

**DRAFT OPEN SESSION MINUTES**

September 21, 2018

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

**TRUSTEES PRESENT**

\*Ralph Womble, Chair  
\*Erna Womble, Vice Chair  
\*Steve Berlin, Secretary  
\*Pete Brunstetter  
\*Greer Cawood  
\*Skip Dunn  
\*Anna Folwell  
\*Phillip Horne  
\*Greer Hutchison, SGA President  
\*Rob King  
\*Mark Land  
\*Elizabeth Madden  
\*Michael Tiemann  
Al Crawford, Alumni Representative (phone)  
Peter Juran, Foundation Liaison

**\*denotes voting Trustee**

**TRUSTEES ABSENT**

Susi Hamilton, Ex Officio  
Sue Henderson, BOV Liaison  
Tom Kenan, Emeritus  
Sandi Macdonald, Ex Officio

**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, Executive Vice Chancellor  
and Provost  
Jim DeCristo, VC for Economic  
Development & Chief of Staff

David Harrison, General Counsel  
Michael Smith, Vice Chancellor for Finance  
and Administration  
Ed Lewis, Vice Chancellor for Advancement  
Shannon Henry, Chief Audit, Risk, and  
Compliance Officer  
Ward Caldwell, Vice Provost & Dean of  
Student Affairs

Karen Beres, Vice Provost & Dean of Academic Affairs  
Jason Czaja, Campus Performance Facilities  
Susan Jaffe, Dean of Dance  
Martin Ferrell, Dean of High School Academics  
Scott Zigler, Dean of Drama  
Paul Razza, Director of Admissions  
Virginia Riccio, Executive Assistant to the Provost  
Lynda Lotich, Asst. Director of the Kenan Institute  
Corey Madden, Ex. Director of the Kenan Institute  
Jeremy Serkin, Digital Media CRM  
Cindy Liberty, Ex. Director of the Foundation  
Jackie Riffle, Budget Director  
Marla Carpenter, Director of Communications

Joan Roggenkamp, Ex. Assistant to the Chief of Staff  
Suzanna Watkins, Director of Educational Outreach and Summer Programs  
Claire Machamer, Vice Chancellor for Strategic Communications  
Lisa McClinton, Controller  
Ginger Caston, Office of Academic Affairs  
Andrea Clemmer, Benefits Administrator – Human Resources  
Lauren Whitaker, Media Relations Manager  
Katie Kron, Campaign & Special Events Coordinator  
Savannah Stanbery, Executive Assistant to the Vice Chancellor for Advancement  
Elizabeth White, Web Producer

#### **GUESTS PRESENT**

Clare Jordan, CapDev  
Lilly Bunch, CapDev

---

### **CONVENE OPEN SESSION**

Chairman Ralph Womble convened the September 21, 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 of interest as required by this act.

### **OATH OF OFFICE**

Ginger Caston, Notary Public, administered the Oath of Office to Greer Hutchison, Student Body President for the 2018-2019 academic year, and the newest voting member of UNCOSA's Board of Trustees.

### **APPROVAL OF MINUTES**

**MOTION: Steve Berlin moved to approve the minutes from April 27, 2018, May 16, 2018, and July 11, 2018 as presented. Erna Womble seconded and the minutes were unanimously approved.**

### **REPORT FROM CHANCELLOR BIERMAN**

Chancellor Bierman welcomed the Trustees to the first board meeting of the academic year. He highlighted the important themes that emerged from the messages delivered to the students by UNCOSA's administration and leadership at Convocation:

- **Courage:** Our students must fearlessly answer their artistic calling, learn to live with the reality of their creative souls, accept the highs and lows of their artistic temperaments,

and honor their interests and innate talents whether they're appreciated or approved of by others or not.

