

REGULAR MEETING OF THE BOARD OF TRUSTEES OF WESTERN CAROLINA UNIVERSITY

Room 510, H.F. Robinson Building

June 3, 2016

The Board of Trustees of Western Carolina University met in regular session on June 3, 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: Mr. Broadwell, Mrs. Kaemmerling, Mrs. Coward, Mr. Drake, Mr. Little, Mr. Messer, Mr. Townsend, Mrs. Battle, Mr. Kinney, Mr. Fetzer, and Mr. Lupoli.

The following members of the Board were absent: Ms. Dugan.

Others present: Chancellor Belcher; Associate Provost Schwab; Vice Chancellors Byers and Miller; Dr. Wargo, Chief of Staff; Dr. Metz, Assistant Vice Chancellor for Planning and Effectiveness; Mr. Mercier, IT Tech Support; Ms. Woody, Budget Officer; Mr. Fowler, CIO; Mr. Hodges, Director of Budgets, Financial Planning and Analysis; Mr. Arbaugh, Associate Athletic Director; Mr. Browning, Associate General Counsel; Ms. DeGraffenreid, Staff Senate Chair; Dr. Causby, Human Resources Director; Mr. Studenc, Director of Communications and Public Relations; Mr. Norris, Director of Development; Dr. Owl-Smith, Alumni Association President; Ms. Ashe, Special Events Coordinator; 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 read the following: "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 or 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.

MODIFICATION OF AGENDA

Mr. Broadwell explained that it is necessary to modify the agenda for a few reasons. He proposed that the Board add a new agenda item concerning the amendment of the Bylaws. He explained that, after the Endowment Fund Board meeting, it became apparent that the Endowment Fund Board's business is becoming increasingly complex. For the benefit of leadership and continuity, he proposes that the membership of the Endowment Fund Board be increased from six members to up to nine members. This requires the amendment of the Trustee Bylaws as well as the procedural rules of the Endowment Fund Board. He proposed that the Trustees consider this amendment first. If this amendment is acceptable, then the Trustees will elect two members to the Endowment Fund Board. After the Trustee meeting is adjourned, he will ask that the members of the Endowment Fund Board remain to vote on a similar amendment to the procedural rules of that Board.

APPROVAL OF MINUTES

Mr. Townsend moved that the minutes of the March 11, 2016 regular meeting; the minutes of the March 16, 2016 special telephone meeting of the Executive Committee; and the minutes of the April 21, 2016 special telephone meeting of the full Board be approved. Mr. Messer seconded the motion, and it was approved unanimously. (MINUTES ON FILE WITH MATERIALS IN TAB B)

COMMENTS FROM THE CHANCELLOR

Chancellor Belcher expressed his appreciation to Ms. DeGraffenreid, Dr. Owl-Smith, and Dr. McCord for their leadership. He mentioned that several years ago, it was decided that each June's Board of Trustees would feature progress reports on three institutional plans: the Compliance Plan, the Campus Master Plan, and the 20/20 Vision Strategic Plan. Dr. Belcher stated that Mr. Chancey and Mr. Walker presented the Compliance and Campus Master Plan progress reports to the Finance and Audit Committee inasmuch as compliance and physical plant issues are under the purview of that committee. He explained that he is devoting his comments for the progress report on our Strategic Plan.

The Board of Trustees adopted WCU's 20/20 Vision Strategic Plan at its June 2012 meeting, and this plan has guided us well in the last four years. Dr. Belcher asked Dr. Metz, Assistant Vice Chancellor for Planning and Effectiveness to provide the Board with an overview of this year's progress report. Dr. Metz gave a progress report on the Strategic Plan. Discussion followed. Mr. Messer asked if there was a way to report back to the community. It would be good to educate the Board of Visitors on this plan so they can talk about it. (REPORT ON FILE WITH MINUTES MATERIALS IN TAB G)

COMMENTS FROM THE CHAIRMAN

Mr. Broadwell recognized Ms. Welch and the Board thanked her for 34 years of service to Western Carolina University and, in particular, her 20 years of service to the Board of Trustees. Special recognitions and thanks were offered to Ms. Welch.

Mr. Broadwell thanked everyone for going to the Association of Governing Boards meeting in Washington. The meetings went very well. He stated that the legislative reception went very well. He stated that access and affordability are important topics right now.

REPORT OF THE ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Townsend moved on behalf of the committee the approval of the 4.0 Section of the Faculty Handbook changes. It was approved unanimously. (FACULTY HANDBOOK CHANGES ON FILE WITH MINUTES MATERIALS IN TAB C-2)

Mr. Townsend provided the Board with the following updates: WCU has expanded the campus-based hospitality and tourism program to Asheville to meet the needs of community college graduates and working professionals in the tourism industry. The Board of Governors approved renaming the Kimmel School of Construction Management and Technology to College of Engineering and Technology. Dr. David A. Shapiro, the Robert Lee Madison Distinguished Professor of Communication Sciences and Disorders, was honored by the UNC Board of Governors with the 2016 Oliver Max Gardner Award. The Gardner Award recognizes UNC faculty who have "made the greatest contribution to the welfare of the human race." Applications for freshman and freshman honors are up at this point in time; applications and the number of first time in college students are up which is good news for our access mission. Mr. Townsend reported that the committee reviewed the WCU 2015 Step 3 Salary Adjustment Summary, the New Employee Orientation Program and was provided an update on the WCU Potential Impact of new FSLA regulations.

