

MINUTES

September 20, 2019
University of North Carolina
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

Call to Order

The Board of Governors met in regular session on September 20, 2019 in the Board Room at the UNC Center for School Leadership Development, Chapel Hill, North Carolina. Chair Smith called the meeting to order at 9:00 a.m. He welcomed the new Board members, Mr. Mark Holton and Mr. Terry Hutchens. He announced that a new format was in place for submitting public comments to the Board. An online web portal was created for members of the public to submit written comments. Information on relevant deadlines and how to submit comments was available on the UNC System website. He also mentioned that the 2019 UNC System Boards of Trustees Workshop would be held on October 17-18, 2019 at UNC Charlotte.

Invocation

Chair Smith called on Mrs. Nelson to give the invocation.

Roll Call

Secretary Burris-Floyd called the roll. The following members were present:

Kellie Hunt Blue	J. Alex Mitchell
Robert P. Bryan III	Wendy F. Murphy
Pearl Burris-Floyd	Anna S. Nelson
C. Philip Byers	R. Doyle Parrish
Carolyn L. Coward	David M. Powers
N. Leo Daughtry	Randy C. Ramsey
Thomas H. Fetzer	Robert A. Rucho
Thomas C. Goolsby	Adam J. Schmidt
James L. Holmes, Jr.	O. Temple Sloan III
H. Terry Hutchens	Harry L. Smith, Jr.
W. Marty Kotis III	Michael L. Williford
Steven B. Long	

The following members were absent:

Darrell T. Allison	Martin L. Holton III
W. Louis Bissette, Jr.	

State Ethics Act

Chair Smith stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts and asked if anyone had a potential conflict. There were none.

Expectations of Conduct

Chair Smith reminded everyone of the expectations of conduct during meetings of the Board of Governors as set forth by the Board.

President's Report

Interim President Roper spoke about Hurricane Dorian. Fortunately, the storm did not cause significant damage to any of the UNC institutions. He thanked Mr. Brent Herron, associate vice president for Campus Safety & Emergency Operations, and the emergency managers at each of the institutions for keeping our students, faculty, and staff safe and informed during the hurricane. Next, he noted that this has been a period of transition at several of our institutions – Dr. Peggy Valentine was named interim chancellor at Fayetteville State University and Dr. Brian Cole is serving as interim chancellor at UNC School of the Arts. He recognized UNC Charlotte Chancellor Dubois, who plans to retire at the end of the academic year and thanked him for his outstanding leadership. He mentioned that a search for the next chancellor would begin soon. For Interim President Roper's complete report and a summary of "Notable News from the UNC System," please see Appendix A.

Consent Agenda Items

Chair Smith referred to the consent agenda items listed as Item 4 on the day's consent agenda:

Minutes

- a. Minutes of May 22, 2019
- b. Minutes of June 21, 2019

Committee on Budget and Finance

- c. Disposition of Property by Deed – NC State University Appendix B
- d. Capital Improvement Projects Appendix C
- e. Disposition of Property by Demolition – Appalachian State University Appendix D
- f. Disposition of Property by Demolition – N.C. A&T State University Appendix E
- g. Acquisition and Disposition of Property by Deed – NC State University Appendix F
- h. Disposition of Property by Deed – UNC System Office Appendix G
- i. Amendment to Millennial Campus Ground Lease – Western Carolina University Appendix H
- j. Amendment to Use Agreement – UNC Pembroke Appendix I
- k. Sale of Revenue Bonds – UNC Hospitals Appendix J
- l. Sale of Special Obligation Bonds – UNC Asheville Appendix K
- m. Sale of Special Obligation Bonds – UNC Greensboro Appendix L
- n. Sale of Special Obligation Bonds – UNC Wilmington Appendix M

Committee on Educational Planning, Policies, and Programs

- o. UNC System Degree Program Establishments Appendix N
- p. UNC System Degree Program Consolidations and Discontinuations Appendix O
- q. Licensure Program Approvals Appendix P

Committee on University Governance

- r. Resolution on Clearance Requirements Appendix Q

Committee on Audit, Compliance, and Risk Management

- s. Approval of the Annual Internal Audit Plan for 2019-2020 Appendix R

Committee on Personnel and Tenure

t. UNC Policy 200.8 – *Policy on Chancellor Searches and Elections* (Amended)

Appendix S

u. UNC Policy 300.8.5 – *Policy on Diversity and Inclusion Within the University of North Carolina*

Appendix T

Motion: Resolved, that the Board of Governors approve the consent agenda Items listed on the day's meeting agenda.