- Grit: Grit is the perseverance of long-term goals. It takes grit to make it in the creative industry. It takes grit to make it at UNCSA.
- Belonging: Belonging allows one to be accepted for who they are. UNCSA is a place for artists to belong – not fit in.
- Balance: At UNCSA we encourage our students not to give in to fear and insecurity, but instead to lean into it, to observe inner doubts and negative self-talk as passing storms, and an inevitable part of the creative process. The safety net and sense of belonging provided by UNCSA allows students to embrace and make peace with vulnerability of being judged in the classroom before they go on to bare their creative souls to the whole world. UNCSA instills in them the courage and grit to thrive and persevere, not matter what career path they choose.
- Succeed: While it is important for student at UNCSA to get a job upon graduation, we also strive for them to get a life – to find purposeful work; to make meaning; to push boundaries; to grow, prosper, and lead through change and disruption.

Chancellor Bierman also highlighted UNCSA's partnership with the JED Foundation, a nonprofit created to protect emotional health and prevent suicide by teens and young adults, as well as the numerous recent awards and accomplishments of UNCSA students, faculty, staff, and students.

#### **REPORT FROM THE GOVERNANCE COMMITTEE**

Rob King, Committee Chair, reported that the Governance Committee reviewed the current terms of Board members. There are currently no vacancies. The Board has six (6) members whose terms will end June 2019. All are available for reappointment. The Committee recommends all be nominated for reappointment.

**MOTION: The Governance Committee moved to nominate the following individuals for reappointment in 2019:**

**Legislative Appointees: Anna Folwell and Phillip Horne**

**Board of Governors Appointees: Greer Cawood, Skip Dunn, Mark Land, & Ralph Womble**

**The motion was unanimously approved.**

#### **APPOINTMENT OF AD HOC COMMITTEE**

As provided for in the bylaws and as the Chair of the Board of Trustees, Chairman Womble announced the creation of a special committee to advise Chancellor Bierman on the creation of UNCSA's 2020-2025 strategic plan. The purpose of the committee is to build on the ten-year plan initiated in the UNCSA 2015-2020 strategic action plan, and provide guidance for the years 2020-2025.

The goal is to design a plan that will propel UNCSA to the forefront of the performing arts and media education by building on the institution's accomplishments to prepare generations of students to excel in all of their chosen fields.

The committee membership includes:

- Michael Tiemann, Committee Chair and Trustee
- Ralph Womble, Trustee
- Anna Folwell, Trustee
- Al Crawford, Alum and Trustee
- Lindsay Bierman, Chancellor
- David Harrison, General Counsel
- David English, Executive Vice Chancellor and Provost
- Jim DeCristo, Vice Chancellor for Economic Development and Chief of Staff

## **REPORT FROM THE AUDIT, RISK, AND COMPLIANCE COMMITTEE**

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

Shannon Henry, Chief Audit, Risk, and Compliance Officer, and Jim DeCristo, Vice Chancellor for Economic Development and Chief of Staff, reviewed UNCOSA's Risk Appetite Statement that has been approved by the Enterprise Risk Management (ERM) Steering Committee, Chancellor Bierman, and the Audit Committee. The Risk Appetite Statement is a guide to assist with decisions about which goals or operational tactics to pursue.

**MOTION: The Audit, Risk, and Compliance Committee moved to approve the Risk Appetite Statement as presented. The motion was unanimously approved.**

Mr. DeCristo presented the risk priorities for 2018-2019 as selected by the ERM Steering Committee. Four risks were identified:

- Compensation packages offered by UNCOSA may make it increasingly difficult to attract nationally known, top-tier faculty who are needed to maintain the School's national reputation.
- Scholarships and financial aid packages offered by UNCOSA may not be sufficiently competitive to attract top student talent, particularly from outside North Carolina.
- The condition of facilities and residence halls may decline to the point that it significantly deters students from attending UNCOSA.
- UNCOSA may be unable to attract a sufficiently diverse faculty and student body needed to advance its brand and reputation.

