

DRAFT OPEN SESSION MINUTES

December 7, 2018

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

***denotes voting Trustee**

TRUSTEES PRESENT

*Ralph Womble, Chair
*Erna Womble, Vice Chair (phone)
*Steve, Berlin, Secretary
*Greer Cawood
*Anna Folwell (phone)
*Phillip Horne
*Greer Hutchison, SGA President
*Mark Land
*Elizabeth Madden
*Michael Tiemann
Peter Juran, Foundation Liaison
Sandi Macdonald, Ex officio

TRUSTEES ABSENT

*Pete Brunstetter
*Skip Dunn
*Rob King
Susi Hamilton, Ex officio
Sue Henderson, BOV Liaison
Tom Kenan, Emeritus

STAFF PRESENT

Lindsay Bierman, Chancellor
Amanda Balwah, Secretary of the University
Matt Horvat, Chair of Staff Council
Wade Wilson, Chair of Faculty Council
David English, Ex. Vice Chancellor and
Provost

Jim DeCristo, VC for Economic
Development & Chief of Staff
David Harrison, General Counsel
Ed Lewis, Vice Chancellor for Advancement
Shannon Henry, Chief Audit, Risk and
Compliance Officer

Ward Caldwell, Vice Provost & Dean of Student Affairs
Claire Machamer, Vice Chancellor for Strategic Communications
James Lucas, Director of Human Resources
Corey Madden, Executive Director of the Kenan Institute
Cindy Liberty, Executive Director of the Foundation
Karen Beres, Vice Provost & Dean of Academic Affairs
Scott Zigler, Dean of Drama
Susan Jaffe, Dean of Dance
Brian Cole, Dean of Music
Michael Kelley, Dean of Design & Production
Dean Wilcox, Dean of Liberal Arts
Martin Ferrell, Dean of High School Academics
Jeremy Serkin, Digital Media CRM
Elizabeth White, Web Producer

Joan Roggenkamp, Ex. Assistant to the Chief of Staff
Lauren Whitaker, Media Relations Manager
Sharon Fogerty, Community and Summer Programs
Jackie Riffle, Director of Budget
Wiley Hausam, Managing Director of Performance Facilities
Lisa McClinton, AVC for Finance and Controller
Marla Carpenter, Director of Communications
Jason Czaja, Campus Performance Facilities
Matt Buie-Nervik, Campus Performance Facilities
Lynda Lotich, Asst. Director of the Kenan Institute
Paul Razza, Director of Admissions
Virginia Riccio, Ex. Assistant to the Provost
Suzanna Watkins, Director of Educational Outreach and Summer Programs.

CONVENE OPEN SESSION

Chairman Ralph Womble convened the December 7, 2018 meeting of the University of North Carolina School of the Arts Board of Trustees at 9:00 a.m. Chairman Womble reminded all members of the Board of their duty under the *State Government Ethics Act* to avoid conflicts of interest and appearances of conflicts as required by this act.

APPROVAL OF MINUTES

MOTION: Greer Cawood moved to approve the minutes from the September 21, 2018 meeting as presented. Mark Land seconded and the minutes were unanimously approved.

REPORT FROM CHANCELLOR BIERMAN

Chancellor Bierman addressed the intersection of arts and innovation at UNCSA. Noting that this intersection is often overlooked outside of the school, he highlighted the ways each arts school and liberal arts division uses both arts and innovation to advance creative work. He noted the mechanics and intricacies of staging a live performance, the army of technicians behind any successful filmmaker or producer, how animatronics bring magic kingdoms to life in theme parks across the globe, and how all that and more brings joy to the hearts of millions of ticket-buying, movie-going, cable-watching, music-loving, entertainment-seeking audiences and consumers in every country on this earth.

UNCSA lives up to its own version of the Winston-Salem tagline: The Campus of Arts and Innovation. UNCSA is poised to lead innovation across disciplines. To accelerate that momentum and expand its impact, The School has no greater partner than the Thomas S. Kenan Institute for the Arts, which launched the Creative Catalyst Initiative earlier this year. This groundbreaking program is designed to identify and prepare the next generation of arts leaders, innovators, and entrepreneurs to spur economic development in North Carolina and the Southeast. It will include professional certification through online curricula and coaching, competitive opportunities for paid fellowships, and educational workshops and convenings.

