

DRAFT OPEN SESSION MINUTES

December 8, 2017

University of North Carolina School of the Arts
Hanes Student Commons, Eisenberg Social Hall
Winston-Salem, North Carolina

TRUSTEES PRESENT

Michael Tiemann, Chair

*Ralph Womble, Vice Chair

*Erna Womble, Secretary (phone)

*Steve Berlin

*Pete Brunstetter

*Greer Cawood

*Skip Dunn

*Anna Folwell

*Phillip Horne

*Rob King

*Mark Land

*Hassiem Muhammad, SGA President

Sandi Macdonald, Ex Officio

Anne Sessions, BOV Liaison

Jim Martin, Foundation Liaison

TRUSTEES ABSENT

*Elizabeth Madden

Tom Kenan, Emeritus

STAFF PRESENT

Lindsay Bierman, Chancellor

Amanda Balwah, Secretary of the
University

Wade Wilson, Chair of Faculty Council

Laurel Banks, Chair of Staff Council

David English, Executive Vice
Chancellor and Provost

Jim DeCristo, VC for Economic
Development & Chief of Staff

David Harrison, General Counsel

Charlie Leffler, Interim VC for Finance &
Administration

Ed Lewis, Vice Chancellor for
Advancement

James Lucas, Director of Human
Resources

Shannon Henry, Chief Audit Officer

Ward Caldwell, Vice Provost & Dean of
Student Affairs

Karen Beres, Vice Provost & Dean of
Academic Affairs

Martin Ferrell, Dean of the High School
Program

Dean Wilcox, Dean of Liberal Arts

Michael Kelley, Dean of Design and
Production

Susan Ruskin, Dean of Film

Susan Jaffe, Dean of Dance

Brian Cole, Dean of Music

Geordie MacMinn, Drama Faculty

Lynda Lotich, Asst. Director of the
Kenan Institute
Savannah Stanberry, Ex. Asst. to the
VC for Advancement
Elizabeth White, Web Producer
Lauren Whitaker, Media Relations
Manager
Christopher Lees, Music Dir. of the
Symphony Orchestra
Corey Madden, Ex. Director of the
Kenan Institute
Katharine Laidlaw, Chief Marketing
Officer
Claire Machamer, Chief Technology
Officer
Jeremy Serkin, Digital Media CRM
Cindy Liberty, Ex. Director of the
Foundation
Chris Placco, University Architect

Allen Carnes, Assoc. Vice Chancellor
for Business Operations
Jackie Riffle, Budget Director
Marla Carpenter, Director of
Communications
Joan Roggenkamp, Ex. Assistant to the
Chief of Staff
Ginger Caston, Office of the Provost
Virginia Riccio, Ex. Assistant to the
Provost
Lisa McClinton, Assoc. VC for Finance
& Controller
Suzanna Watkins, Dir. of Outreach &
Summer Programs
Erin Baker, Ex. Assistance to the
Chancellor
Wiley Hausam, Managing Director
Performance Facilities

GUESTS PRESENT

Marty Kotis, UNC Board of Governors
Jeff Wilson
Sam Wilson
Members of the Washington Park Neighborhood Association

CONVENE OPEN SESSION

Chairman Michael Tiemann convened the December 8, 2017 meeting of the University of North Carolina School of the Arts Board of Trustees at 9:04 a.m. Chairman Tiemann reminded all members of the Board of their duty under the *State Government Ethics Act* to avoid conflicts of interest and appearances of conflicts of interest as required by this act. Chairman Tiemann welcomed the newly appointed Peter Brunstetter to his first Trustee meeting, as well as Marty Kotis, the University's liaison from the UNC Board of Governors. Erna Womble and Anna Folwell joined the meeting by phone.

OATH OF OFFICE

Ginger Caston, Notary Public, administered the Oath of Office to Mr. Brunstetter, Legislative Appointee to the Board of Trustees.

APPROVAL OF MINUTES

MOTION: Rob King moved to approve the minutes from the September 22, 2017 meeting as presented. Ralph Womble seconded and the minutes were unanimously approved.

REPORT FROM CHANCELLOR BIERMAN

Chancellor Bierman presented the concept master plan developed by A.M. Stern Architects (RAMSA) in collaboration with DLR Group of Charlotte. Both firms considered input from faculty, staff, students, alumni, donors, and stakeholders over a 10-month period.

Chancellor Bierman noted that while there are many additions, renovations, and changes needed on campus, not everything can be done at once. This is why the University commissioned a comprehensive plan to anticipate and accommodate growth over a long period. The plan proposes bold, purposeful changes to UNCSA's living and learning environment, and defines places that embody the School's highest artistic standards, aesthetic ideas, and storied mission.

It is important to remember that RAMSA's plan is purely conceptual at this point. There is much more planning to do, money to raise, and details to be worked out.