Greg Gleghorn, Director of Information Security, reported that the next generation firewall was updated and installed in July of 2018. The next generation firewall detects the information that passes through the system and reduce the number of illegal downloads. There have been no illegal downloads since the firewall has been operational. Mr. Gleghorn also reported that the gap and crosswalk analysis has been completed. UNCOSA IT has closed some of the gaps identified by this analysis and will provide current information to the UNC Security Council no later than September 30<sup>th</sup>. The following are ongoing project identified by Mr. Gleghorn:

- Drafting a road map for UNCOSA's Information Security Program that addresses the current vs. desired state;
- Evaluating endpoint security vendors;

- Fine tuning fourteen (14) information security ISO 27002 compliant policies that will be submitted for cabinet approval; and
- Continued monitoring of new students and faculty that fall under the EU's General Data Protection Regulation (GDPR). Currently there are five (5) students that have been identified on UNCOSA's campus that fall under GDPR. These students have been flagged in order for UNCOSA to continually monitor compliance.

The Audit, Risk and Compliance Committee discussed the following external audits and reviews:

- UNCOSA Foundation, Inc. Consolidated Financial Statements – Fiscal Year 2018
  - Conducted by Smith Leonard Accountants and Consultants, a private CPA firm.
  - Clean audit with no issues to report.
- The Office of the State Auditor (OSA) is currently conducting the annual financial statement audit and a blended component audit of the House and Program Support Corporation. These audits should be completed in mid-October. OSA will release the reports together in late October, early November. OSA is completing the Housing and Program Support Corporations audits due to pending allegations against Rives & Associates, which is an external auditor for UNCOSA.

The Audit, Risk, and Compliance Committee also reviewed the following open projects and plans:

- CDI Review – Internal Controls  
The Center for Design Innovation (CDI) investigation is complete. Four deficiencies were noted and each were followed with recommendations:
  - Inadequate Control Measures
  - Deficient Exit Process
  - Inadequate Contract Management
  - Failure to Comply with Employment Disclosure Policies

Jim DeCristo has been appointed Interim CDI Director and UNCOSA accepts the both the findings and recommendations in the report. The recommendations are in the implementation phase and is expected to be complete in the next 90 days.

- Follow-up Memos  
Ms. Henry discussed that follow-up reviews are being conducted to assess the state of past identified issues.
- Fiscal Year 2018 Recap  
Internal Audit's services for the year resulted in 4 reports that produced recommendations for improvements in: Purchasing, Finance & Administration, and Legal Affairs. 3,100 hours were contracted, and 3,217 hours were actually expended by the division.
- Annual Risk Assessment and Updated Internal Audit Plan

Internal Audit is required to assess risk on a yearly basis. The most recent risk assessment has resulted in to audits being added to the audit plan: admissions operations and social media.

- UNCSCA is utilizing the expertise from the System Office to conduct a Title IX review. David Harrison, General Counsel, will soon be hiring an Interim Title IX Coordinator who will report to him in the Office of General Counsel.
- The Audit, Risk, and Compliance Committee approved the audit plan as presented by Internal Audit. The Committee also reviewed the Internal Audit Charter and the Audit Risk, and Compliance Charter. No changes or updates are needed at this time.

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

Mr. Womble, Chair of the Endowment Fund Board, reported the following:

- Lisa McClinton, Controller, reviewed the investment summary as of June 30, 2018, as well as the Flash Report from the UNC Investment Fund. Ms. McClinton stated that the summary shows overall net earnings of 7% for the current fiscal year, with a net increase in the market value of \$1,569, 238.47. Since the last report dated February 28, 2018, the net increase in the market is valued at approximately \$672,000.
- UNCSCA has received the state match of \$1.5M this month for the four new endowments that were created last year.
- There are no new endowment gifts.