Across the campus, UNCSA is driving innovation in distinct ways that help our students succeed no matter where they may go. The School has leaned into contemporary innovations in performance and media to prepare emerging artists and engage new audiences with deeply relevant and exemplary work.

Chancellor Bierman went on to thank everyone for their support of UNCSA's initiatives, strategic plan, and comprehensive campaign.

REPORT FROM THE AUDIT, RISK, AND COMPLIANCE COMMITTEE

Steve Berlin, Committee Chair, reported the following from the Audit Risk and Compliance Committee:

Jim DeCristo, Chief of Staff, reported that the Enterprise Risk Management (ERM) Steering Committee has identified four risks that are priorities for the 2018-2019 academic year. Progress has been made in thoroughly examining and evaluating these risks while determining appropriate mitigations. The Steering Committee Chair and ERM Coordinator have met with each Priority Risk Owner at least once, and each Priority Risk Team is having individual meetings. Regular meetings will resume throughout the winter to develop concrete actions that will be implemented in the winter and spring.

Greg Gleghorn, Director of Information Security, gave an information governance and security update. He noted that there have been no significant changes since the September 2018 meeting. The following projects are underway:

- Microsoft's Advanced Threat Protection, Multi-Factor Authentication, Data Loss Prevention, Encryption, Anti-phishing Protection, Safe Links, and Attachments are all being evaluated.
- Cabinet impersonation rules have been implemented to provide a control against phishing attempts impersonating Cabinet level employees.
- End Point Protection McAfee ePO Orchestrator for central management has been implemented.
- Ten information security ISO 27002 compliant policies are being reviewed and will soon be sent to Cabinet for approval.

The targeted completion date for all of these projects is December 2018, but this date may change as the search for the new Chief Information Officer (CIO) is underway.

Lisa McClinton, Associate Vice Chancellor for Finance and Controller, presented the following external audit reports. All are clean audits with no issues to report.

- UNCSA Financial Statement Audit for Fiscal Year 2018
- UNCSA Housing Corporation Financial Statement Audit 2018
- UNCSA Program Support Corporation Financial Statement Audit 2018

Ms. McClinton stated that the audits of the University's blended component units were completed by the NC State Auditor's Office as a result of the University's disassociation with the previous audit firm.

She further noted that a clean audit means that stakeholders can rely on the numbers and that there are no material misstatements, however, clean audit reports give no insight into whether there is fraud, waste, or abuse.

The Human Resources Control Environment Review is currently in progress. Shannon Henry, Chief Audit, Risk, and Compliance Officer, stated that fieldwork is complete, Internal Audit has shared all potential issues with management thus far, and the draft report for management's response and corrective action plan is underway.

Ms. Henry reported the results of Internal Audit's strategic plan monitoring and stated that the department has goals, performance measures, and targets in place for audit plans and engagements, staffing, quality assurance, and outreach efforts. Audit is doing well in audit planning and coverage, staffing goals related to performance management, and quality assurance. Ms. Henry noted that Internal Audit has a high implementation rate for recommendations, which indicates management's belief that the work of the unit adds value to the institution.

It was noted that Internal Audit is working to implement improvements in timing of the completion of projects, database reporting, and outreach. The department now has a software tool that will allow for more efficient operations and reporting. Internal Audit is also revamping the Internal Audit website, and the staff is attending more internal staff meetings at UNCSA to increase the department's awareness and communication.

Ms. Henry stated that the next planned reviews will be a follow-up of previous findings related to Vendor Contracts, and Environmental Health and Safety.

REPORT FROM THE GOVERNANCE COMMITTEE

Steve Berlin reported the following from the Governance Committee in Rob King's absence:

Jim DeCristo provided a brief update on the progress of our ERM Initiative. Meetings were held with all Priority Risk Owners at least once to examine risks and begin discussions of mitigations. Teams are meeting on their own to further their work. At their request, UNCSA submitted our top risks to the UNC System Office. They will analyze the information collected across the System for similarities and differences.

