MINUTES

The University of North Carolina at Greensboro
Board of Trustees
Educational Quality and Fiscal Affairs Committee
February 18, 2015

MEMBERS PRESENT:
Frances Bullock, Linda Carlisle, Vanessa Carroll, Nathan Duggins, Joseph Graham, Brad Hayes, Randall Kaplan, Lee McAllister, Ward Russell, Susan Safran (Chair), Harriet Smalls, David Sprinkle

OTHER STAFF AND GUESTS:
Alan Boyette, Linda Brady, Bonita Brown, Cherry Callahan, Sarah Carrigan, Terri Cartner, Dana Dunn, Kathy Fair, Robby Hassell, Donna Honeycutt, Steve Honeycutt, Charles Maimone, Jorge Quintal, Jill Hillyer, Kim Record, Steve Rhew, Terri Shelton, Mike Tarrant, Nikki Baker, Jan Zink and other visitors.

PROCEEDINGS: Safran welcomed members/guests.

Judge Hassell called forward Joseph Graham, new Student Government President, for the swearing in of a new Trustee.

The Educational Quality and Fiscal Affairs Committee Minutes of December 4, 2014 were unanimously approved.

Safran turned the meeting over to Charles Maimone for his presentations.

Business Affairs Report

2015 Audited Financial Statement Review

Maimone advised that this would be a high level discussion of the financial statement and if any member of the board would like a more in-depth discussion, please contact him. He introduced Wayne Jones, Controller at UNCG for the past eleven years. They reviewed the entries of the statement for the board.

The Board asked if it were true that certain disciplines received more in appropriations than others. This is true. Engineering and Nursing receive the highest level of appropriations. Levels have been created to ascertain the amount of appropriations from the state. Engineering and Nursing fall into Level 4, the highest and that combined with the number of student hours taught determine the funds received.

The Board asked if the financial aid money listed in the statement was real dollars or separated out from the net. These are real funds, a combination of federal and state programs. The Pell grants make up around 50% of the total.

The Board asked if we would see an additional $12 million decrease in appropriations. Maimone explained that had been absorbed in the 2015 fiscal year and would be offset with any increase in enrollment for the next financial statement.
The Board asked if we were a smaller entity in relation to other institutions with AAA3 ratings from Moody, as our ratios are not outstanding. Maimone stated that we were not far from the median for strategic decisions. He will research our standing and report back to the board. There are many factors that Moody’s investigates to determine our rating, not the finances alone. These include enrollment trends, selectivity and student quality, leadership capability and quality of education offered. The ratios are less than half of their decision.

The Board also asked where we rank among the other UNC campuses. UNC-CH and NCSU are higher. He will investigate and report this information to the board.

*Investment Fund Spending Rate*

Maimone reported the University Investment Fund Board met by telephone on Tuesday, February 17. The National Association of Colleges and University Business Officers’ (NACUBO) survey is scheduled to be released today. As soon as the information on UNCG is received we will make this information available to the board.

Last year the UIF board proposed a 4.25 spend rate with a .25% bonus for a total of 4.50. The spend rate did not change. For 2015 it was decided that the rate would be 4.50 with a bonus of .25 for a total of 4.75.

The Board asked why Campus Ministries was a part of our UIF fund. Assistant Vice Chancellor for Foundation Finance, Jill Hillyer advised that years ago there were buildings around campus owned by the various ministries. In an exchange to take those properties into our campus, we ceded them the land next to the Walker parking deck for a combined building and agreed to take their funds into our investment portfolio to give them a better rate of return than they could receive with a smaller principal.

Kaplan advised that he is still unhappy with the responsibility of the UIF determining the spend rate for the university. He believes that the UIF should make a recommendation to the Board of Trustees for their approval, rather than make the decision themselves and report it to the board. Carlisle stated that in the past the recommendation was brought before the full board for approval. Kaplan expressed concern that the UIF is a closed meeting and the presidents of the various foundations were only given information after decisions had been made.

The Board asked how other campuses handled this matter. Maimone reported that in some ways the UIF is unique and does add a layer between the foundations and the board. All foundations are part of the collective spend rate and the affiliated entities agree

The Board asked why we were not part of the UNC Fund Management. Maimone advised that the UIF board did an extensive RTP when they chose to go to an outsourced investment manager. UNC Fund Management was part of the RFP but did not make the cut.

Kaplan advised that he understood the need for advantageous returns from the foundations but stated again that the Board of Trustees should be the approving body of the spend rate. Sprinkle advised that the UIF board now has a rotation plan for its members as of this year and the Board of Trustees approves those members. Maimone offered to create a white paper to outline the foundations for the board.

