

**DRAFT OPEN SESSION MINUTES**

February 9, 2018

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

**TRUSTEES PRESENT**

\*Michael Tiemann, Chair  
\*Erna Womble, Secretary  
\*Steve Berlin  
\*Greer Cawood  
\*Anna Folwell  
\*Elizabeth Madden

\*Phillip Horne  
\*Mark Land  
\*Hassiem Muhammad, SGA President  
Al Crawford, Alumni Representative

**TRUSTEES ABSENT**

\*Ralph Womble, Vice Chair  
\*Pete Brunstetter  
\*Skip Dunn  
\*Rob King  
Tom Kenan, Emeritus  
Sandi Macdonald, Ex Officio  
Sue Henderson, BOV Liaison  
Jim Martin, Foundation Liaison

**STAFF PRESENT**

Lindsay Bierman, Chancellor  
Amanda Balwah, Secretary of the University  
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  
Jason Czaja, Campus Performance  
Facilities  
Dean Wilcox, Dean of Liberal Arts  
Susan Ruskin, Dean of Film  
Susan Jaffe, Dean of Dance  
Brian Cole, Dean of Music  
Lynda Lotich, Asst. Director of the Kenan  
Institute  
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  
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  
Andrea Sell, Associate Director of Student  
Conduct  
Bella Limouris – HS SGA President  
Chris Boyd, Associate Vice Chancellor for  
Facilities

Allen Smith, HS Academics  
Gina Harris, Marketing Manager  
Marla Carpenter, Director of  
Communications  
Joan Roggenkamp, Ex. Assistant to the  
Chief of Staff  
Ginger Caston, Office of the Provost  
Lisa McClinton, Assoc. VC for Finance &  
Controller  
Wiley Hausam, Managing Director  
Performance Facilities

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## CONVENE OPEN SESSION

Chairman Michael Tiemann convened the February 9, 2018 meeting of the University of North Carolina School of the Arts Board of Trustees at 9:00 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.

## APPROVAL OF MINUTES

**MOTION: Erna Womble moved to approve the minutes from the December 8, 2017 meeting as presented. Anna Folwell seconded and the minutes were unanimously approved.**

## REPORT FROM CHANCELLOR BIERMAN

Chancellor Bierman reported the following to the Trustees:

- Admissions inquiries have more than doubled from last year, applications have increased 29%, and deposits are up 60%. These increases are largely due to our website that was launched a few years ago, which has opened the door to a recruitment marketing strategy that included search engine optimization to boost organic rankings, a diverse digital advertising campaign that leverages our unique value proposition across multiple platforms, and highly selective print and outdoor placements that have fostered brand awareness.
- This year marks the first time UNCSA has implemented an integrated system of strategic contacts with prospective students throughout the admissions process. This more effective system has allowed for personal interactions between faculty, staff, and prospective students to be more meaningful and productive.
- By increasing our applicant pool, UNCSA can now be more selective.
- More robust recruitment efforts are a part of our performance agreement that has been negotiated with the UNC System's Higher Expectations Strategic Plan. We agreed and will be held accountable for increasing our enrollment of students from rural counties in North Carolina, and for ensuring their graduation. We have committed to a 6.5%

increase in rural enrollment by fall 2021, and a 31% increase in rural completions by the end of that academic year.

- Recruiting rural students from North Carolina will challenge UNCSCA to address the asymmetry that exists between rural and urban counties in North Carolina when it comes to what high school students know about getting into college. The digital marketing campaign is carefully micro-targeting these prospects and their parents with messaging that highlights UNCSCA's unique value proposition.
- An anonymous donor gave a planned estate gift of \$3 million for merit-based scholarships in the School of Music. This is one of the largest single gifts in the history of the School of Music, and will strengthen our competitive advantage in recruiting young artists who demonstrate the talent, discipline, and grit to perform at the highest levels.
- A week ago, the estate of Jenny Semans Koortbojian gave a \$1 million gift to the School of Music. Ms. Koortbojian was the daughter of UNCSCA founders Jim and Mary Semans. Like her parents, Jenny was passionate about the arts and life-long learning. Combined with the previously mentioned gift, this \$4 million will double the scholarship dollars the School of Music is able to award in the 2018-19 recruitment cycle.
- This year was a banner year for scholarship money from the Nutcracker. The production generated more than \$563,000 in net revenue, augmented by the \$25,000 sponsorship from Wells Fargo. The final accounting number have yet to come in, but Music, Dance, and Design & Production will share a worthy sum for scholarships.
- The Center for Performance Innovation will focus on animatronics in Design & Production while Film's augmented reality and gaming programs will be housed in the Media and Emerging Technologies Lab (METL). METL will serve as both an instructional unit and a public service, acting as a hub to bring enabling technology companies and immersive content producers together with civic leaders, faculty, students and venture capitalists to explore, test, and develop new opportunities for economic growth in the state. Ryan Schmaltz has been hired to lead METL.
- Alumni from the School of Drama and the School of Filmmaking worked on three of the Academy Award nominees for Best Picture: *Three Billboards Outside Ebbing Missouri*, *Lady Bird*, *Dunkirk*, and Best Animated Feature Film *Coco*.
- Chancellor Bierman highlighted the numerous awards, nominations, and honors received by our alums, students, and faculty. This includes Kimani Griffin, who studied classical guitar in our high school program and is the son of retired Visual Arts faculty member Pam Griffin. Kimani will compete in the Olympics has a 500 meter speed skater.
- Chancellor Bierman concluded his report with some updates from the System Office, followed by a video produced by School of Filmmaking alumnus and current MFA candidate Neil Soffer that will premier during the Board of Governors visit, and then made available on our website.