Outdoor Spaces

- The Not-a-Quad: The rolling, meandering swath of lawn and mature trees between the Film School, School of Music Complex, and Performance Place can be transformed into UNCSA's own arts-centric riff on Harvard Yard with generous scattered seating, loosely defined gathering areas, sculptural installations, and park-like plantings.
- The Arts Walk: A new central spine would extend through the heart of campus, from the roundabout where South Main Street intersects with Waughtown Street, past the Fitness Center and Welcome Center, then on to the Student Commons, alongside Gray Building, and finally leading out toward Haled Street. It would be marked with ambient works by students and alumni, border plantings, and academic facilities.
- The Promenade formerly known as Kudzu Valley: Inspired by Crape Myrtle Allee in Dallas, the kudzu-covered no man's land would become a linear urban park, connect to the city's Strollway which currently runs from downtown to Old Salem, and stimulate commercial development around South Main Street.

New Buildings

- New Residence Halls: UNCSA's number one priority. RAMSA identified the one unicorn building site that is not situated on a field of hazardous industrial waste or in the 100-year flood zone, nor does it encroach on an historic residential area. The location requires minimal grading and will allow us to build in phases

without displacing a single student from their current housing. The new complex will be located on the north side of the Welcome Center parking lot.

- New Performance Hall and Academic Building: Eventually, when all students are settled into new housing, Halls A through F would be demolished to make way for a major new facility that fronts the main driveway and the Arts Walk. Our beloved Elephants will stay put in their current pasture, minus the messy sandpit. This project is many years off—but planning for something like it now will affect the surrounding landscape.
- The Film Quad: To accommodate expected growth, a new building with one of the best views of downtown would be added to form a courtyard between the Buck Building, Film Administration Building, and the New Media Building, terminating the axis through the film village.
- The High School/Music Quad: A building would be added behind the School of Music to house studios and classrooms for new programs.
- Chapel Street: We would like to help preserve and restore as many houses as we can to enhance this historic district, and incorporate a community park flanked by two-story academic buildings in front of what is now the backside of Workplace.
- Ehle Drive Gate: Industrial-style buildings would be added to the South Campus entrance from Waughtown, to frame the library and provide D&P and/or other department's much-needed expansion space.

Wayfinding

- RAMSA's plan calls for signage, plantings, hardscape, and architectural modifications to make it easy for anyone to find their way around.

REPORT FROM THE AUDIT COMMITTEE

Stephen Berlin, Committee Chair, reported the following from the Audit Committee:

- A quorum of the Audit Committee met on Tuesday, December 5, 2017.
- The following external audit reports were presented:
 - UNCOSA Financial Statement Audit Report Fiscal Year 2017
 - The NC Office of the State Auditor conducted the audit. It was clean with no issues to report.
 - State Auditor Beth Wood asked that Chief Auditor, Shannon Henry, let the Board know that a clean financial statement audit means stakeholders can place reliance on the reported numbers, and that there are no material misstatements. However, while the audit is clean, it does not give insight into whether or not there is fraud, waste or abuse, or if the School uses its resources efficiently.
 - UNCOSA Housing Corporation Financial Statement Audit Report 2017
 - Private CPA firm Rives and Associates conducted the audit. It was clean with no issues to report.

- UNCSA Program Support Corporation Financial Statement Audit Report 2017
 - Private CPA firm Rives and Associates conducted the audit. It was clean with no issues to report.
- Riverrun International Film Festival Financial Statement Audit Report 2017
 - Private CPA firm Butler and Burke conducted the audit. It was clean with no issues to report.
- The Semans Arts Fund, Inc. Financial Statement Audit 2017
 - Private CPA firm Butler and Burke conducted the audit. It was clean with no issues to report.
- The UNCSA Investigative Report
 - The NC Office of the State Auditor conducted the investigation. The report resulted in a finding and two recommendations for disciplinary action and training.
 - UNCSA has already taken disciplinary action and is making progress toward training. The University is required to make satisfactory progress toward resolving findings identified by the State Auditor's Office within a three-month period.
 - The Chief Auditor is legislatively required to review the finding, as well as the corrective action plan, and report the results to UNC General Administration and the State Auditor. This review and report is currently underway. It is due on January 18, 2018.
- UNCSA's new Ombudsman, Joshua Canzona, introduced himself to the committee. He explained his role in helping employees with challenges and providing them with options to address issues. Mr. Canzona does not take action on his own and has no duty to escalate issues. The options he offers can range from policy-based solutions to practicing difficult workplace conversations. As the Ombudsman, Mr. Canzona's main job is listening, and he is bound by a strict ethical code that requires his confidentiality, independence from the University, neutrality and informality.
- Summary of the 2017-2018 Internal Audit Plan
 - Internal Audit completed its annual risk assessment for the year and added audits to its audit plan related to Human Resources, Life Safety, the Clery Act, and the university's control environment.
 - Audits and advisory services reported for the quarter produced 3 written recommendations.
 - Numerous consults with university personnel have been conducted.
 - 88% of previous Internal Audit Findings have been resolved and the University has implemented 77% of Internal Audit's recommendations. This exceeds Internal Audit's recommended implementation rate of 70%.
 - The results of the risk assessment survey conducted on campus revealed most employees cited concerns about Human Resources, Financial Resources, Information Technology, and Campus Safety.

