

MINUTES

November 18, 2021

University of North Carolina System Office

North Carolina State University, James B. Hunt Jr. Library

Via Videoconference and PBS North Carolina Live Stream

Call to Order

The Board of Governors met on November 18, 2021, on the campus of NC State University in the James B. Hunt Jr. Library, Duke Energy Hall. Chair Ramsey called the meeting to order at 9:00 a.m., and thanked Chancellor Woodson for hosting the Board meetings and special events. The various events included the 50th Anniversary Celebration of the consolidated UNC System, the inauguration of President Hans, and the Boards of Trustees Workshop. Chair Ramsey also thanked the many staff members from NC State and the UNC System Office, who worked so hard to make the events of the week a great success.

Invocation

Chair Ramsey called on Mr. Palma to give the invocation.

Roll Call

Ms. McCullen, associate vice president and secretary, called the roll. The following members were present:

Kellie Hunt Blue	Terry Hutchens
Kirk J. Bradley	J. Alex Mitchell
Pearl Burris-Floyd	Wendy Floyd Murphy
Jimmy D. Clark	Sonja Phillips Nichols
Carolyn Coward	Raymond Palma
N. Leo Daughtry	David M. Powers
Joel Ford	Randy Ramsey
John Fraley	Lee Roberts
Reginald Ronald Holley	Temple Sloan
James L. Holmes, Jr.	Michael Williford
Mark Holton	

The following members were absent:

W. Louis Bissette, Jr.	Anna Spangler Nelson (<i>joined by videoconference</i>)
C. Philip Byers (<i>excused</i>)	Thomas C. Goolsby (<i>joined by videoconference</i>)
Art Pope (<i>joined by videoconference</i>)	

State Ethics Act

Chair Ramsey stated that, under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts and asked if anyone had a potential conflict. Mrs. Coward recused herself from consent agenda Item 4i., UNC System Academic Program Actions.

President's Report

President Hans shared his views on the 2021 Appropriations Act. He emphasized that the state budget, which is expected to be enacted into law this week, was a step in the right direction that will set the UNC System on a course

for success over the next 50 years. President Hans expressed his deep gratitude and appreciation to our elected state officials for their continued support and recognition of the value of public education in North Carolina. He also thanked the Board, the chancellors, the System's state relations staff, and others for all their work throughout the budget process. President Hans presented a chart illustrating the UNC System Priorities that were approved in the state budget (see Appendix A). For President Hans' complete report, please see Appendix B.

Consent Agenda Items

Chair Ramsey referred to the consent agenda items listed as Item 4 on the day's consent agenda. Chair Ramsey entertained a motion to approve the consent agenda items. The motion was properly seconded. The motion carried.

Minutes

a. Minutes of September 16, 2021

Committee on Budget and Finance

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| b. Millennial Campus Expansion – UNC Wilmington | Appendix C |
| c. Capital Improvement Projects | Appendix D |
| d. Disposition of Property by Demolition – Appalachian State University | Appendix E |
| e. Disposition of Property by Ground Lease and Disposition by Demolition – East Carolina University | Appendix F |
| f. Disposition of Property by Demolition – North Carolina Central University | Appendix G |
| g. Disposition by Ground Lease and dedication as a Nature Preserve – UNC Greensboro | Appendix H |

Committee on Educational Planning, Policies, and Programs

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| h. Actions Taken Pursuant to Section 700.1.3 of the UNC Policy Manual | Appendix I |
| i. UNC System Academic Program Actions | Appendix J |
| j. Charlotte Teacher Early College Renewal | Appendix K |
| k. Section 700.1.1, <i>Policy on Minimum Eligibility Requirements for Undergraduate Admission for the University of North Carolina System</i> (Amended) Approved September 13, 2021 | Appendix L |

Committee on Audit, Risk Management, and Compliance

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| l. Approval of UNC System-Wide Internal Audit Plans for 2021-22 | Appendix M |
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Report of the Committee on Budget and Finance

Mr. Holmes, chair of the committee, reported that the committee reviewed the FY 2019 Facilities Inventory and Utilization Study, which details information on space utilization and physical buildings at each of the UNC System constituent institutions. The study also provides information measuring capacity, use, and condition of buildings.