McAlister stated that the spend rate had been deferred to the UIF board due to that body’s knowledge of the market. They meet quarterly with Cambridge Associates, our outsourced
investment counsel. Hayes asked if the budget was connected to the spend rate. Maimone advised that we use a three-year average, which lags one year, so real funds are available.

Kaplan agreed that the information should come from the UIF with a presentation to the Board of Trustees for approval. When he was chair of the Excellence Foundation, he felt that the foundations were left out of the discussion as none of the chairs were invited to the Cambridge discussion. Hillyer replied that the format has changed since that time. All presidents are invited to a two-hour session with Cambridge quarterly and are part of the meeting when they attend.

*Spartan Village Phase Two*

Maimone introduced Associate Vice Chancellor for Facilities, Jorge Quintal and Director, Property Acquisition and Leasing, Terri Cartner to discuss the project and the lease. (See presentation in Board materials)

Quintal spoke about the additional buildings and retail space that will be part of Phase Two, which will link the current dorms with the new Recreation Center on Lee Street. Cartner advised that the lease was the same model used for the other dorms on Lee Street, developed by CFF for thirty years with an option for UNCG to purchase the properties when ready. If the action item is approved it will be taken to the Board of Governors and the Council of State. Maimone advised that this would be an action item at the full board on February 19, 2015. Our bond counsel, Don Ubell, drew the resolution.

Kaplan offered his opinion that it was critical that this project be approved to complete our footprint on Lee Street. He then asked if 30,000 square feet of retail space was supportable. Maimone stated that this had been vetted through an outside consultant. Some of the space will be used by the university and other by vendors that will be leased through various campus auxiliaries in the same way as Bojangles in Jefferson Suites.

*Tenure Process*

Boyette gave a presentation on tenure in American higher education and the tenure review process at UNCG (see presentation in board materials). The Board of Trustees is responsible for final approval of the recommendations for tenure presented by the Chancellor. This used to be the responsibility of the Board of Governors, but was delegated to the campus several years ago. There are many common misconceptions regarding tenure. Tenure is a protection of academic freedom in order to foster knowledge, not a job for life.

At UNCG an assistant professor hired on the tenure track receives annual reviews from their peers and students. During the third year a more in-depth review is conducted to ensure the professor is on-track in their academic pursuits toward tenure. In the sixth year the tenure committee does an even more in-depth review including the department chair, dean, and external peers. Recommendations are sent to the provost and chancellor. Following the awarding of tenure, there are annual reviews and post-tenure reviews every five years.

The Board asked if a tenured professor left the university for another campus, would their tenure follow them. That is at the discretion of the new campus.

The Board asked if we had a specific number of tenured slots in each department. Boyette replied that we have no limits on how many faculty can earn tenure at UNCG.
track to enhance our ability to hire clinicians from hospitals or other health related areas. We offer clinical track faculty contracts for three to five years.

The Board asked what happens to tenured professors in low demand areas when we have budget cuts. Boyette advised we would attempt to move the professor to another related field. However, financial exigency does give us the ability to close a program and terminate a tenured faculty member.

Brady advised that it has been a challenging six years with no raises. During the two critical points in the tenure process, years three and six, our faculty can become vulnerable to being “poached” by other universities. During the review in year six, the professors go on the radar of other universities through the external reviewers.

The Board asked if the student surveys had any weight in the tenure process. Boyette indicated that teaching evaluations were taken into consideration along with peer review. He stressed that under certain circumstances tenure can be revoked.

**Provost Report**

Dunn thanked the board in advance for scheduling a special meeting on March 19 to review tenure recommendations, indicating that timely reporting of outcomes is important to enhance faculty retention.

Dunn announced two upcoming personnel transitions in Academic Affairs. Dr. Jerry Pubantz has announced his intention to return to the faculty from his position as Dean of the Lloyd Honor College. An internal search is being conducted for his replacement, with the transition scheduled for this summer.

Dr. Tim Johnston, Dean of the College of Arts and Sciences has also announced his intention to return to the faculty in 2016. A national search will begin in the fall for his replacement.

Dunn announced the new Faculty First program being created with University Advancement. This program seeks donor support for faculty to conduct research during the summer months. Dunn plans to bring the donors and faculty awardees together annually to showcase the scholarly outcomes of donor gifts. Retired professor Nancy Vace has seeded the fund with $100,000. Given the reduction in state funds available to support faculty scholarship, these funds are much needed to support and retain faculty.

The meeting was adjourned at 3:05 p.m.

Respectfully submitted

[Signature]