### **REPORT FROM THE ADVANCEMENT COMMITTEE**

Pete Brunstetter, Chair of the Advancement Committee, reported the following:

#### Fundraising Report

##### FY18 Overview

- Total dollars raised = \$16,794,064 (this includes gifts, pledges and documented planned gifts); the return on investment was \$11.20 for every \$1.00 spent.
- Annual Fund dollars raised = \$555,424 from 1,164 donors
- \$67,676,442 is the market value of UNCSCA's endowment as of June 30, 2018.
- Alumni giving was \$176,048. Alumni participation was down slightly from FY17.
- Overall donor retention rate was 46.08%, this is above the 2017 industry standard of 45.5%.
- Net proceeds amounts for scholarships:
  - \$63,555 from *NextNow*
  - \$250,000 from *Nutcracker*
- FY18 Unrestricted revenue goal was \$560,000, we raised over \$563,000.
- FY18 Temporarily restricted revenue goal was \$2.9M, we raised over \$5.1M.
- FY18 Permanently restricted revenue goal was \$2M, we raised over \$2.4M.
- Thomas S. Kenan Institute for the Arts revenue goal was \$1.4M, they raised over \$1.6M.

As of August 31, 2018, Advancement is ahead of budget projections in unrestricted and temporarily restricted revenue. The University is on track with budget projections in permanently restricted revenue.

As UNCOSA moves into the comprehensive campaign, Advancement is working on infrastructure in the Annual Fund to ensure the success of the three major initiatives: The Giannini Society, Day of Giving and Direct Mail.

#### Events

- The Hamlin Scholarship Benefit is scheduled for October 19, 2018.
- *NextNow* 2019 will be held on March 16, 2019 at the Convention Center. The featured performance is an exclusive presentation of the Drama Seniors' Showcase.
- Intimate, in-home events focused on the campaign pillars are now being held in the homes of prospective donors to the comprehensive campaign.
- There will be opportunities for major donors to experience UNCOSA's impact outside of UNCOSA, including in New York and Las Vegas later this fall.

#### Alumni Relations

- Picklestock 2018 was a success and was a wonderful tool to build trust and strengthen connections with our alumni.
- Upcoming events with alumni include a Design and Production Town Hall at the end of September in NYC with Dean Michael Kelley and a Drama alumni town hall with Dean Scott Zigler in October to build on the momentum he began last year.
- A member of the Board of Trustees will host cocktails and a dinner this November for Chicago-based Dance alumni. Dean Susan Jaffe and Provost David English will join to share updates on the Choreographic Institute and campus plans.
- Nia Imani Franklin, '17 won the Miss America Contest on September 9. Franklin received a master's degree in composition from the School of Music in 2017, and was awarded a Kenan Fellowship at Lincoln Center Education. A homecoming event for her in Winston-Salem is scheduled for this fall.

#### UNCOSA Foundation Board

- The Foundation Board's Finance Committee approved the Budget for FY18.
- The Audit Committee reported that the audit is complete with no findings.
- The Executive Committee approved the budget for FY19 including funds for repairs to 1903 S. Main Street.
- Advancement Committee Report
  - Guest Artist Luncheon Series (GALS) event was September 18, 2018. It was sponsored by Blanco Tackabery. There were 155 attendees. Douglas Webster was the guest artist and the event helped to build excitement for the upcoming production of Bernstein's *MASS* and well as raise funds for the Guest Artist Endowment.
- Foundation Board member giving participation was 100% in FY18 and FY17.
- The Family Phase of the Comprehensive Campaign was launched at the September Foundation Board Meeting.
- Board member Julie Williams retired on September 6, 2018 and Joia Johnson did not renew for a second term due to over commitments.
- New Board Members were elected: Tom Adams and Dan Earthman.

#### UNCOSA Board of Visitors

The Board of Visitors will welcome the following new members at the fall board meeting on October 18-19, 2018.

- John Hoemann
- Jerri Irby
- Bev Jennings
- Jean McLaughlin
- T. Oliver Reid, '93 (Tim)

This past August, the Board of Visitors sponsored a breakfast at the Picklestock reunion. The Family Phase of the Comprehensive Campaign will be launched at the fall board meeting.

