

REGULAR MEETING OF THE BOARD OF TRUSTEES OF WESTERN CAROLINA UNIVERSITY

Room 510, H.F. Robinson Building

March 11, 2016

The Board of Trustees of Western Carolina University met in regular session on March 11, 2016 in Room 510 of the H. F. Robinson Building. The meeting was called to order at 9:30 a.m. by Chairman Broadwell.

ATTENDANCE

The following members of the Board were present: Mrs. Kaemmerling, Mr. Broadwell, Mrs. Coward, Mr. Drake, Mr. Little, Mr. Messer, Mr. Townsend (by phone), Mrs. Battle, Mr. Henderson, Mr. Kinney, Ms. Dugan and Mr. Lupoli.

The following member of the Board was absent: Mr. Fetzer.

Others present: UNC President Spellings; Chancellor Belcher; Provost Morrison-Shetlar; Vice Chancellors Byers and Miller; Dr. Wargo, Chief of Staff; Ms. Woody, Business Officer; Ms. Davis, Administrative Support Associate; Ms. Ashe, University Program Specialist; Mr. Studenc, Director of Communications and Public Relations; Ms. Kays, Smoky Mountain News; Mr. Lucore, WWCU-FM/ Western Carolina Journalist; Mr. Davia, Western Carolinian; Mr. Fowler, Chief Information Officer; Dr. McCord, Faculty Senate Chair; Mr. Causby, Associate Vice Chancellor for Human Resources; Ms. Degraffenreid, Staff Senate Chair; Ms. Pate, President Elect of the Alumni Association; Mrs. Belcher, First Lady; Dr. Kloeppel, Interim Dean of Graduate School and Research; Associate Provosts Schwab and Burton; Mr. Adams, Public Safety Supervisor; Mr. Browning, Associate General Counsel; Mr. Chancey, Chief Compliance Officer; Ms. Lochner, General Counsel; Mr. Eaton, Director of Athletics; Dr. Calvert, Department Head; Mr. Kappler, Director of State Government Relations; Mrs. Williams, Former Board of Trustees Chair; and Ms. Welch, Assistant Secretary to the Board of Trustees

ROLL CALL

Ms. Welch called the roll of the Board members in attendance. A quorum of the Board was present.

ETHICS STATEMENT

Mr. Broadwell: "As Chair of the Board of Trustees, it is my responsibility to remind all members of the Board of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this Board of Trustees' meeting. If any Board member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the Board of Trustees at this meeting, the conflict or appearance of conflict should be identified at this time."

There were no conflicts disclosed.

APPROVAL OF MINUTES

Mrs. Dugan moved that the minutes of the December 4, 2015 regular meeting of the full board be approved. Mr. Townsend seconded the motion, and it was approved unanimously. (MINUTES ON FILE WITH MATERIALS IN TAB B)

COMMENTS FROM CHANCELLOR BELCHER

Dr. Belcher introduced UNC President Margaret Spellings and thanked her for visiting our campus. He then thanked the university and community for the outpouring of support following the loss of his father.

Dr. Belcher updated the Board on the significant gifts that Western has received since the last meeting. He acknowledged particularly the \$1 million dollar pledge/gift given by several WCU alumni who are partners at Dixon Hughes Goodman. This gift will enable the College of Business to support such student success initiatives as internship opportunities, study abroad experiences, academic competitions and research, professional development programs, summer study grants, and fellowships and scholarships. In honor of this very generous gift, the university has renamed the accountancy program the "Dixon Hughes Goodman Accountancy Program."

Dr. Belcher updated the Board on the last three months of campaigning for the Connect NC Bond, where he spent much of his time speaking at civic clubs, doing radio and television interviews and participating in forums, often in partnership with UNC Asheville Chancellor Mary Grant and presidents of regional community colleges. The bond is a game-changing opportunity for our university and includes a \$110 million dollar replacement of our university's only natural sciences lab building.

Dr. Belcher introduced University of North Carolina President Margaret Spellings, who is traveling to visit each of the university's 17 campuses during her first 10 weeks on the job.

COMMENTS FROM PRESIDENT SPELLINGS

President Spellings thanked the Board for their service to this institution and stated that she has had the opportunity to talk to faculty, staff, and students. She noted our community pride and what WCU means to this region. What stands out most are the hands-on opportunities that students have here at Western Carolina University. She stated that as an educational system, our shared charge and mission is to serve our fellow citizens and give access to the American dream, but also the power that it means to the future of our state and the vibrancy of civic life for North Carolina.

Her priorities as UNC President start with understanding everyone's roles and getting everyone to work together to recognize the roles and needs of each institution. Secondly, there is a need to build stronger partnerships with all allies to help all constituents and taxpayers understand what the University offers to the future of this state. She will also make it a priority to ensure that we have a General Administration that is a part of the solution and not part of the problem. To make this particular goal a reality, she engaged a consulting group to study what the General Administration is doing well and what they can do better. With this information, she plans to make organizational changes quickly and return accountability back to the institutions. She also stated that we have to advocate effectively with the legislature to meet our needs including the enhancement of faculty and staff salaries, which can be a competitive disadvantage if we are not rewarding our employees sufficiently.