Motion: N. Leo Daughtry

Motion carried

Report of the Committee on Budget and Finance

Mr. Sloan, chair of the committee, reported that at its meeting the previous day, the committee voted to accept the annual report of the of the committee from July 1, 2018 – June 30, 2019 (see Appendix U). It also received a presentation on the Data Modernization and Integration Program and the Key Performance Indicators dashboard. Next, the committee discussed the 2019-21 Repairs and Renovations (R&R) Allocation Model along with a number of options for consideration (see Appendix V).

Motion: Resolved, that the Board of Governors approve the 2019-21 Repairs and Renovations (R&R) Allocation Model.

Motion: O. Temple Sloan III

Motion carried

The committee also reviewed and approved routine administrative and transactional items, including capital improvement projects, property matters, and financing bonds. Each of these items was placed on the day's consent agenda (see Appendices B – M).

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

Mrs. Nelson, chair of the committee, reported that at its meeting the previous day, the committee reviewed and approved the establishment of five new degree programs (see Appendix N), the consolidation and the discontinuation of eight degree programs (see Appendix O), 15 licensure approvals, and one limited license (see Appendix P).

The committee voted to accept the annual report of the committee from July 1, 2018 – June 30, 2019 (see Appendix W). It also approved a proposal to expand a policy on awarding undergraduate credit on the basis of AP exam scores to include international baccalaureate and Cambridge AS and A-level examinations. This proposal will be brought to the full Board for approval at its next meeting.

The committee considered several reports, including the Excellence in Teaching Awards Use of Funds; Early College Graduates/Admission Policy Report; the Comprehensive Articulation Agreement Annual Report; and the Comprehensive Articulation Agreement Technical Revisions. It also heard a presentation summarizing the review of current online programs across the UNC System.

In closing, Mrs. Nelson called on Professor David Green, chair of the UNC Faculty Assembly, for his remarks. Professor Green reported that the Faculty Assembly had convened its first meeting of the academic year the previous week in Chapel Hill and that both Interim President Roper and Chair Smith addressed the faculty assembly. He thanked them for their deliberate and thoughtful remarks. Next, he stated that the faculty was focused on key areas, including compensation, retention, leadership, and transparency. The faculty assembly also

discussed an array of important issues related to mental health, military-affiliated students and veterans, partway home students, student wellness, and campus safety. Green commented that the faculty assembly was looking forward to its continued work with the Board and UNC System Office senior staff on these important issues.

Report of the Committee on University Governance

Mr. Powers, chair of the committee, reported that at its meeting the previous day, the committee considered two items required for action. First, the committee reviewed the Resolution on Clearance Requirements and voted to place the item on the day's consent agenda (see Appendix Q). Second, the committee considered a partial term vacancy ending June 30, 2021, on the North Carolina Central University Board of Trustees. The committee recommended Ms. Hellena Huntley Tidwell to fill the vacancy.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors approve the appointment of Ms. Hellena Huntley Tidwell to fill the partial term vacancy on North Carolina Central University's Board of Trustees.

Motion: David M. Powers

Motion carried

Next, the committee voted to approve UNC Policy 1300.8 – Free Speech and Free Expression Within the University of North Carolina (see Appendix X). This is an annual report that is required by state law and the UNC System's policy to address free speech and free expression of the constituent institutions. The report covers the period between July 1, 2018 and June 30, 2019, and identifies steps that the UNC System is taking to promote and protect free speech/free expression on its campuses. The committee also discussed a timeline for a number of policies for the 2019-20 academic year, which are reviewed to determine whether the policies are still current, required, the achieved, or if changes are needed for effectiveness or clarity. The committee voted to accept the annual report of the committee from July 1, 2018 – June 30, 2019 (see Appendix Y).

