



**Minutes of the Meeting of the University of North Carolina at Asheville
BOARD OF TRUSTEES**

**Friday, December 16, 2016
Reuter Center, Room 206**

The following Trustees were present:

Pat Smith, Chair
Kennon Briggs, Vice Chair
Richard Lutovsky, Secretary
JW Davis
Bob Long, Jr.
King Prather
Wilma Sherrill
Cissie Stevens
Charlie White, Student Trustee
Oscar Wong

The following Trustees were absent:

Piyush Patel
Ron Paulus
Robby Russell

Others present:

Mary Grant, Chancellor
Joseph Urgo, Provost and Vice Chancellor for Academic Affairs
Amanda Baranski, Executive Assistant to the Vice Chancellor for Administration and Finance
Luke Bukoski, Director of Communication and Marketing
Brian Butler, Thomas Howerton Distinguished Professor of Humanities
Chelsey Burke, Executive Assistant to the Chancellor
Janet Cone, Senior Administrator for University Enterprises / Athletics Director
Michaela Dodd '19, student
Shannon Earle, Chief of Staff
Gabby Fitts '18, student
William Haggard, Vice Chancellor for Student Affairs
Amy Jessee, Associate Chief Communication and Marketing Officer
Stacey Millett, Executive Director of Community Engagement and NCCHW
Nicole Norian, Associate Vice Chancellor of Human Resources
John Pierce, Vice Chancellor for Administration and Finance
Elizabeth Porter, Lecturer in Economics
Paola Salas Paredes '16, student
Meghan Richardson '17, student
Clifton Williams, Interim General Counsel
Carla Willis, Vice Chancellor for University Advancement

The meeting was called to order by Chair Smith at 9:01 a.m.

Congratulations to Vice Chair Kennon Briggs who will serve as the Interim President of College of The Albemarle.

Ethics Reminder

Chair Smith reminded the Board of the duty, imposed by the State Government Ethics Act, to avoid conflicts of interest and appearances of conflict, and allowed members to declare any conflicts. No conflicts stated.

Approval of the Minutes of the October 21, 2016, Meeting of the Board of Trustees

Upon a motion duly made and seconded, it was

VOTED: To approve the minutes of the October 21, 2016, upon correction of officer titles.

Report of the November 28, 2016, Meeting of the Endowment and Investment Committee

Chair Smith delivered the report on behalf of the Endowment and Investment Committee.

The Endowment and Investment Committee oversees investments of the University Endowment and Foundation Endowment. The committee is comprised of four members of the Foundation Board and four members of the Board of Trustees: Chair Smith, and Trustees Davis, Russell, and Lutovsky.

President of UNC Management Company, Jon King presented to the committee. For fiscal year 2016, the fund generated a negative 2% return – however the 3 and 5 year returns are very strong. The fund is benchmarked against other university endowments across the country, and we are in excellent standing compared to other universities. Last year, the Board of Trustees and the Foundation Board signed a resolution that asks UNC Management to look at alternative investing. \$3.2 million was invested into alternative energy.

The students managing the ESG (Environmental, Social, and Governance) Fund attended the committee meeting. They are being advised by Colton and Groome, and are thankful for the experience. Trustee White noted how excited and passionate the students are about the ESG Fund.

Report of the December 8, 2016, Meeting of the Academic Affairs Committee

Trustee Long delivered the report on behalf of the Academic Affairs Committee.

Ed Katz, Associate Provost and Dean of University Programs gave a presentation on two proposed masters programs: Masters in Public Health and Masters of Fine Arts in Creative Writing. The UNC System currently offers a Masters in Public Health at UNC Chapel Hill, East Carolina University, and UNC Greensboro. These three programs all have an emphasis on public health issues in urban settings. Our program has an emphasis on rural public health issues and will be offered in conjunction with UNC Chapel Hill and MAHEC.

Faculty are in the early planning phase of a Masters in Fine Arts in Creative Writing. The UNC System does not have any universities that offer this program – Warren Wilson University offers it, however the only COPLAC School offering this degree is Georgia State University. This program would be very unique.

Dr. Brian Butler provided updates from Faculty Senate. Dr. Butler attended a meeting of the Faculty Assembly at General Administration, to continue to develop the UNC Strategic Plan. He spoke very highly of President Margaret Spellings, who has listened to the input from the Assembly. Faculty Senate passed a Sense of the Senate related to campus climate and, to reaffirm that the Senate affirms the importance of a campus that is open, supportive, and encouraging of robust debate and discourse.

Chancellor Grant and the Board agreed with Dr. Butler's high regard for President Spellings.