Her additional focuses will be on accountability, STEM graduates and student success, and the implementation of NCGAP. The BOG just accepted a report that talks about the unintended consequences of that law and believes that it is important to go slow and delay the implementation until a better solution to the problem is reached.

President Spellings stated that the bond issue is critically important to this institution and this state, then called for questions from members of the Board.

Mrs. Kaemmerling asked about the current funding model in the system. President Spellings states that it is time to look at the system's funding as a whole and mentioned the need to guide policy leaders with our best thinking. This of course will take time and she hopes to be able to readdress this issue with better understanding into 2017.

Mr. Kinney expressed a feeling of alienation caused from being further from Chapel Hill and asked how President Spellings intends on staying personally engaged with Western Carolina University. In response, President Spellings addressed a need to be more transparent about the way business is done and the implementation of technology to stay connected. For example, they will be streaming the Board of Governors meetings and providing opportunities for public comment.

Mr. Messer stated that talent is a foundation base for great institutions and asked what plans were being implemented for the acquisition and retention of talent. President Spellings feels that the best way to acquire talent is through investment in people, clear career pathways, and circular arrangements between our institutions and General Administration. This acquisition and retention is accomplished not only through pay but also through opportunity and diversity because citizens want to see a reflection of themselves in their University system.

Mr. Little feels that we need to do a better job communicating with the legislative bodies. He feels that decisions are being made that do not currently meet the institutions' best interests. Also, he would like for the UNC system to look at cost effective professional development opportunities to help promote success in the workplace. President Spellings agrees that we have a platform to advocate for public and higher education to our legislators and it is our responsibility to guide them in a productive way to better meet our needs as educational entities.

President Spellings thanked Mr. Henderson for the opportunity to meet with students.

COMMENTS FROM CHAIRMAN BROADWELL

Chairman Broadwell thanked President Spellings for her visit.

REPORT OF THE ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Lupoli moved on behalf of the committee to recommend approval of the WCU Management Flexibility Plan. As part of the delegated authority agreement, WCU is required to submit an annual Management Flexibility summary to General Administration. **The motion was approved unanimously.** (PLAN ON FILE WITH MINUTES MATERIALS IN TAB C-4)

Mr. Lupoli provided background on the activities of the Cherokee Center and recommendations from the Center's external review process including development of a strategic plan, development of an advisory board and succession planning.

Mr. Lupoli reviewed initiatives in the Office of Student Success including math placement exams for students who need remedial assistance, expansion of tutoring specific writing skills, focus on sophomore to junior year student success, summer programs and continued focus of first generation college students.

Mr. Lupoli provided an overview of the WCU EEO Summary Report which provides an outline of WCU's full EEO/Affirmative Action Plan. He also reviewed the HR Staff Senate Survey Results.

REPORT OF THE ADMINISTRATION, GOVERNANCE, AND TRUSTEESHIP COMMITTEE

Mr. Little moved on behalf of the committee to approve Ms. Donna Winbon (Class of 2019) as a new Foundation Board Director. The motion was approved unanimously. (SLATE OF DIRECTORS ON FILE WITH MINUTES MATERIALS IN TAB D-2)

Mr. Little moved on behalf of the committee to approve the Resolution in Support of the Bond. The motion was approved unanimously. (RESOLUTION ON FILE WITH MINUTES MATERIALS IN TAB D-3)

Mr. Little moved on behalf of the committee to confirm the Chancellor's Comprehensive Review Assessment Committee. The committee members are George Little, Pat Kaemmerling, Ed Broadwell, Grace Battle, and Board of Governors member Roger Aiken. **The motion was approved unanimously.**

Mr. Little moved on behalf of the committee to approve the WCU Trustees Scholarship Agreement as revised. The motion was approved unanimously. (AGREEMENT ON FILE WITH MINUTES MATERIALS IN TAB D-4)

Mr. Henderson updated the Board on the Student Government Association.

Mr. Little presented a Comprehensive Fundraising Campaign update. He discussed the Alumni Challenge and commitments, provided information on securing new endowed scholarships, and shared that most of the WCU boards are at 100% commitment.

Mr. Little provided a Bond update to the committee and shared the active campaign efforts made by the Chancellor, faculty/staff, and students.

