless otherwise specified in *The Code*. The chair is a voting member of all committees. The vice chair is additionally assigned to one of the four committees by the chair.

The amendment established a single minimum number of voting members (5) allowing the chair to continue the same approach as the Board of Governors reduces to 24 voting members, while allowing the chair the discretion to adjust the membership of one or more of those committees above five.

- e. **Sections 301 B through G.** These sections described the jurisdiction of each committee. The amendments removed the language that specified the membership of each committee, in light of the proposed change to 301 A. Section 301 F (Public Affairs) provided that Public Affairs will consist of no fewer than three and no more than five members.
- f. **Section 302 A.** This section addresses the appointment of members to the committees, which is a significant responsibility of the chair of the Board. The amendment removed the four-year term limit that applied to the service of any voting member on a single committee. In its place, nonbinding language encourages the chair to assign members in a way that takes advantage of members' talents and experience, while also providing an opportunity to gain experience in multiple areas. These two goals are sometimes in conflict. Given that Section 300 B limits members to serving on no more than one of the four main standing committees (Budget, Ed Planning, Governance, or Personnel and Tenure), adjustments to the language clarified that in the event of a vacancy in the membership of the Board, the chair may appoint a member to more than one of the four committees to fill the vacancy.
- g. **Section 302 B.** The amendment to this section provided that an individual may serve up to four consecutive one-year terms as committee chair, rather than two years.

- h. **Section 400.** The amendments to this section of *The Code* brought it into alignment with recent legislation that shifted trustee appointments from the governor to the General Assembly.
- i. **Section 402 C.** The amendment to this section deleted a requirement that campuses send the University secretary copies of their board of trustees' minutes, since those materials can now be maintained and accessed online.

Boards of Trustees Workshop Planning

The committee, along with staff from UNC General Administration, began planning the proposed agenda for the workshop to take place in early November.

Litigation Requests/Settlements

The committee considered and approved a range of requests to initiate or settle legal matters and heard updates on pending disputes from its counsel.

Department of Defense Classified Research

The committee passed two Resolutions on Clearance Requirements, which are an annual requirement related to Department of Defense contracts. The Department of Defense requires both UNC General Administration and UNC Charlotte to maintain Facility Security Clearances. Department of Defense regulations permit the exclusion from the personnel clearance requirements of certain members of the Board of Governors and other officers, provided that this action is recorded in the corporate minutes. These two resolutions were included in the Friday, July 29, 2016 Consent Agenda.

	Topics	Presented to Committee	Board of Governors
18.	Regular licensure of <u>Johnson & Wales University</u> to offer the following degree programs: Bachelor of Science in Beverage Industry Operations and Retail Management and Bachelor of Arts in English. Most courses will be offered on the Charlotte campus, although some may be offered through the University's College of Online Education, which is based in Providence, Rhode Island.	5/18/17	5/19/17
19.	Regular licensure of <u>Walden University</u> to offer the following online degree programs: Doctor of Philosophy (Ph.D.) in Counselor Education and Supervision in North Carolina.	5/18/17	5/19/17
20.	Regular licensure of <u>South College (Knoxville Campus)</u> to offer clinical experiences in North Carolina for the Doctor of Pharmacy degree and Doctor of Physical Therapy degree.	5/18/17	5/19/17
21.	Regular licensure of <u>Boston University</u> to offer the online Master of Social Work degree program with concentrations in Clinical Practice and Macro Practice.	5/18/17	5/19/17
22.	UNC-TV – Delegation of Authority	5/18/17	5/19/17
23.	Delegation of Authority to Take Action on Licensure Determinations	5/18/17	5/19/17