The Committee was made aware that UNCSA has begun a project to restructure the online policy portal, and review and realign policies and procedures more closely with the UNC Board

of Governors and UNC System Model. This is a major undertaking that will take a significant amount of time to implement. No changes will be made without the appropriate approvals.

The committee reviewed the current terms of Board members. There are currently no vacancies. The Board has 6 members whose terms will end June 2019. All were approved for reappointment at the September meeting:

Legislative reappointments: Anna Folwell and Phillip Horne

Board of Governors reappointments: Greer Cawood, Skip Dunn, Mark Land, and Ralph Womble

The Committee continues to work to identify potential candidates for future openings.

REPORT FROM THE ENDOWMENT FUND BOARD

Ralph Womble, Board Chairman, reported the following from the Endowment Fund Board:

Lisa McClinton, Controller, reviewed the investment summary as of September 30, 2018, as well as the Flash Report from the UNC Investment Fund. Ms. McClinton stated that the Endowment summary shows the Fund overall net earnings of 2% for the current fiscal year through Q1 FY2019. Since the last report dated June 30, 2018, endowments have increased approximately \$2.08 million due to the matching gifts received from the system office totaling \$1.5 million and a net increase in the market value of approximately \$580,000.

The Board approved an allocation of \$897,203.54 for 19 endowments for the upcoming 2019-2020 academic year, which represents a 3 - 4.5% spending distribution.

REPORT FROM THE ADVANCEMENT COMMITTEE

Greer Cawood reported the following from the Advancement Committee in Pete Brunstetter's absence:

Fundraising Report

As of November 30, 2018, UNCSCA is ahead of budget projections in unrestricted revenue by \$1.1 million. This is due to receiving campaign gifts comprised of outright, three, and five-year pledges of five-figure gifts in this early stage of the family phase of the Campaign. The School also received a \$1 million realized bequest from the estate of our beloved former chancellor, Alex Ewing. UNCSCA is tracking ahead of budgeted projections in permanently restricted revenue, but slightly behind in temporarily restricted revenue. As we move through our Comprehensive campaign, the numbers will vary from year to year as large gifts and pledges come in.

Comprehensive Campaign

Campaign presentations were made to the Board of Visitors in October and for the Giannini Advisory Committee and Associates in November. The School is still in the early stage of the family phase of the Campaign. Board leaders are still in the process of meeting with their respective Board members to discuss their support for the Campaign. The Campaign

Leadership Circle (CLC) met on November 14 to review the list of current and prospective institutional donors. This includes local and regional foundations and corporations.

Staffing

Associate Vice Chancellor for Advancement Dr. Meredith Carlone's last day was December 5th. She left to be closer to family in Rhode Island. She has also accepted a new opportunity at Brown University. Ms. Carlone's position has been posted and the search committee is being chaired by Jim DeCristo, Chief of Staff. Major Gift Officer Sharon Storm has agreed to serve as interim Associate Vice Chancellor for Advancement until the position is filled.

Events

September's Guest Artist Luncheon Series (GALS) event raised over \$8,100 for the Guest Artist Endowment. Board members were asked to save the date for **NextNow 2019**, which will be on **March 16, 2019** at the Convention Center. The featured performance is an exclusive presentation of the Drama Seniors' Showcase.

Alumni Relations

Based on feedback from a newly-formed alumni advisory group, UNCSA hosted a sold out Alumni night at the *Nutcracker* on December 5th.

The Golden Globe nominations were announced on December 6, and several of our alumni have connections to the nominees, one of which is Lucas Hedges. He is nominated for **Best Performance by an Actor in a Motion Picture – Drama for "Boy Erased."**

UNCSA Foundation Board

The Finance Committee has reviewed the first quarter financial numbers and they look good. They also reviewed the spending policy which continues to work well. The Foundation will see a 3% increase to the dividend distribution of the endowments. We anticipate being at a 4.3%-4.5% distribution rate on the endowment this year. The Auditors have all the information for our 990s. We expect to have a draft of the 990 by December 7th.