Mr. Powers reiterated that the Boards of Trustees Workshop was scheduled for October 17-18, 2019 at UNC Charlotte. He encouraged the members to attend and to participate. This would be an excellent opportunity for the Board to meet and build relationships with the trustees throughout the UNC System.

Lastly, he referred to the list of the UNC Fall Commencements and asked the members to consider participating in one of the campus commencements this fall.

Report of the Committee on Public Affairs

Mr. Byers, chair of the committee, reported that at its meeting earlier in the day, the committee heard updates on both state and federal relations. In the General Assembly, there were over 1,700 bills introduced this session with nearly 175 bills impacting the University. The committee heard an overview of the conference report on H.B. 966 and the Fiscal Year 2019-20 biennium. Most of the Board's policy priorities were included in the budget. Summer school funding was not included, nor did the budget include measures to establish parity across the System on state employees' compensation. The budget did include the long-term policy priorities for the expansion of carry-forward to five percent for four years, streamlining the University's HR approval process, and changes to initiatives which required adjustments.

Regarding federal relations, the committee heard an update on the committee assignments in the U.S. House of Representatives and the state Senators. It received an update on the impact a federal government shutdown would have on the UNC System.

Lastly, it heard an update from the Committee on Military and Veterans Affairs. There are several notable educational initiatives that the UNC System has put in place to assist our military-affiliated students and families. Veteran Resource Centers have been established at 16 of our constituent institutions. The UNC System developed a database for the purpose of helping student veterans understand which credits they qualify for based on courses they completed during their military service.

Report of the Committee on Audit, Risk Management and Compliance

Mr. Holmes, chair of the committee, reported that at its meeting the previous day, the committee heard a presentation from Dean Mike Smith of the UNC School of Government's Development Finance Initiative. He provided background information on the creation of the Development Finance Initiative and its impact across the state and the accountability measures that have been put in place to ensure the integrity of operations.

The committee received a summary of the recent law enforcement project and spoke about the key observations and recommendations found in the report. A key focus area was the establishment of a UNC System law enforcement training center to address both basic academy training and in-service training programs.

Next, the committee heard an update of internal audit work at the UNC System Office for the 2018-2019 fiscal year. A portion of the internal audit work for the 2018-2019 time frame involved completing internal audits and providing consultation and advisory services. The UNC System's internal audit plan for 2019-2020 fiscal year was also presented. The committee voted to place the item on the day's consent agenda (see Appendix R).

Lastly, the committee heard a report that summarized the work of the Committee on Audit, Risk Management and Compliance for the 2018-19. The committee voted to accept the annual report of the committee from July 1, 2018 – June 30, 2019 (see Appendix Z). It also received a summary of all the University's major associated entities' audit reports, along with findings and recommendations from the previous year.

Report of the Committee on Strategic Initiatives

Mr. Bryan, chair of the committee, reported that at its meeting the previous day, the committee heard a presentation on the latest trends on student success and received an update on the committee's initiatives, including summer school, the policy on Advanced Placement, and the University's 120-hour academic credit degree policy. The committee also heard a presentation on the UNC System's retention and graduation rates, which has been a benchmark at the center of the committee's work for the past two years. The data was encouraging, as it shows the UNC System outperforming national averages in graduation and retention rates. The presentation also highlighted areas in need of improvement, including transfer student graduation rates and a proportion of the students meeting credit benchmarks.

There was an open discussion on areas of focus. There was consensus that the committee refine its request for summer school funding, continue discussion on student mental health issues, and address the opportunities that are available through online learning courses, which enable students to complete their degrees on time.

Lastly, Mr. Bryan reported that the committee discussed grant programs. The programs are complex and do not allow students and families to learn about their eligibility in advance. The programs also lack incentives for students to stay on track to earn a degree in four years.

