AGENDA

CALL TO ORDER
Reading of Conflicts of Interest
Jimmy Clark, Chair

ROLL CALL

APPROVAL OF MINUTES
✔ — March 21, 2018, Meeting of the Executive Committee

CLOSED SESSION
✔ — Personnel Action

RECONVENE IN OPEN SESSION

ADJOURN
OPEN SESSION MINUTES
North Carolina State University
Board of Trustees Executive Committee
Wednesday, March 21, 2018

Members present: Jimmy D. Clark, Chair; Robert F. “Chip” Andrews, Thomas E. Cabaniss; Ann B. Goodnight; and Stanhope A. Kelly

Others present: Trustees Gonzalez, Harrell, Murphy, Nimocks, Prestage and Ward; Randy Woodson, Chancellor; Warwick Arden, Executive Vice Chancellor and Provost; Eileen Goldgeier, Vice Chancellor and General Counsel; Brent McConkey, Assistant General Counsel; Barbara Moses, Associate Vice Chancellor; PJ Teal, Assistant Secretary and Marie Williams, Associate Vice Chancellor for Human Resources.

Acting Chair Kelly called the meeting to order at 2:30 p.m. He reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. There being none, Chair Kelly then called on Assistant Secretary PJ Teal for the roll call.

ROLL CALL
Assistant Secretary PJ Teal called roll and certified that a quorum was present.

MINUTES
Mrs. Goodnight made the motion, seconded by Mr. Andrews, to approve the open and closed session minutes of the February 16, 2018, meeting of the Executive Committee. The motion passed.

CHAIR’S REPORT
Acting Chair Kelly reported that Board of Governors’ member Steve Long had sent them a memo asking Boards of Trustees to provide suggestions regarding their duties and authorities. In particular, if there might be certain authorities that are currently exercised by the Board of Governors that would more appropriately be delegated to Trustees. The purpose of this special meeting was to engage in thoughtful dialogue regarding their response. He asked Chancellor Woodson and Vice Chancellor Goldgeier to review some of the current delegations.

After discussion, the attached memorandum summarizes the items Trustees wanted to include in their response (Appendix A).
With no further business for the Executive Committee, Acting Chair Kelly adjourned the meeting at 3:40 p.m.

Respectfully submitted:

_________________________  ________________________
Assistant Secretary        Secretary

_________________________
Chair
MEMORANDUM

TO: Steven Long, Chairman of the UNC Board of Governors' Committee on University Governance

FROM: Jimmy D. Clark, Chair, Board of Trustees
       W. Randolph Woodson, Chancellor

SUBJECT: Response to University Governance Recommendations Request

DATE: March 27, 2018

In response to your memorandum dated February 8, 2018, the North Carolina State University Board of Trustees reviewed the authorities and responsibilities delegated to us at our February 16, 2018 and March 21, 2018 meetings. We appreciate the opportunity to provide the following recommendations. Ultimately, we believe that the UNC Board of Governors should be focused on increasing operational flexibility in order for Chancellors and Boards of Trustees to advance the attainment of strategic objectives as necessary and appropriate for each particular institution.

Personnel and Tenure
Personnel is one of the most fundamental components of any employer. Yet, even with management flexibility, and despite the Chancellors' and Boards of Trustees' fiduciary duty to act prudently in their recruitment and retention of personnel, Chancellors lack significant authority to manage their workforce. The bureaucratic overlays are redundant, unnecessary and inefficient without much added value. The impact is quite constraining and time-consuming to the Chancellor's ability to recruit, hire and retain EHRA professionals and faculty. In light of the current, highly competitive environment, and in order to recruit and retain a talented and diverse workforce for NC State and the state of North Carolina, we recommend the following:

- The Board of Governors should eliminate their approval authority completely so as to reduce the regulatory burden. This includes removing Board of Governors reporting and consultation requirements for all cumulative salary adjustments fiscal year-to-date of 5% or greater for salaries that are $100,000 or greater (or would become $100,000 or greater with the salary action), including permanent and temporary actions on permanent and temporary positions, and for new positions (permanent and temporary) with annual salaries of $70,000 or greater.
- Allow Chancellors to act as executives and approve new EHRA positions, salaries, raises, and other HR-related salary actions. The Board of Trustees should have oversight as fiduciaries.

Budget and Finance
Reducing budgetary restrictions will allow Chancellors to exercise their executive function and Boards of Trustees to exercise their fiduciary responsibilities for the benefit of the specific institution. The Board of Governors should set a clear fiscal policy and delegate authority to Boards of Trustees, recognizing that Boards and Chancellors know where funds could best be allocated during challenging financial times. This would provide flexibility for Boards and Chancellors to react to changed conditions or unexpected circumstances, promote efficiency, and ensure the highest and best use of funds. Specifically, we recommend the following actions:
- After providing overarching guidance, delegate annual approval of tuition and fees to the Board of Trustees.
- Increase permissible carry forward of funds to a minimum of 5%.
- Increase Board of Trustees’ delegated authority to approve capital improvement projects.

**Chancellor Selection**

Each Board of Trustees remains uniquely situated to understand the needs and objectives of its institution and the leadership necessary to achieve its mission. As currently devised, the Board of Trustees recommends an unranked slate of 3 candidates for consideration by the President in designating a nominee for the chancellorship. Typically, following completion of the search committee’s extensive interview process, the Board of Trustees has a single preferred chancellor candidate. Rather than forward an unranked slate of 3 candidates to the President, the Board of Governors should allow the Board of Trustees to nominate its preferred candidate to the President for consideration. The President and the Board of Governors would retain the authority to return the nominee to the Board of Trustees with instructions for further action.

**Waiver Provision**

In recognition that each of the UNC System’s constituent institutions has different needs, the Board of Governors should allow the Boards of Trustees to request waivers from specific policies, regulations, and guidelines established by the Board of Governors and/or President. If the application of any of the requirements of the policies, regulations, or guidelines to a particular constituent institution in specific circumstances is of limited benefit or is unduly burdensome or another compelling justification, the President should be permitted to waive that requirement as to that specific constituent institution under circumstances that are set out in writing.

Thank you for the opportunity to review the current delegated authorities and responsibilities and provide recommendations.

*cc:* W. Louis Bissette, Jr., Chairman, UNC Board of Governors
Margaret Spellings, President, University of North Carolina System
Andrea Poole, Secretary of the University, University of North Carolina System