## **REPORT FROM THE AUDIT COMMITTEE**

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

- The Committee discussed the implementation, approach, and current status of Enterprise Risk Management (ERM) on the campus of UNCSCA. In March of 2016, the UNC System implemented ERM directives for each of its campuses in an effort to establish a risk intelligent culture. Since the mandate by the UNC System, a taskforce

has been established that focuses on making sure UNC System Universities create ERM programs that look at risks in the context of strategy in a way that highlights both areas of achievement and improvement. Shannon Henry, UNCOSA's Chief Audit, Risk and Compliance Officer (CARCO), is one of five people across the UNC System serving on the taskforce.

- UNCOSA has made the following strides toward the establishment of an ERM program:
  - Drafted an ERM policy
  - Established a steering committee
  - The Audit Committee and Internal Audit Department Charters have been expanded
    - ERM is now expressly in the purview of the Audit, Risk, and Compliance Committee and the Audit, Risk, and Compliance Department.
    - In response to the UNC System's new Information Security Policy adopted in January (2018), the Audit, Risk, and Compliance Committee now has oversight for information governance and security at UNCOSA.
    - The Chief Technology Officer and Director of Information Security regularly attend the Audit Committee meetings to provide updates.
- The Audit committee approved revisions to the Committee and Department Charters to expand the purview of those entities over ERM, as well as two new documents – the Enterprise Risk Management and Compliance Policy and the Enterprise Risk Management Steering Committee Charter.

**MOTION: The Audit Committee recommends the approval of the revisions to the Audit Committee Charter and Audit, Risk, and Compliance Departmental Charter to expand the purview of those entities over enterprise risk management (ERM), and the approval of two newly created documents: Enterprise Risk Management and Compliance Policy and the Enterprise Risk Management Steering Committee Charter. The Audit Committee brought forth this recommendation in the form of a motion and it was unanimously approved by the Board of Trustees.**

- UNCOSA is collaborating with graduate students in the Poole College of Management at NC State to help us further the ERM process. The graduate students are under the supervision of faculty who lead NC State's ERM initiative. The goal of the project is to help us identify the top risks related to our School's strategic success.
- Claire Machamer, Chief Technology Officer, and Greg Gleghorn, Director of Information Security, provided an update on information security. Since the last meeting, they have:
  - Conducted a security risk assessment of all departments on UNCOSA's campus;
  - Evaluated the UNCOSA perimeter and provided recommendations along with quotes to upgrade the current firewall;
  - Started a Security Awareness Training initiative; and
  - Began working towards making UNCOSA's policies compliant with information security standards.
- Shannon Henry, CARCO, and Rod Isom, Audit Manager, gave updates on their current reports, open projects and plans:
  - **90-Day Follow-up to the OSA Investigative Report of 10/18/17**
    - Internal Audit's review revealed that the University made the required satisfactory progress within 90 days of the issuance of the Office of the

State Auditor's (OSA) initial report per N.C.G.S. 116-30.1. OSA's initial report had one finding and two recommendations.

- The University of North Carolina System Office sent an official response on behalf of the System and OSA concurring with Internal Audit's assessment, which allows UNCSEA to maintain its budget flexibility.
- **Cash Count and Receipting Follow-up Review**
  - An exit conference with management has taken place. Internal Audit will release its findings once a response from management is received.
- **Discussion of Next Planned Project**
  - Internal Audit will examine Human Resources' (HR) control environment.
  - The Audit Committee reviewed the engagement letter, inclusive of the review's objectives.