## **REPORT FROM THE FINANCE COMMITTEE**

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

Jackie Riffle, Director of Budget, reviewed the financial reports for the fourth quarter of the 2017-2018 fiscal year. UNCOSA spent all available state resources within \$1. For the Institutional Trust funds, the school had a net surplus of \$860k at the end of the 2017-2018 fiscal year. Ms. Riffle also updated the committee on the financial reports for the first quarter of 2018-2019. The school has requested to spend \$12.00 million, made up of \$7.8 million of appropriation and \$4.2 million of receipts. The campus ended the month of August 2018 spending \$8.7 million; leaving \$3.3 million available for expenses in the month of September. Michael Smith, Vice Chancellor for Finance and Administration, and Ms. Riffle presented a new preliminary Dashboard for the Committee's feedback. The Dashboard illustrated historical trends on the state budget allocation, expenses per month, and a snapshot of available resources for the first quarter of this fiscal year.

The Committee reviewed the compensation guidelines for the new \$31,200 minimum salary and the annual raise process implementation. Both of these salary actions are retro to July 1<sup>st</sup>. The school is still awaiting guidance regarding implementation of the new salary minimum. However, the annual raise process for eligible SHRA employees will be implemented in September payroll.

Ms. Riffle reviewed the school's 2018-2019 requests for one-time and recurring funding. The total of all requests is \$2.45 million dollars, made up of \$1.7 million in programmatic one-time requests and \$750,000 in recurring requests. Requests were reviewed and the initial allocation will be made at the end of September and then quarterly thereafter.

David English, Executive Vice Chancellor and Provost, spoke about the upcoming Tuition and Fees cycle. He outlined the preliminary guidance from The System Office which mandates no increase to resident undergraduate tuition, market based increases in tuition for non-resident undergraduates, out-of-state high school students, and resident and non-resident graduate students. The mandatory fees are capped at 3% and no increases or new special fees can be introduced. Trustee Tiemann made mention that this guidance falls in line with our recommendation to the Board of Governors via our April 2018 memorandum in response to Governor Long. We consider this a victory!

Mike O'Connor, Interim Associate Vice Chancellor for Facilities, reviewed the capital project update and gave the construction update which provides a snapshot of the status of all projects which are currently in the planning, design, or construction phase.



Mr. Smith gave an update on the Associate Vice Chancellor of Facilities and Chief Information Officer searches.

## **REPORT FROM THE PERSONNEL COMMITTEE**

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

James Lucas, Director of Human Resources, presented a Title IX update. This program is undergoing a restructuring with the assistance of General Council. Title IX will receive a new coordinator, and new investigators will be trained to assist with the case load. Currently the program has seen eight (8) cases this academic year. The committee questioned whether this number was larger in comparison to previous years. Mr. Lucas clarified the importance of conducting Title IX training early in the academic year. This encourages students, faculty and staff to be proactive in awareness and reporting.

The committee received an overview of the twenty-four (24) new hires since April 2018, including several key faculty and staff members. With respect to diversity, James Lucas reported that 29% of new hires are African American and 50% of new hires are female. Candidates are well qualified for positions indicating effective recruitment skills across departments.

A report on the Annual Raise Process reviewed a 2% increase for SHRA employees across the board with a few exceptions. Employees who did not receive an annual review in 2018 are not eligible for the 2% increase. This affects employees hired after October 2017 who did not transfer from another state agency. The 2% increase became effective July 1, 2018 but was not funded by the State until September. SHRA employees who are eligible will receive the raise in their September payroll, retroactive to July 1. The state did approve the potential for an additional 2.9% increase based on merit. This is at the discretion of the department as funds allow. Currently there is no raise process approved for EHRA.

Additionally, a new minimum salary of \$31,200 was approved by the State but remains unfunded. UNCSA will not process the increase until funding has been received by the state. James Lucas discussed with the committee the compression issues created by this increase with the new salary bringing many employees close to the salary of supervisors, and new employees close to the salary of long-term employees.