REPORT OF THE FINANCE AND AUDIT COMMITTEE

Mr. Drake stated that the committee received a report from David Ehricht of the State Auditor's Office. He reported that WCU's 2014-15 Financial Statement Audit Report showed that WCU's financial statements were presented fairly in all material aspects and disclosed no deficiencies in internal control over financial reporting. **Mr. Drake moved on behalf of the committee to accept the 2014-2015 State Auditor's Report. The motion was approved unanimously.** (AUDIT ON FILE WITH MINUTES MATERIALS IN TAB E-2)

Mr. Drake recommended to the Board that they approve the demolition of the Stillwell Greenhouse located on the university campus as the building is in poor condition with no current use. Approval is required for the authorization process to proceed with the State Property Office. **Mr. Drake moved on behalf of the committee to approve a resolution that would authorize the demolition of Stillwell Greenhouse. The motion was approved unanimously.** (RESOLUTION ON FILE WITH MINUTES MATERIALS IN TAB E-3)

Mr. Drake recommended to the Board that they authorize WCU to enter agreements and amendments of documents related to the refinancing of debt associated with Balsam and Blue Ridge Halls. This refinancing is projected to produce savings of \$5 million gross and \$3 million net present value, representing savings of almost 10%. **Mr. Drake moved on behalf of the committee to approve a resolution that would authorize the refinancing of university debt. The motion was approved unanimously.** (RESOLUTION ON FILE WITH MINUTES MATERIALS IN TAB E-4)

Mr. Drake provided the board with a report concerning the activities of the Internal Audit Office since the last meeting. There are audits currently in process including testing of PCard transactions and

Building Emergency Action Plans, which will be completed in segments. Fixed assets continue to receive audit attention, while the Safety Training audit is pending due to a more comprehensive audit than anticipated. The Networking Closets audit has been completed across the university campus as a result of state recommendations reported previously. Additionally, data analytic software has been purchased for utilization for a more efficient internal audit office.

Mr. Drake reviewed the financial performance of the university for the 2014-2015 fiscal year. Based on the results of operations, the university continued to have a stable financial position as of the close of the fiscal year with a net position of \$407.4 million. The two main sources of revenue for the university continue to be appropriations from the State of North Carolina and student tuition and fees. Due to a new governmental accounting standard, the university was required to recognize a net pension liability of \$3.4 million, with a related deferred inflow of 12.4 million, at June, 2015.

Mr. Drake briefed the board on updates regarding the Brown Building renovation project, Mixed Use Facility, and Medical Office Building. He also briefed the board on other smaller projects of interest, including lot demolition, roof replacements, and Reid Career Center.

Mr. Drake provided the board with a budget update with a brief review of 2015-2016 reductions and priorities, and an estimate of 2016-2017 reductions, revenues, and expected internal mandates.

Mr. Broadwell spoke with the Board about a challenge to the Board of Trustees that came out of the Foundation Board meeting for 100% participation in giving. He asked that everyone add at least \$1,000 to their giving, which the Board agreed to. Mrs. Kaemmerling reported that the Board of Trustees has a 50% participation level currently and urged their participation to meet the 100% goal.

COMMENTS FROM THE ALUMNI ASSOCIATION PRESIDENT

Dr. Owl-Smith updated the Board on the Alumni Association. (ALUMNI ASSOCIATION REPORT ON FILE WITH MINUTES MATERIALS)

COMMENTS FROM THE FACULTY SENATE CHAIR

Dr. McCord updated the Board on the Faculty Senate. (FACULTY SENATE REPORT ON FILE WITH MINUTES MATERIALS)

COMMENTS FROM THE STAFF SENATE CHAIR

Ms. Degraffenreid updated the Board on the Staff Senate. (STAFF SENATE REPORT ON FILE WITH MINUTES MATERIALS)

CLOSED SESSION

Mrs. Kaemmerling made a motion that the board go into closed session to consult with our attorney to protect the attorney-client privilege to discuss a legal issue; to consult with our attorney to consider and give instructions concerning an existing lawsuit titled Michelle Bretz v. Western Carolina University; an existing lawsuit titled Gloria Patterson v. Western Carolina University; and an existing lawsuit titled Robert Russell v. Western Carolina University; to establish or instruct the staff or agent concerning the negotiation of the price and terms of a contract concerning the acquisition of real property; and to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial appointment, of a public officer or employee or prospective public officer or employee. Mr. Drake seconded, and the motion was approved unanimously.

Mr. Broadwell asked Dr. Morrison-Shetlar, Mr. Byers, and Ms. Lochner to stay for the closed session.

RETURN TO OPEN SESSION

Mr. Drake moved that the Board return to open session. Mrs. Battle seconded the motion and it was approved unanimously.

ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Lupoli moved on behalf of the committee the approval of the candidate for the Jay M. Robinson Distinguished Professorship in Educational Technologies as presented in closed session. The motion was approved unanimously.

Mr. Lupoli moved on behalf of the committee for the approval of the candidates for tenure and promotion as presented in closed session. The motion was approved unanimously.

Mr. Lupoli moved on behalf of the committee for the approval of the candidate for the Steed Distinguished Professorship in Political Science and Public Affairs as presented in closed session. The motion was approved unanimously.

ADJOURNMENT

There being no further business. Mrs. Kaemmerling made a motion to adjourn the meeting. Mr. Drake seconded the motion, and the meeting was adjourned at 12:18 PM.