Report of the Committee on Military and Veterans Affairs

Mr. Daughtry, chair of committee, reported that, at its meeting the previous day, the committee welcomed three new members – Mr. Hutchens, Chancellor Sartarelli, and Interim Chancellor Valentine. It reviewed the

committee's charge and discussed the significant economic impact that military students bring to the University's constituent institutions, which is nearly \$50 million/year.

Next, the committee heard a progress report on the committee's goals for the coming year and was briefed on strategic partnerships and initiatives that are in place to support military-affiliated student success. The committee also discussed proposed priorities to increase the University's outreach in enrollment efforts. The committee heard an update on the military credit database. The project was proceeding on time and was operating internally. It was anticipated that the database would be fully operational by 2020.

Lastly, the committee received a presentation from Appalachian State University on best practices for increasing military-student enrollment. The committee also heard a presentation from two external guests, North Carolina Representative Grier Martin, who is currently serving as a lieutenant colonel in the U.S. Army Reserve, and Col. Miriam Hayden, chief of staff of the North Carolina National Guard.

Report of the Presidential Search Committee

Mr. Ramsey, co-chair of the search committee, recalled that the committee held its first meeting on September 12, 2019. He reported that the committee held its second meeting the previous day. He recognized co-chair Murphy, Director Kim Strach, and the other members of the search committee, and thanked them for all their hard work and continued efforts.

Next, he reported that the committee had established a process that will allow it to educate the UNC System stakeholders on the role of the president and an opportunity to receive feedback that will be used to define the position profile for the next leader of the UNC System. The committee had organized listening sessions to receive information and gather input. The previous day, the committee held a listening session with the UNC Chancellors. He thanked the chancellors for their very valuable input and thanked them for their time and participation.

Lastly, Mr. Ramsey mentioned that a website had been created for the presidential search, which provides information on the process and opportunities to be involved in throughout the process. The intent of the committee is to adhere to the process, provide the members of the Board, the stakeholders, and the public, competence in the decisions it makes in ultimately providing the best candidate that will lead this University into the future.

Chair's Report

To allow additional time for the closed session, no formal report was presented. Chair Smith made a motion to go into closed session.

Secretary Burris-Floyd 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 stated in the written motion (see Appendix AA).

The Board went into closed session at 9:45 a.m. and returned to open session at 12:00 p.m.

Report of the Committee on Personnel and Tenure

Mrs. Murphy, chair of the committee, reported that at its meeting the previous day, the committee heard an update on the development of a faculty salary analysis tool as part of the University's goal of remaining competitive and retaining outstanding faculty. The University System has developed detailed turnover data that

will be shared with the committee at a future meeting. The committee also heard an update on the peer institutions study.

Next, the committee reviewed a proposal on chancellor incentive compensation. The committee supported an incentive compensation program for chancellors and voted to recommend it to the Board. In addition, it voted to authorize the president to develop and implement a chancellor incentive program. The committee considered an amendment to the resolution that includes a requirement that the president present the incentive compensation program to the committee for approval prior to implementation (see Appendix BB).

Motion: Resolved, that on behalf of the Committee on Personnel and Tenure, the Board of Governors approve an Incentive Compensation Program for Chancellors as described above.

Motion: Wendy F. Murphy
Motion carried

Next, Mrs. Murphy reported that the committee received a presentation on salary ranges for chancellors. She recalled that in 2015, the committee considered a compensation structure and associated salary ranges for chancellors. In 2017, an updated analysis was conducted in order to assure alignment with the current labor market. The proposed salary ranges for 2019 reflect a total increase of 3.67% from the salary ranges last updated in 2017.

Motion: Resolved, that on behalf of the Committee on Personnel and Tenure, the Board of Governors adopt the revised salary ranges for chancellors as presented.

Motion: Wendy F. Murphy
Motion carried

Next, Mrs. Murphy spoke about a proposed paid parental leave benefit for state employees. In accordance with Executive Order 95, state employees are eligible for paid parental leave. The provision does not apply to University employees. The committee recommends that paid parental leave benefits be provided to all UNC System benefit-eligible employees and that the president would seek approval from the North Carolina Office of State Human Resources to extend the provision to the University System workforce.