Report of the December 15, 2016, Meeting of the Student Affairs Committee

Trustee Prather delivered the report on behalf of the Student Affairs Committee.

The committee reviewed the tuition and fee proposal. David Todd, Director of Campus Operations presented the designs for the Highsmith Union renovation and the Residence Hall project, which will both be completed in 2018.

UNC Asheville hosted the Association of Student Government (ASG). Once a month student leaders from across the system come together to meet, and have an opportunity to share ideas about what each is doing on their campus. Trustee White noted student leaders enjoyed their time on our campus and he personally enjoyed having time to connect with the ASG President who serves on the Board of Governors.

Report of the December 15, 2016, Meeting of the Administration and Finance Committee

Trustee Lutovsky delivered the report on behalf of the Administration and Finance Committee.

General Administration issued guidelines for 2017-2018 tuition and fees proposals, which incorporated adopted state budget provisions. Following campus wide forums, proposals were presented to the University's Tuition and Fee Committee, which is comprised of faculty, staff, and students. This presentation is included in your materials.

Trustee White met with the student senate and his executive staff to discuss these proposals, and they understand the services that need to continue to be supported. The students supported a transportation fee increase, and want additional transportation options offered to the growing student body. In addition, they feel the athletic fee should decrease by \$4.

1.) Resolution to Approve Proposed Tuition and General Fees for 2017-2018

BACKGROUND INFORMATION:

- The adopted State Budget included a guaranteed tuition program. Tuition increases are capped at a maximum of 2% for the resident undergraduate cohort of students who enroll in the fall of 2017 (freshman and transfers). Continuing undergraduate resident students will not be subject to any increase in tuition for 2017-2018.

- Based on the new statutory requirements, fee increases are limited to 3% increase for mandatory student fees charged to all students and approved by the Board of Governors.
- Following campus-wide forums and numerous opportunities for engagement with UNC Asheville students, proposals for 2017-2018 tuition and general fees were presented to the University's Tuition and Fee Committee.
- The Tuition and Fee Committee provides the following recommendations to the Board of Trustees Administration and Finance Committee.
- If approved by the Board of Trustees, the proposals will be submitted to UNC General Administration on December 16, 2016 and then to the Board of Governors for consideration in January and February 2017.

RECOMMENDED ACTION:

That the Board of Trustees of UNC Asheville approve the following tuition and general student fee rates proposed for 2017-2018: Increase or (Decrease)

		<u>Increase or (Decrease)</u>	<u>Proposed 2017-2018</u>
TUITION:			
In-state	Current Undergraduate	0.00	4,041.00
	New Entering Undergraduate	81.00	4,122.00
	All Graduate	96.00	4,914.00
Out-of-state	All Undergraduate	409.00	20,845.00
	All Graduate	416.00	21,236.00
GENERAL STUDENT FEES:			
STUDENT ACTIVITY FEE		26.00	768.00
ATHLETIC FEE		24.00	830.00
STUDENT HEALTH FEE		12.00	368.00
EDUCATION AND TECHNOLOGY FEE		17.00	490.00
TOTAL GENERAL STUDENT FEES		79.00	2,456.00
DEBT SERVICE		0.00	394.00
TOTAL GENERAL FEES		79.00	2,850.00
APPLICATION FEE		0.00	75.00

NOW THEREFORE BE IT RESOLVED THAT, the Board approved the proposed tuition and general fees for 2017-218.

Upon a recommendation from the Administration and Finance committee, it was

VOTED: To approve the resolution to approve Proposed Tuition and General Fees for 2017-2018

Board Materials include an executive summary of the Fair Labor Standards Act (FLSA). There were 14 positions that received salary adjustments effective December 1, based on equity or market reasons as these positions warranted pay adjustments without consideration of FLSA requirements. Chancellor Grant

thanked Nicole Norian, Associate Vice Chancellor of Human Resources and her staff for the months of preparation on the expected changes, and the Vice Chancellors for their thoughtfulness throughout the process.

The Highsmith Student Center project costs increased 6.8% as a result of recently discovered soil conditions that require pilings versus a typical foundation. The new residence hall costs also increased 6.8% due to the addition of a new Vivian Street access for parking, a large amount of retaining walls and site work required due to the location, added furniture and fixtures, and accessibility considerations. Together, the cost shift it just under \$3 million.

The interest rate dropped from 5.5% to 4.5% resulting in the debt service requirement shifting from \$882,375 to \$833,000, over the debt's 30 year term.