## **REPORT FROM THE ENDOWMENT FUND BOARD**

Mr. Tiemann, Chair of the Endowment Fund Board, reported that a quorum of the board met on February 8th. Lisa McClinton, Controller, reviewed the Investment Summary as of December 31, 2017. Since the last quarterly report of September 30, 2017, endowments have increased approximately \$1.67M as a result of gifts and earnings. The market value as of December 31, 2017 was \$21,917,134. Ms. McClinton requested an approval for an endowment distribution of \$700,095 for 2018-19. This represents distributions ranging between 2% and 5% depending on the endowment purpose. The Endowment Fund Board unanimously approved. Charlie Leffler, Interim Vice Chancellor for Finance and Administration, brought forth a new acceptance of gifts procedure, along with new gifts received by July 1, 2017 through December 31, 2017. New gifts during this period totaled \$1.5M. The Endowment Fund Board unanimously approved both requests.

## **REPORT FROM THE ADVANCEMENT COMMITTEE**

Greer Cawood reported the following in Ralph Womble's absence:

### **Fundraising**

- Unrestricted revenue is tracking slightly behind projections. The variance can be attributed to the transition in Annual Giving staff. This year's annual Day of Giving will take place on April 5<sup>th</sup>. Combined with an aggressive Annual Giving campaign, we plan to close the fiscal year successfully.
- To date, the total raised in gifts and new pledges is over \$8.5 million. This surpasses our FY18 Foundation fundraising budget goal. Thank you to those who supported the School this fiscal year.

### **Comprehensive Campaign**

- The Campaign Committee on Leadership (CCL) reviewed more than 680 names over a series of meetings to help the Office of Advancement identify our potential top 100-150 donors.
- Chancellor Bierman announced that Charlie Lucas and Ralph Womble have agreed to serve as co-chairs of the Campaign Leadership Circle. A third leader is also being considered.

- We are moving forward with a new study, working closely with the Boston Consulting Group, which will be the cornerstone of the 2025 Strategic Plan. The goal is to establish UNCSCA as a hub for research and development in Entertainment Technology. Special thanks to Michael Tiemann, Tom Kenan, the Kenan Charitable Trust and President Margaret Spellings' Strategic Initiatives Fund for their financial support to help make this study possible.

## **Events**

- The annual scholarship fundraiser, NextNow, will be held on Saturday, April 28<sup>th</sup>. Ticket sales are going well.
- Associate Professor of Conducting and Music Director of the UNCSCA Symphony Orchestra, Christopher James Lees, is planning an exciting interactive arts experience at the soiree following the Stevens Center performance.
- The Giannini Society will enjoy a trip to Washington D.C. May 12-15 with UNCSCA alumni. If you would like more information, please contact Chelsea Doerfer.

## **UNCSCA Foundation Board**

- Cindy Liberty reported that the Finance Committee reviewed the December financial statements and approved the endowment distribution and spending policy. The policy was modeled after UNC Chapel Hill's policy, which we have been using for four years. The reinvested dividends will have a large distribution next year. The overall distribution will increase by \$89,000. \$65,000 will be for scholarships.
- The fall Guest Artist Luncheon Series event was successful, netting \$11K. Planning for next year's event will begin in March.
- The Semans Art Fund is in the process of spring grants. The Foundation purchased Smartsheet software to streamline the process for the Fund. A record number of students applied and grants will be awarded March 26<sup>th</sup>.
- Our endowment is currently at \$42 million.

## **Board of Visitors**

- The Nominating Committee has been working closely with the Office of Advancement to identify and recruit new board members. The board will vote on new members during the April 6 meeting.
- On January 12, the Board of Visitors met for a pre-show reception at UNCSCA Jazz Ensemble performance. This served as an engagement opportunity for the board.
- Board of Visitors giving to date this fiscal year is at 97%. 84% have given gifts of \$1,500 or more.

At the end of Ms. Cawood's report, a short NextNow teaser video was shared with the Board.

## **REPORT FROM THE FINANCE COMMITTEE**

Elizabeth Madden, Chair of the Finance Committee, reported the following:

- A quorum of the Finance Committee met on February 8, 2018.
- Jackie Riffle, Director of Budget, reviewed the financial reports as of December 31<sup>st</sup> of this year. She indicated our spending is tracking as expected for the fiscal year. She,

along with Charlie Leffler, reviewed the University's spend rate as it relates to state appropriations for the last six years, as well as how on a cash-basis the University spends its money, inclusive of all sources other than Foundation.