Motion: Resolved, that on behalf of the Committee on Personnel and Tenure, the Board of Governors approve the Resolution of the Board of Governors Paid Parental Leave Benefit for University EHRA Employees (see Appendix CC).

Motion: Wendy F. Murphy
Motion carried

Next, the committee discussed a change to the UNC Optional Retirement Program plan that would clarify the definition of "like plan" to include associated entities or other foundations affiliated with institutions of higher education or health. Effectively, it would prevent the loss of retirement benefits when transferring between organizations. The committee approved the amendment to the plan.

Motion: Resolved, that on behalf of the Committee on Personnel and Tenure, the Board of Governors approve the Resolution on the Optional Retirement Program of the University of North Carolina (see Appendix DD).

Motion: Wendy F. Murphy

Motion carried

Mrs. Murphy reported that the committee also discussed a proposed board member training requirement on federal sexual harassment laws and how the laws connect with the governance of the University and its policies. Providing a mandatory training module system for the Board of Governors and institutional boards of trustees would further support the University's commitment to maintaining an environment free from unlawful discrimination.

Motion: Resolved, that on behalf of the Committee on Personnel and Tenure, the Board of Governors vote to mandate training on preventing sexual harassment for members of the Board of Governors and the boards of trustees.

Motion: Wendy F. Murphy

Motion carried

Finally, the committee discussed informational reports and routine transactional items.

There being no further business, the meeting adjourned at 12:10 p.m. The next meeting of the Board of Governors is scheduled for Friday, November 15, 2019, on the campus of Elizabeth City State University.

Pearl Burris-Floyd, Secretary

APPENDICES

The Appendices are part of the official record of the meeting and are posted on the UNC System website at: <http://www.northcarolina.edu/apps/bog/index.php>

- Appendix A Interim President Roper’s Report and “Notable News from the UNC System Office”
- Appendix B Disposition of Property by Deed – NC State University
- Appendix C Capital Improvement Projects
- Appendix D Disposition of Property by Demolition – Appalachian State University
- Appendix E Disposition of Property by Demolition – N.C. A&T State University
- Appendix F Acquisition and Disposition of Property by Deed – NC State University
- Appendix G Disposition of Property by Deed – UNC System Office
- Appendix H Amendment to Millennial Campus Ground Lease – Western Carolina University
- Appendix I Amendment to Use Agreement – UNC Pembroke
- Appendix J Sale of Revenue Bonds – UNC Hospitals
- Appendix K Sale of Special Obligation Bonds – UNC Asheville
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- Appendix N UNC System Degree Program Establishments
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- Appendix Q Resolution on Clearance Requirements
- Appendix R Approval of the Annual Internal Audit Plan for 2019-2020
- Appendix S UNC Policy 200.8 – *Policy on Chancellor Searches and Elections* (Amended)
- Appendix T UNC Policy 300.8.5 – *Policy on Diversity and Inclusion Within the University of North Carolina* (Adopted)
- Appendix U 2018-2019 Annual Report of the Committee on Budget and Finance
- Appendix V 2019-21 Repairs and Renovations (R&R) Allocation Model
- Appendix W 2018-2019 Annual Report of the Committee on Educational Planning, Policies, and Programs
- Appendix X UNC Policy 1300.8 – *Free Speech and Free Expression Within the University of North Carolina*
- Appendix Y 2018-2019 Annual Report of the Committee on University Governance
- Appendix Z 2018-2019 Annual Report of the Committee on Audit, Compliance, and Risk Management
- Appendix AA Closed session motion
- Appendix BB Resolution of the Board of Governors on Incentive Compensation Program for Chancellors
- Appendix CC Resolution of the Board of Governors Paid Parental Leave Benefit for University EHRA Employees
- Appendix DD Resolution of the Board of Governors on the Optional Retirement Program of the University of North Carolina