Vice Chancellor Pierce, working with First Tryon Advisors crafted a Debt Management Policy, the adoption of which has become a best practice throughout higher education. A formal debt management policy provides leadership with control over our entire debt portfolio and helps ensure that long-term debt is used strategically to advance the institution. First Tryon Advisors is working with other institutions across the UNC system.

2.) Resolution to approve the Issuance of Special Obligations Bonds

WHEREAS, under Article 3, Section 116D of the General Statutes of North Carolina (the “Act”) the Board of Governors (the “*Board of Governors*”) of the University of North Carolina (the “*University*”) may issue special obligation bonds, payable from obligated resources to pay the costs of acquiring, constructing or providing a special obligation project at one of the constituent institutions of the University or refunding any obligations previously issued by the Board of Governors;

WHEREAS, The University of North Carolina at Asheville (“*UNC Asheville*”) will request the Board of Governors to issue its special obligation bonds (the “*Bonds*”), the proceeds of which will be used for (1) the construction, equipping and furnishing of a new residence hall and the renovation of Highsmith Student Center, each authorized by Chapter 97 of the 2016 Session Laws of the North Carolina General Assembly (collectively, the “*Special Obligation Bond Projects*”), (2) paying capitalized interest on the Bonds and (3) paying the costs incurred in connection with the issuance of the Bonds;

WHEREAS, Section 116D-26(b) of the Act requires the Board of Trustees of UNC Asheville to approve the issuance of the Bonds for the Special Obligation Bond Projects;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of UNC Asheville as follows: Section 1. Approval of Issuance of Bonds. The issuance of the Bonds for the Special Obligation Bond Projects is approved. Section 2. Effective Date. This Resolution is effective immediately.

Upon a recommendation from the committee, it was

VOTED: To approve the resolution to approve the Issuance of Special Obligations Bonds

3.) Resolution to approve and adopt a debt management policy

WHEREAS, the Board of Trustees (“Board”) of The University of North Carolina at Asheville (“UNC Asheville”) has determined that it is in the best interests of UNC Asheville to establish a formal debt management policy to assist the Board and other University leadership in managing UNC Asheville’s long-term debt portfolio in a manner consistent with UNC Asheville’s strategic objectives and core values; and

WHEREAS, rating agencies encourage issuers to adopt written debt management policies and generally view such policies as a positive credit factor; and

WHEREAS, the inaugural UNC System Debt Capacity Study (FY2015) recommended that each constituent institution adopt a formal debt management policy tailored to its specific needs and situation; and

WHEREAS, UNC Asheville’s finance staff has, in consultation with UNC Asheville’s financial advisor, developed a written debt management policy (the “Policy”) that (1) is consistent with guidance provided by the rating agencies and other industry standards for such policies and (2) aligns UNC Asheville’s internal planning efforts with the general framework established by the UNC Debt Capacity Study; and

WHEREAS, the Policy is intended to provide a framework to enable the Board and finance staff to:

- (a) Identify and prioritize projects eligible for debt financing;
- (b) Limit and manage risk within UNC Asheville’s debt portfolio;
- (c) Establish debt management guidelines and quantitative parameters for evaluating UNC Asheville’s financial health, debt affordability and debt capacity;
- (d) Manage and protect UNC Asheville’s credit profile in order to access to the capital markets; and
- (e) Ensure UNC Asheville remains in compliance with all of its post-issuance obligations and requirements; and

WHEREAS, copies of the Policy have been made available to the Board for its review; and

WHEREAS, the Chancellor and Vice Chancellor for Administration & Finance are requesting and recommending that the Board approve and adopt the Policy;

NOW THEREFORE BE IT RESOLVED THAT, the Board hereby approves and adopts the Policy and directs the Chancellor, the Vice Chancellor for Administration & Finance, finance designees to take all necessary and appropriate steps to ensure the Policy’s proper implementation.

Upon a recommendation from the committee, it was

VOTED: To approve the resolution to approve and adopt a debt management policy

Report of the December 15, 2016, Meeting of the Advancement Committee

Trustee Stevens delivered the report on behalf of the Advancement Committee.

As of December 12, 2016 we have raised \$1.2 million. Vice Chancellor Carla Willis reported to the committee about her first 100 days at UNC Asheville.

Utilizing a new giving software program and collaboration with Athletics, Giving Tuesday was very successful – raising over \$29,000. Giving Tuesday is celebrated the Tuesday after Thanksgiving and is a global day of giving fueled by social media.