Next, Mr. Holmes reported that the General Assembly released its 2021-23 conference budget. The budget was expected to be enacted into law before the Board's next meeting. He explained that each year when the state budget is finalized, the Committee on Budget and Finance recommends allocation of funds made available by the General Assembly. Mr. Holmes made the following motion.

Motion: Resolved, that on behalf of the Committee on Budget and Finance, the committee be delegated the authority to allocate funds made available by the General Assembly if the state budget is ratified prior to the next meeting of the Board. A special meeting for this purpose would be called and the entire Board would be invited to participate.

Motion: James L. Holmes, Jr.

Motion carried

The committee also reviewed and approved amendments to Appendix 1 of *The Code*, Section V, which codified the all-funds budget in the UNC Policy Manual. This item will be brought to the full Board for approval at its next meeting.

Next, the committee heard an update from Mrs. Murphy, chair, Task Force on Pricing, Flexibility, and Affordability. The task force met on October 13, 2021, to continue its discussion on the total cost of attendance at UNC System institutions. It considered two (2) recommendations: the first recommendation required that the president develop a common methodology for estimating cost of attendance. Mr. Holmes offered the following motion.

Motion: Resolved, that on behalf of the Committee on Budget and Finance, the Board of Governors approve the recommendation that the president develop a common methodology for estimating cost of attendance to be applicable to the 2023-24 academic year.

Motion: James L. Holmes, Jr.

Motion carried

The second recommendation was a revision to the student fee policy per UNC Policy Manual, Section 1000.1.2¹, *Policy on Student Fees*, which directs campus boards of trustees to approve housing and dining rates each year and to do so in the context of the all-funds budget. Additional revisions were added to Section 1000.1.2, which better reflect existing practice and restructured the policy for ease of understanding. The committee voted to approve the revisions to the policy. Mr. Holmes offered the following motion.

Motion: Resolved, that on behalf of the Committee on Budget and Finance, the Board of Governors approve the proposed policy revisions to the UNC Policy Manual Section 1000.1.2, *Policy on Student Fees* (see Appendix N).

Motion: James L. Holmes, Jr.

Motion carried

The committee also considered and approved revisions to the UNC Policy Manual Section 1000.1.1, *Policy on Student Rates*. The revised policy would be brought to the full Board for approval at its next meeting. Next, the committee heard a presentation regarding tuition and fees to prepare for the upcoming submission of proposals by the institutions for the FY 2022-23 academic year. The campuses' tuition and fee proposals will be shared with the full Board at its meeting in January 2022 and voted on in February 2022.

Next, representatives from UNC Wilmington (UNCW) presented a request for expansion of its Millennial Campus (see Appendix C). The committee discussed the project and voted to approve the item, which was placed on the day's consent agenda. The committee also reviewed and approved administrative routine transactional items. In addition, the committee reviewed a total of 10 new capital projects at Appalachian State University, North Carolina State University, the University of North Carolina at Chapel Hill, and the University of North Carolina Charlotte. It also heard a presentation on six capital improvement projects for increased authorization at East Carolina University, Elizabeth City State University, NC State University, University of North Carolina at Chapel Hill, and the University of North Carolina at Pembroke (see Appendix D). The committee voted to approve the projects and placed them on the day's consent agenda. Mr. Holmes noted that the committee heard a report on four chancellors' requests for authorized repair and renovation projects.

Finally, the committee considered four property requests as follows: Disposition of Property by Demolition at Appalachian State University (Appendix E), the Disposition of Property by Ground Lease and Disposition by Demolition at ECU (see Appendix F), Disposition of Property by Demolition at North Carolina Central University (Appendix G), and the Disposition by Ground Lease and Dedication as a Nature Preserve at the University of North

Carolina at Greensboro (see Appendix H). The committee approved the requests and voted to place them on the day's consent agenda.

Report of the Committee on Educational Planning, Policies, and Programs

Mr. Sloan, chair of the committee, reported that the committee reviewed five academic degree programs, the discontinuation of one academic degree program at North Carolina Central University, and the discontinuation and consolidation of two academic degree programs at UNC Greensboro (see Appendix J). The committee approved this item and placed it on the day's consent agenda. Next, the committee heard a report on the Charlotte Teacher Early College renewal. The renewal would extend through 2026. The committee approved this item and voted to place it on the day's consent agenda, which was approved earlier by the full Board (see Appendix K).