- Discussion of Internal Audits
 - The following internal audits are in progress:
 - 1 internal follow-up review;
 - 1 follow-up to the OSA investigative report;
 - 1 special review requested by management; and
 - 1 internal control review.
- Other Business
 - UNC General Administration has drafted a new Information Security Policy. The policy requires that each UNC school establish an information governance and security infrastructure that includes policies, risk assessments, strategies to address risks, and incident response and notification. The policy also requires the designation of a senior officer with information governance and security responsibility that is accountable to the Chancellor and Board of Trustees.
 - The policy tasks each UNC school's Audit Committee with oversight authority for Information Governance and Security. The senior officer is required to provide updates at Audit Committee meetings. Chief Technology Officer, Claire Machamer, will fill this role.
 - Ms. Machamer hired a Director of Information Security, Greg Gleghorn. Mr. Gleghorn is conducting an informal vulnerability survey. He believes there are areas of concern, but they can be fixed with policy, infrastructure, and implementation of best practices.
- Ethics Committee Update:
 - Ms. Henry reported that the Ethics Committee held its second meeting. James Lucas, Director of Human Resources, reported that the Policy Portal had been updated, requiring review and sign off of policies related to ethics.
 - Internal Audit is working to assist UNCSA with automated monitoring of its compliance calendar.

REPORT FROM THE ENDOWMENT FUND BOARD

Mr. Tiemann, Chair of the Endowment Fund Board, reported that a quorum of the board met on December 7. Lisa McClinton, Controller, reviewed the Investment Summary as of September 30, 2017. All endowments are currently above corpus and the market is doing well. The market value, as of September 30, 2017 was \$20,246,024. David Harrison, General Counsel, and Charlie Leffler, Interim Vice Chancellor for Finance and Administration, discussed a proposed change in the process by which the Endowment Fund officially accepts gifts into the fund. This revised process will be adopted by the next meeting in February.

REPORT FROM THE ADVANCEMENT COMMITTEE

Ralph Womble, Chair of the Advancement Committee, reported the following:

Fundraising

- Unrestricted revenue is tracking behind projections. The variance is attributed to the transition in staffing, as well as the slight delay of the Annual Appeal mailing. Gifts from the Annual Appeal are beginning to come in and the School is expected to be on track in the coming weeks.
- Temporarily restricted revenue is in a good position. The \$50,000 variance from the budget denotes pledges from companies for Design & Production scholarships. Advancement is following-up with these companies as part of its pledge reminder process.
- All other areas are on track with the budget.
- Stateside funds had a significant increase in Gifts in Kind, the majority of which reflects gifts of materials from the Giannini estate.
- In terms of Major Gifts, Gift Officers had over 90 face-to-face visits with donors so far this calendar year. These visits have yielded several gifts. Some highlights include:
 - Major Gift Officer Corynn Kolberg secured a \$25,000 planned gift and a \$25,000 gift to the USITT Endowment.
 - Senior Major Gift Officer Ted Johnson closed a \$400,000 bequest agreement from a retired Dance faculty member, a \$300,000 bequest agreement from a friend of Dance, and a \$3 million bequest agreement from an anonymous donor for School of Music Scholarships.

Campaign

- The Campaign Committee on Leadership has met consistently this fall to review numerous names, which will help Advancement narrow down a list of the top 150 major gifts prospects and plan a strategy for reach as we head into the Campaign. The committee will meet on December 14 and again in early January to confirm Campaign Co-Chairs and identify campaign leadership.

UNCSA Foundation Board

- The Finance Committee reviewed the UPMIFA spending policy and reviewed first quarter financial statements. This year will see an increase in endowment distributions and next year we can expect to have an even larger increase in endowment distribution since all of our new endowments will be fully invested this year.
- The Executive Committee hired legal counsel to create guidelines and templates for grants.
- The Advancement Committee reported that the Guest Artist Luncheon Series (GALS) event was successful. Five tables were sponsored. It is estimated that the event will net \$11K; \$7K for Endowment and \$4K for spendable. The endowment corpus is currently at \$42,000.

- The Audit Committee noted that the 990 was approved at the November 16 board meeting and has been filed.
- The Semans Art Fund 990 has also been completed and filed.