Trustee Stevens challenged all of the trustees to give to the Board Challenge. Currently, 85% of Board of Trustees have given, 47% of the Foundation Board, 100% of the Bulldog Athletic Association, 88% of the National Alumni Council, and 47% of the National Parents Council.

Report of the December 15, 2016, Meeting of the Audit Committee

Trustee Davis delivered the report on behalf of the Audit Committee.

The Audit Committee would like to thank Monique Taylor for her outstanding service to our university and wish her much happiness in her future endeavors.

There are several discussion items on the agenda which are ongoing topics: Internal Audit Annual Plan, Charter of the Board of Trustee Audit Committee, and the Charter of Internal Audit.

David Enright, Office of the State Auditor attended the meeting and reported no findings for the Financial Audit Report. Trustee Davis thanked Vice Chancellor Pierce and his team for their hard work throughout the year.

Upon a recommendation from the Office of the State Auditor and the Audit Committee, it was

VOTED: To accept the Office of the State Auditor’s Financial Audit Report.

There was a small reception for Monique Taylor on campus. Chair Smith thanked Trustee Long for attending the celebration, and wished Monique well. Trustee Prather complemented Monique on her role as a mentor and for continuing her education while she was here.

Report of the December 15, 2016, Meeting of the Athletic Committee

Trustee Briggs delivered the report on behalf of the Athletics Committee.

Coach Nick McDevitt, head men’s basketball coach and Coach Brenda Mock Kirkpatrick, head women’s basketball coach joined the committee and discussed their seasons, academic competition within the teams, out of conference games, and team chemistry.

One program that highlights UNC Asheville’s support for student success is the Blue Ribbon Program. The Blue Ribbon Program has four areas of emphasis: development of athletic excellence, supporting the academic life of an athlete, engage with leadership and service opportunities, and transitioning into life after UNC Asheville.

Trustee Briggs acknowledged AD Cone for her leadership in bringing outstanding coaches to UNC Asheville.

Chancellor Grant updated the Board on the Athletic Task Force, and will be reporting back to the board in February on some of the findings on how to sustain the level of excellence. Chancellor Grant thanked AD Cone, Joy Flora, John Pierce, and the committee for its work.

[The Board took a 10 minute break at 10:25 a.m.]

Chancellor's Report

Chancellor Grant thanked Chelsey Burke, Shannon Earle, Luke Bukoski, Sarah Humphries, Cathy Clevenger, Brian Davis, Clifton Williams, Amanda Baranski, Silvia Meyer, and Amy Jessee for their work on this week's events.

Chancellor Grant updated the Board on recent events on campus, including the African Americans in WNC Conference, Don Locke Memorial Tree Planting, Endowed Scholarship Brunch, the Annual Education Game - where over 2,600 local elementary students cheered the Bulldogs to a win – and student recognition events around Commencement.

On November 12, UNC Asheville hosted the NC Campus Compact Student Conference which brought together students from across the state of North Carolina, public and private, for leadership development. During the conference, participants raised \$300 to buy supplies for our firefighters.

Faculty and staff came together to recognize milestone years of service at our annual Giving Thanks Ceremony. There are also several awards honoring the hard work of our faculty and staff, including the first annual Don Locke Award for Diversity and Inclusion. Chancellor Grant thanked Trustee Sherrill for attending.

Chancellor Grant had the opportunity to join the UNC Asheville Singers for their 10th annual performance at the White House. The singers also performed for wounded veterans at Walter Reed Army Medical Center.

On December 15 in a powerful program, the ribbon was cut on the STEAM Studio at RAMP. The event highlighted the many ways UNC Asheville is connected to the community. Chancellor Grant thanked Brent Skidmore who played a large role in making this happen!

Chair Smith thanked Chancellor Grant for her regular communication to the Board and the campus, noting there is much going on and it makes the Board's job very rewarding. Trustee Prather thanked Chancellor Grant for her willingness to challenge and be challenged, and her transparency to the Board. This transparency has provided a significant benefit.

As part of the Chancellor's report, Dr. Elizabeth Porter, Michaela Dodd '19, Gabby Fitts '18, Meghan Richardson '17, and Paola Salas Paredes '16 discussed their experiences at The Consortium for Humanitarian Service and Education, and the hands on training they received in disaster relief. Dr. Porter is a lecturer in economics and serves as a senior faculty member at the Consortium. She has traveled around the world assisting in disaster relief efforts. These experiences are making an impact on our students.

The Consortium brought several scenarios to real life and challenged students to make thoughtful decisions on helping others. Through this program, students learned about themselves and can leverage their experiences in the classroom and everyday life.

Closed Session began at 11:16 a.m.