- David English and Charlie Leffler reviewed the one-time funding process. Requests were made for both programmatic and capital improvements. Senior administration is currently reviewing program and capital requests with the hopes of making the first notification of allocations within the next two weeks.
- Chris Boyd reviewed the capital project submissions for the 2018 Legislative session consideration. They include the Stevens Center renovation at \$39.95 million and Gray/Workplace/DeMille renovation at \$52.3 million. Mr. Boyd also have a construction update. The summary is in the board materials. The Library Phase III contract has been awarded. All other projects are progressing as planned.
- Charlie Leffler and Chris Boyd spoke about the new space planning process underway. This process involves the development of a space needs inventory and sequencing strategy in support of the new Campus Master Plan.
- David English gave an update on the Vice Chancellor of Finance and Administration search.

#### **REPORT FROM THE PERSONNEL COMMITTEE**

Phillip Horne, Committee Chair, reported the following from the Personnel Committee meeting:

- James Lucas, Director of Human Resources, gave an update on the Modern Think Survey. UNCSA had a 74% participation rate two years ago, and we hope to have that same rate of participation (or more) this year. Modern Think is a survey on employee satisfaction, engagement, recruitment and benefits; it will be a recurring survey over the next 5 years and is mandated by the System Office.
- David English, Provost, provided an update on the annual Rank Promotions and Contract Reappointment process. In the first few years, the application numbers were high, but moving forward the number of applications is expected to be between 9 and 12 annually. The applications will be presented to the Board at the April meeting.
- Provost English gave an update on the Vice Chancellor for Finance Search. The pool has been narrowed down to 10-12 applicants, and from those, 4-5 finalists will be invited to campus for interviews.
- The University Librarian search is in the final stages as finalists are currently coming to campus for interviews. This position will be filled in advance of the April BOT meeting.

#### **REPORT FROM THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

Greer Cawood, Committee Chair, reported the following:

- Provost English gave an update on two competitive grants received from the UNC System Office
  - \$29,800 behavioral health initiatives
  - \$61,500 to support on-going student success efforts
- Vice Provost Ward Caldwell presented and enrollment update:
  - 29% increase in applications
  - 105 students have already been admitted for next year compared to 56 this time last year

- Vice Provost Karen Beres gave an update on the on-going student success initiatives:
  - 25% decrease in attrition
  - Providing better support to students
  - Students who went through the Student Advantage Program over the summer have an average GPA 3.4
- Dean of Music Brian Cole gave an update on strategic initiatives within the School of Music. The goal is to preserve the conservatory model while incorporating entrepreneurship, service, innovation, and technology. The first goal is to fully incorporate the Community Music School into the School of Music.
- Student Body President Hassiem Muhammad gave an update on Student Government activities:
  - SGA met with BOT Chairman Michael Tiemann to discuss committees on campus and where students would best be placed to provide valuable and effective feedback.
  - SGA met with Amy Werner to determine how to best get students and alumni involved in the annual day of giving.
  - Ramona Richmond and Police Chief Brinkley worked with SGA to expand access to the Center Stage apartments and other campus housing to commuter students.
  - Three dates are set for an all-campus forum on diversity and inclusion. These forums will cater to undergraduate, graduate, and high school students, as well as faculty and staff.
  - There are two candidates running for Student Body President for the 2018-19 academic year. The campus will be seeing campaigning by these candidates in the coming days and weeks.

## **REPORT FROM THE GOVERNANCE COMMITTEE**

Chairman Tiemann reported that the Governance Committee did not meet and there is no business to report.

## **MOTION TO GO INTO CLOSED SESSION**

**MOTION:** Phillip Horne moved that the board go into closed session to prevent the disclosure of information that is privileged or confidential pursuant to North Carolina Administrative Code, Title 01, Chapter 30, Subchapter D, to prevent the disclosure of information deemed privileged or confidential pursuant to the Family Educational rights and Privacy Acts of 1974, Public Law 93-380, as amended by Public Law 93-568, to prevent the premature disclosure of an honorary degree, scholarship, price, or similar award, and to consider the negotiations of the price and terms of a contract concerning the acquisition of real property. Anna Folwell seconded and the motion was unanimously approved.

## **REPORT FROM CLOSED SESSION**

Chairman Tiemann reported that the board discussed and/or approved emeritus status for a faculty member, a designer selection recommendation, negotiations of acquisitions of real property, and a student judicial appeal.

## **OTHER BUSINESS**

Chairman Tiemann reminded the voting Trustees that they are to submit their Statement of Economic Interest (SEI) or no change form by the 2018 tax deadline (April 17<sup>th</sup>). The next meeting of the Board of Trustees is scheduled for April 26-27, 2018.

## **ADJOURNMENT**

With no further business to discuss, the February 9, 2018 meeting of the Board of Trustees adjourned at 10:54 a.m.