Board of Visitors

- On September 23, the Board of Visitors Alumni Committee hosted a family fun day at Anne and Steve Sessions' farm in Advance. Alumni and their families were able to meet the new alumni manager, Amy Werner, and enjoy a day full of fun activities. Approximately 100 people attended the event.
- The Board welcomed 12 new members at the Board Member Orientation on October 5. The fall Board Meeting was held on October 6.
- Sue Henderson was approved as the new Chair of the BOV beginning in the new calendar year. Anne Session was thanked for her steady leadership and service to the Board of Visitors.
- As of October 30, 97% of the board have made a gift and 70% are Giannini Society members.

Other Business

- At the September BOT meeting, the approved Kenan Institute Fiduciary Agreement had some language inadvertently removed. There was never any intent to change the wording of the document. The Board approved December 2016 document stated:

“UNCSA Board of Trustees gives financial fiduciary authority but not programmatic or management authority, to the UNCSA Foundation Board...”

The one approved September 2017 states:

“UNCSA Board of Trustees gives fiduciary authority to the UNCSA Foundation Board...”

The approved MOU should have had the same language as the December 2016 document. David Harrison, General Counsel, has been consulted and there is no need for a formal approval. BOT Chairman Tiemann will sign the corrected document.

Mr. Womble then called on Christopher Lees, Director of the Symphony Orchestra and Associate Professor of Conducting, to share more about what can be expected from this year's NextNow! annual scholarship fundraiser.

REPORT FROM THE FINANCE COMMITTEE

Phillip Horne served as Chair of the Finance Committee in Elizabeth Madden's absence. Mr. Horne reported the following:

- A quorum of the Finance Committee met on December 7, 2017.

- Jackie Riffle, Director of Budget, reviewed the financial reports as of October 31 of this year. She indicated that the University's spending is tracking as expected for the fiscal year.
- Ms. Riffle and David English, Provost, discussed the Tuition and Fees information that was emailed to all Trustees on Wednesday afternoon. The proposed increases are in line with the parameters set out by the Board of Governors. The Finance Committee approved the Tuition and Fees for 2018-19 as submitted.

MOTION: The Finance Committee brought a recommendation to the full board in the form of a motion to approve the Tuition and Fees for 2018-19 as presented. Ralph Womble seconded and the motion was unanimously approved.

- Ms. Riffle and Dr. English gave an enrollment update and briefly discussed the impact of the enrollment shortfall on new funding for this fiscal year.
- Charlie Leffler, Internal Vice Chancellor for Finance and Administration, gave an update on the planning efforts in pursuit of the proposed replacement residence halls. Work is underway to validate the planning assumptions and prepare for release in January of a Request for Information/Qualifications in order to assess the public/private partnership option.
- Chris Boyd gave a construction update. A summary is provided in the Board materials. All projects are progressing as planned.

REPORT FROM THE PERSONNEL COMMITTEE

Phillip Horne, Committee Chair, reported that the committee had one item of business that will be discussed in closed session.

REPORT FROM THE GOVERNANCE COMMITTEE

Rob King, Chair of the Governance Committee, reported that a quorum of the committee met on December 7. The committee reviewed changes to the Thomas S. Kenan Institute for the Arts Advisory Board bylaws. The proposed changes were provided in the board book and include setting member terms and creating rotation of the members on the Advisory Board. The changes also allow for the addition of non-voting senior honorary advisors to the Advisory Board.

MOTION: The Governance Committee brought a recommendation to the full board in the form of a motion to approve the proposed changes to the Kenan Institute for the Arts Advisory Board bylaws as presented. Steve Berlin seconded and the motion was unanimously approved.

MOTION TO GO INTO CLOSED SESSION

MOTION: Ralph Womble moved that the board go into closed session to prevent the premature disclosure of an honorary degree, scholarship, price, or similar

award, to consider the qualifications, competence, performance, or condition of appointment of a public officer or employee or prospective public officer or employee, and to prevent the disclosure of information that is not considered a public record within the meaning of Chapter 132 of the General Statutes. Rob King Seconded and the motion was unanimously approved.

REPORT FROM CLOSED SESSION

Chairman Tiemann reported that the board discussed and approved emeritus status for a School of Dance faculty member, Tier 1 salary increases, and considered the qualifications of James Keith (JK) Brown as a member of the Kenan Institute Board of Advisors.

MOTION: Chairman Tiemann called for a motion to approve James Keith (JK) Brown as a new member of the Thomas S. Kenan Institute for the Arts Board of Advisors upon acceptance. Rob King seconded and the motion was unanimously approved.

OTHER BUSINESS

Chairman Tiemann reminded the Trustees that the next meeting of the Board of Trustees is scheduled for February 8-9, 2018.

ADJOURNMENT

With no further business to discuss, the December 8, 2017 meeting of the Board of Trustees adjourned at 10:54 a.m.