Moving forward, the GALS event will focus more on students which will likely increase attendance and financial support.

The Special Projects Committee has executed a contract on the "point" property and will begin a Phase 1 Environmental on the property. Our purchase is contingent upon the property's sale to another buyer who intends to sell it to us. Semans Art Fund is drafting a new application for students. This will likely be complete in January.

UNCSA Board of Visitors

The Board of Visitors held an orientation for 5 new members in conjunction with the fall meeting on October 18-19. The Nominating Committee worked hard to bring in a diverse group of new members and considered diversity is age, location, profession and ethnicity.

The fall meeting also focused heavily on the upcoming Comprehensive Campaign. Chair Sue Henderson has worked with the Office of Advancement to lay out a strategy for board support during the Campaign. During this meeting the board also approved the addition of the Chair-Elect position to the bylaws.

The Board will meet again to attend a special reception on January 19, 2019 followed by the *Project Joplin* performance where alumni spanning 4 decades return to perform ragtime, jazz, and Americana music.

REPORT FROM THE FINANCE COMMITTEE

Elizabeth Madden, Committee Chair, reported the following from the Finance Committee meeting:

Lisa McClinton, AVC of Finance, reported that the school has received a clean audit report for the 10th consecutive year.

Jackie Riffle, Director of Budget, reported that for the second quarter of 2018-2019 fiscal year, the School has requested to spend up to \$11.9 million; this includes \$7.7 million in state appropriation and the remainder in receipts. As of October 31, 2018, UNCSA has spent \$15.96 million, which is 33% of the annual budget. All expenditures are on target.

The School has also received a preliminary enrollment funding allocation for fiscal year. The initial growth projection was for 21 students, based on census and fall to spring attrition. Growth for the 2018-2019 academic year is 35 students.

Ms. Riffle reported that there are two significant compensation updates: 1.) there is a new minimum salary for all full-time employees of \$31,200. As of October 31, 2018, UNCSA implemented this new minimum compensation, which affected 42 positions. 2.) The annual raise process was completed as of October 31, 2018, and affected more than 350 positions – both faculty and staff.

David English, Provost, reported that the System Office set very clear parameters for institutions to follow pertaining to tuition and fees. The University's Tuition and Fees Committee met and recommended a \$400 tuition increase for the following students: undergraduate non-residents, both resident and non-resident graduate students and non-resident high school students. Along with this increase, there was also a recommendation for a 3% increase to Housing; a \$5 increase for students and a \$12 increase for faculty and staff for parking, and an increase of \$50 to the Education & Technology fee while also eliminating the \$50 administrative computing fee. The Finance Committee unanimously approved these recommendations from the Tuition and Fees Committee.

MOTION: The Finance Committee moved to approve the tuition and fees recommendation for 2019-2020 as presented. The motion was unanimously approved.

Steve Martin, AVC for Facilities, gave a brief update on significant projects occurring at UNCSA. First, the Performance Place project has been re-scoped to meet funding availability with a

projected construction to start in May 2019. Catawba, Patrons, and Cobb will now be used for the remainder of the current academic year. The Semans Academic and Administration Building is currently in bid negotiations, and is expected to remain on schedule with an anticipated early 2020 completion. The Hanes Student Commons “Well” project is underway. This project will revitalize a space for students to congregate and socialize, and has a projected completion of January 2019. Finally, the University is in the preliminary stages of a comprehensive wayfinding project to standardize and enhance campus signage.

Michael Smith, Vice Chancellor for Finance and Administration, provided a brief update related to parking ordinances and fees for the University. The Chief of Policy has been working to update and improve the University’s parking ordinances, which will provide standardization of both application and enforcement.

Mr. Smith also have a staffing update stating that UNCSCA’s new Associate Vice Chancellor of Facilities Management, Steve Martin, started on November 12, 2018. On campus interviews are underway for the Chief Information Officer, with the expectation that the selection process will be finalized no later than the first of the year. Additionally, James Lucas, the Director of Human Resources, has announced his retirement effective February 1, 2019. The School is utilizing this opportunity to explore several possible interim solutions, with recruitment efforts commencing soon.