The committee received an update on benefits for 2019. Open Enrollment for State employees begins on September 29. Employees who need assistance with enrollment can come to the Campus Library during the first week of October and receive assistance from HR with enrollment. A Benefits Fair will be held on September 25, and employees are invited to attend, meet with representatives from benefit providers and ask questions concerning changes or coverage. There are no rate changes to the State Health Plan this year.

The committee requested a mock- up of retirement scenarios to use in assessing how this plan compares to other institutions and whether that has a positive or negative affect on attracting talent to the organization.

## REPORT FROM THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE

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

Provost English reported the following key hires for the University since the last Board meeting: Paul Razza, Director of Admissions and Sarah Falls, the University Librarian. He gave an update on new faculty that have joined the University this year. Short bios of the new faculty are in the board materials.

Vice Provost Ward Caldwell provided an overview of two new grant opportunities working with the JED Foundation and the Steve Fund, national organizations focused on mental health, substance abuse services and suicide prevention on college campuses. He described the significant renaissance of the Admissions Department after retirements and other staff departures opened up five (5) of the nine (9) positions in Admissions. He then introduced Paul Razza, our new Admissions Director, who comes to UNCSCA with significant background in higher education. The Committee then reviewed application and enrollment numbers. There is a 27% increase year over year in applications, and the second highest enrollment in the University's history. However, there are some areas where UNCSCA needs significant improvement related to losing committed students over the summer and music's overall enrollment numbers. Lastly, Vice Provost Caldwell outlined some of the enrollment management team's approach to addressing the areas of improvement and sharpening the recruitment and retention initiatives on-campus.

Vice Provost Karen Beres updated the Committee on the New Faculty Academy and the ongoing training that multi-year contract faculty will receive throughout the year. She also told us about the second year of Student Advantage Week. Twenty (20) students participated with five (5) graduate student coaches. Assessment showed that the students built a supportive peer network, became familiar with campus resources supporting their success and better understood campus culture and the academic expectations of them. The size of the group was important to the success this year so the plan going forward may be to limit the group size to twenty (20) as opposed to expanding the group to thirty (30).

Scott Zigler, Drama Dean, reported on new faculty additions and curricular changes that he is making for this academic year.

Greer Hutchison, Student Body President and Trustee, reported the following from the Student Government Association (SGA):

- SGA organized a doughnut giveaway as a way to help new students find their classrooms on the first day of class.
- SGA is working on opening the lines of communication with students. A SGA email address will soon be made active, and social media sites will be updated.
- High School Student Government has started a peer tutoring program under the leadership of Greer Gage. The High School Student Government is also developing community service projects with the goal of helping students be better prepared for college applications.
- The Graduate Student Council President, Bradlee Hager, is organizing more social gatherings for graduate students to build a stronger community amongst that population of students. This is the first year graduate students have had their own orientation activities.

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

**MOTION:** Erna Womble moved that the board go into closed session to prevent the disclosure of information that is privileged or confidential pursuant to Section 116-40.7 of the North Carolina General Statutes, the Internal Auditor's work papers; to prevent the disclosure of information that is not considered a public record within the meaning of Chapter 132 of the General Statutes; and to prevent the premature disclosure of an honorary degree, scholarship, prize, or similar award. Pete Brunstetter seconded and the motion was unanimously approved.

## **REPORT FROM CLOSED SESSION**

Chairman Womble reported that the board met in closed session to discuss emeritus status, internal audit's work papers, and other information not considered a public record at this time.

## **OTHER BUSINESS**

Chairman Womble reminded everyone that a memorial service for Bruno Louchouarn, a faculty member and husband of Kenan Institute for the Arts Executive Director, Corey Madden, would be held at 3:00 p.m. in Watson Hall.

## **ADJOURNMENT**

With no further business to discuss, the September 21, 2018 meeting of the Board of Trustees adjourned at 10:53 a.m.