Mr. Townsend stated that our SACSCOC compliance document will be complete by August 15, 2016 for submission in September. Cheryl Cardell, our SACSCOC liaison, visited campus in May. We addressed five compliance issues and will be compliant in all 90 standards in narrative and evidence.

REPORT OF THE ADMINISTRATION, GOVERNANCE, AND TRUSTEESHIP COMMITTEE

Mr. Little moved on behalf of the committee to accept the nomination of Rebecca Schlosser (class of 2017) as a new Foundation Board of Director to fill an unexpired term as approved by the WCU Foundation Board at its June 2, 2016 meeting. It was approved unanimously. (SCHLOSSER BIO ON FILE WITH MINUTES MATERIALS IN TAB D-2)

Mr. Little moved on behalf of the committee to re-elect for another term the approved slate of currently serving Foundation Board Directors as approved by the WCU Foundation Board at its June 2, 2016 meeting. Those nominees and their respective classes are: Kathy Abbott-Beam (2019), Ed Cody (2019), Rick DeSoto (2019), Dick Lankford, (2019), Brien Peterkin (2019), Bill Ross (2019), Elisabeth St. John (2019), and Tony Zande (2019). It was approved unanimously. (SLATE OF DIRECTORS ON FILE WITH MINUTES MATERIALS IN TAB D-2)

Mr. Little moved on behalf of the committee to accept the nomination of Sarah Nuñez and Romie Patel as new members of the WCU Board of Visitors to fill unexpired terms, both holding a 1-year appointment. It was approved unanimously. (BOARD OF VISITORS ONE-YEAR APPOINTMENT INFORMATION ON FILE WITH MINUTES MATERIALS IN TAB D-3)

Mr. Little moved on behalf of the committee to accept the nomination of Terry M. Fortner, Jackie Grant, Keyonna Hornbuckle, Barbara Hyde, Fran Johnson, John S. Martin, Clay Poindexter, Bob Roberts, Jeff Tomberlin, and Ann Treadaway as new members of the WCU Board of Visitors Class of 2016-17. (BOARD OF VISITORS BIOS ON FILE WITH MINUTES MATERIALS IN TAB D-3)

Mr. Little read a written report from Mr. Crawford, the SGA President. (REPORT ON FILE WITH MINUTES MATERIALS)

Mr. Little stated that the committee received a comprehensive fundraising campaign update. He reported that overall Foundation gift receipts are tracking 27.8% ahead of last year. He thanked board members for their continuing financial support and reported that to date 96% of the board has made a contribution this fiscal year.

Mr. Little mentioned that the committee was provided a legislative update, including an update on the budget discussions currently underway in the NC General Assembly, including a 2% salary increase in the House and 1% in the Senate. In addition to the salaries, both houses included funds in the amount of \$120 million for repairs and renovations at all state facilities and directed 50% of these R&R funds to the University System, distributed to the campuses.

Mr. Little explained that the amendment to SB 873 did pass removing the three HBCU's. WCU and University of Pembroke are the only two institutions remaining in the reduced tuition portion of the Bill. The \$70 million tuition offset allocation is included in the Senate Bill and in the Senate Budget, but it will likely be prorated for WCU and Pembroke. Mr. Little noted that regardless of the ultimate fate of SB 873, discussion around the issues of access and affordability will likely continue in the General Assembly. Discussion followed.

REPORT OF THE FINANCE AND AUDIT COMMITTEE

Mr. Drake reported that the Committee received a report from Mr. Chancey, Chief Compliance Officer. Mr. Chancey presented the Committee with a compliance review of the past year with a theme focusing on Title IX compliance. Mr. Chancey discussed efforts that have been made to address compliance, primarily the development of a Sexual Violence Prevention Committee to review each statute and efforts being made on campus to address them. Mr. Chancey noted training and communication as a priority area, with the greatest risk lying in recognition and reporting problems. Mr. Chancey provided the Committee with a brief sample of a video to be dispersed to all employees and students pertaining to recognizing and reporting sexual assault on campus. Additionally, Mr. Chancey discussed Enterprise Risk Management in which a council was convened to fulfill phase one of his project and identify priority risk areas. Overall, Mr. Chancey feels that WCU exceeds sister schools when comparing compliance plan effectiveness. **Mr. Drake moved on behalf of the Committee to accept the compliance plan amendment. It was approved unanimously.** (AMENDMENT ON FILE WITH MINUTES MATERIALS IN TAB E-2A)

Mr. Drake stated that the committee heard a report from Internal Auditor Lisa Gaetano regarding the status of the 2015-2016 Audit Plan. A number of audits were completed, including the SciQuest Financial audit, two investigations/hotline audits, Networking closets data centers, IT Risk Assessment, and phase one of Safety Training review. Information systems, purchasing card security standards and review of evacuation plans audits are still on-going. Ms. Gaetano noted that the 2015-2016 Annual Risk Assessment was completed early, with the assistance of Mr. Chancey's Compliance Plan efforts.