REPORT FROM THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

Greer Cawood, Committee Chair, reported the following from the Academic and Student Affairs Committee:

In the Academic and Student Affairs meeting, Campus Police, Human Resources and Student Conduct staff reviewed CLERY, Title IX and Student Conduct statistics from last year compared to numbers from the last couple of years. Trends from year to year were fairly similar so there were no concerns.

Vice Provost Ward Caldwell reported that Student Affairs has contracted with Rieth Jones Advisors as consultants to UNCSCA in identifying options to fund the new residential buildings. Application numbers are strong though Completed In-State applications appear to have been affected by the rough weather on the east coast of the State. The enrollment management team is reaching out to applicants in those areas to address those numbers.

Vice Provost Karen Beres updated us on ongoing student success initiatives which are continuing very strongly.

Ms. Cawood then called on Greer Hutchison, Student Body President and Board Member, to give some highlights of SGA’s work this academic year.

Following Ms. Hutchison’s report, Ms. Cawood presented one last item that requiring a full Board vote. The School of Design and Production requested an exception to the revision of UNC Policy 400.1.15: Fostering Undergraduate Student Success. The School of Design and

Production requested a maximum credit limit of 126 credits for their degree as opposed to the policy requirement of a credit limit of 120 credit hours. After an extensive survey of 28 colleges and universities, they have shown that the BFA at 126 credits is on par with their peer institutions. The additional six credits allow students to gain professional experience by supporting the performance seasons of the Schools of Dance, Drama, Music and Filmmaking. Dean Kelley and his faculty believe that this experience gives our undergraduate students a competitive edge in the marketplace. The members of the Academic and Student Affairs committee unanimously approve.

MOTION: The Academic and Students Affairs Committee moved to approve the proposed exception to UNC Policy 400.1.15, allowing Design and Production to require 126 credit hours for degree completion. The motion was unanimously approved.

REPORT FROM THE PERSONNEL COMMITTEE

Phillip Horne, Chair of the Personnel Committee, reported the following:

James Lucas gave an update on the progress of the transition of Title IX from Human Resources to General Counsel under the supervision of David Harrison. Mr. Lucas has been working with the campus recruiter to build a strong position description for the Title IX Coordinator. Taking a proactive approach to ensure that investigations are not delayed due to understaffing, the program will be seeking to utilize 10-15 investigators.

Mr. Lucas updated the committee on two new hires in key positions. William “Steve” Martin joins UNCSA from Appalachian State University as our new Associate Vice Chancellor of Facilities Services. Katherine Johnson will join the UNCSA community in January of 2019 as the Director of Media Relations and Communication.

Andrea Clemmer shared with the committee a review of the retirement options available to UNCSA benefit eligible employees. The committee expressed interest during the September meeting in learning how the State retirement plan compares to the retirement plans offered by competing organizations. UNCSA benefits greatly from the pension plan still offered to State employees. The alternate Optional Retirement Plan provides a more flexible retirement option particularly favorable to employees who may not be planning to remain in state employment. Employees also have the option to participate in supplemental retirement plans and receive education on these plans during benefits orientation and open enrollment.

The committee also took time to express gratitude to James Lucas for his work here at UNCSA as he approaches his retirement, thanking him for his services and elevation of standards and best practices.

MOTION TO GO INTO CLOSED SESSION

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 (Designer Selections); and the Privacy of State Employee Personnel Records Act, Article 7 of Chapter 126 of the North Carolina General Statutes. Michael Tiemann seconded and the motion was unanimously approved.

REPORT FROM CLOSED SESSION

Chairman Womble reported that the Board considered a designer selection and discussed a personnel matter in closed session.

OTHER BUSINESS

Chairman Womble announced the decision to make the February Board of Trustees meeting a one-day meeting on Thursday, February 7th. More details will come after the holiday break.

ADJOURNMENT

With no further business to discuss, the December 7, 2018 meeting of the Board of Trustees adjourned at 10:15 a.m.