The Proposed Audit Plan for 2016-2017 was presented for approval. Highlights of the proposed plan include Information Systems, review of safety training, building emergency actions plans, business processes, Purchasing card transactions, analysis of health services, following up with networking closets, and the 2017-2018 Annual Risk Assessment. Faculty credentialing will take place next year in alignment with SACS credentialing. **Mr. Drake moved on behalf of the committee the approval of the 2016-2017 Audit Plan. It was approved unanimously.** (AUDIT PLAN ON FILE WITH MINUTES MATERIALS IN TAB E-3)

Mr. Drake reported that the budget outlook for the 2016-17 fiscal year was very positive given the indications from the Governor's budget and legislative work so far toward the budget. With enrollment continuing to trend upward and with support from the State appearing to be solid, the outlook for 2016-17 is strong. In 2015 and early 2016, refinancing of existing debt on housing receipts and fee supported facilities had produced significant savings. By refinancing Bonds from 2003, 2005, 2006 and 2008, total savings of over \$450,000 per year have been realized. In the upcoming year, WCU would develop a formal Debt Strategy to guide the University as it plans for future projects and needed renovations to Housing facilities. Work with financial advisors and with ratings agencies in the next year would result in a plan to address WCU's future self-liquidating facility needs.

Mr. Drake reported that the committee received updates regarding the WCU Master Plan and Capital Improvement projects. He stated that the Brown Building renovation project is still ongoing with a projected completion of May 2017 and the August completion date for Noble Hall approaches. Previously halted boiler demolition in the Steam Plant, due to an asbestos discovery, should resume on Monday as abatement will conclude today. Additionally, Mr. Walker noted that the new STEM building will begin to gain traction as a shortlist of designers for interviews is expected by June 8th. The Committee agreed to hold June 29 as the targeted date for interviews of the finalists and selection of a

firm for recommendation to the Board of Trustees. Mr. Walker also briefed the committee on other smaller projects of interest, including Lot #73 Parking, Ramsey Center roof replacement, lighting improvements in Lot #28 and the Bookstore, and the Electron Garden on the Green. Mr. Drake also updated the Board on the status of the Medical Office Building.

COMMENTS FROM THE STAFF SENATE CHAIR

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

COMMENTS FROM THE ALUMNI ASSOCIATION PRESIDENT

Dr. Owl-Smith updated the Board on the Alumni Association. (ALUMNI ASSOCIATION 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; an existing lawsuit titled Travis Williams v. Western Carolina University, Chancellor David Belcher, Joe Walker, et. al.; an existing lawsuit titled Jamie Davis v. Western Carolina University; an existing lawsuit titled in Re: NCAA Grant in Aid Anti-trust Lawsuit; to prevent the premature disclosure of an honorary award or scholarship; 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. Dr. Belcher asked Dr. Wargo, Dr. Schwab and Ms. Lochner to stay for the closed session.

RETURN TO OPEN SESSION

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

OPEN SESSION REPORT OF THE ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Townsend made a motion on behalf of the committee to approve the two items as discussed in closed session. It was approved unanimously. (INFORMATION ON FILE WITH MINUTES MATERIALS IN TAB C-3 AND TAB C-4)

AMENDMENT OF THE TRUSTEE BY-LAWS

Mr. Broadwell stated that the next agenda item is the amendment of the Trustees By-laws for the reasons mentioned at the beginning of the meeting. **Mr. Drake made a motion that the Board approve the amendment of the By-laws. Mr. Little seconded the motion, and it was approved unanimously. (AMENDMENT ON FILE WITH MINUTES MATERIALS)**

ELECTION OF BOARD OF TRUSTEES OF THE ENDOWMENT FUND MEMBERS

Mr. Broadwell stated that the next agenda item is the election of endowment fund board members. **Consistent with the by-laws, Mr. Broadwell nominated Mr. Townsend for a second three-year term to the Endowment Fund and Mr. Messer for a new three-year term. Both are in the class of 2019. Mr. Little seconded the motion, and it was approved unanimously.**

ADJOURNMENT

There being no further business, Mr. Drake made a motion to adjourn the meeting. Mr. Broadwell asked the members of the endowment fund board to stay for a couple of minutes to make a similar amendment to the endowment fund procedural rules. **Mrs. Battle seconded the motion, and the meeting was adjourned at 1:12 p.m.**