Next, the committee considered revisions to UNC Policy Manual, Section 600.2.3, *Distinguished Professor Endowment Trust Fund*. The committee approved the revisions to the policy and will bring this item to the full Board for approval at its next meeting. The committee heard an update on the 2021 UNC System Fall Enrollment Report. The report reflects the trends and statistics on enrollment throughout the UNC System.

Mr. Sloan reported that five UNC System institutions have exceeded the cap on out-of-state student admissions: Elizabeth City State University, North Carolina A&T State University, UNC-Chapel Hill, UNC Wilmington, and Western Carolina University. Action was taken to officially notify these five institutions that they have exceeded their institutional cap, and if the institutional cap is exceeded in the fall 2022, these campuses shall be assessed a fine in accordance with UNC Policy, Section 700.1.3, *Policy on Out-of-State Undergraduate Enrollment*. The committee voted to approve this item and placed it on the day's consent agenda, which was approved by the full Board (see Appendix I).

In closing, Mr. Sloan recognized Dr. Timothy Ives, chair, UNC Faculty Assembly for his report. Dr. Ives spoke about the UNC Digital Learning Innovation, an online journal designed to help faculty and staff discover new, innovative models of online and hybrid education. The Faculty Assembly is working with staff from the Academic Affairs division as well as other campuses in developing the online journal. Dr. Ives thanked Governor Nichols and Governor Holton for participating in recent faculty assembly meetings. He also spoke about the importance of mentorship programs and how this Board, our chancellors, and the UNC System's leadership team can encourage and inspire learners from all backgrounds.

Report of the Committee on Audit, Risk Management, and Compliance

Mr. Holton, chair of the committee, reported that the committee met on Tuesday, November 9, 2021. He spoke about the internal audit departments across the UNC System. Each constituent institution has an audit department with prescribed professional functions, duties, and standards, as required by state law. The committee reviews an annual summary of the internal audit activities overseen by the audit committee of each constituent institution's boards of trustees, and it reviews and approves a summary of the institution's audit plans submitted by each constituent institution and the UNC System Office. The committee heard an overview of the System-wide internal audit activities for the 2021 fiscal year. The internal audit departments across the System produced 211 audit reports, memoranda, and other correspondence which yielded 195 audit observations and recommendations. The committee also received a summary of the system-wide internal audit plans for the 2022 fiscal year. The committee approved the item and voted to place it on the day's consent agenda (see Appendix M).

Next, Mr. Holton provided a summary on the status of implementation of the UNC System policy for insurance coverage. The UNC System is required to insure all state-owned property through the North Carolina Department of Insurance. Progress has been made to evaluate current property of our institutions and adjust property valuations as needed. The committee also received an annual audit summary of major associated entities for the constituent institutions. Across 88 associated entities that required annual audits for fiscal year 2019, four had audit findings by external auditors. Corrective action has been taken.

The committee received an update summarizing enterprise risk management (ERM) at the UNC System Office and the constituent institutions. The System Office and each constituent institutions have developed ERM plans that continue to evolve. The institutions are making great progress in assessing the System's risks and plans to manage strategic and enterprise level risks.

The committee was joined by two guests, Mr. Mike Barker, UNC-Chapel Hill chief information officer (CIO) and chair of the CIO Council, and Mr. Joel McKenzie, Western Carolina University chief information security officer and chair of the Information Security Council. Mr. Holton explained that the council advises the System's Office chief information officer on strategy, thought leadership, and develops technical direction. The CIO Council also assists with developing common approaches to information security challenges across the UNC System and enhances information sharing among the constituent institutions.

Finally, the committee was joined by Ms. Joanna Grama, associate vice president and information security practice leader with Vantage Consulting. Ms. Grama presented information on the current state-of-affairs on information security in higher education. She shared the essential components and security program elements that are required for success. Ms. Grama also reviewed the seven initiatives that the information technology group had brought to the committee earlier this year. She spoke in favor of the initiatives, which aligned closely with the essential program elements for a successful information security approach.

Report of the Committee on Strategic Initiatives

Mrs. Coward, chair of the committee, reported that the committee heard a briefing on a new initiative, Project Kitty Hawk. The project is an adult online digital platform designed to serve working adult learners in North Carolina. Funding for the project was included in the state budget, which was released earlier this week. The project is designed to build an educational, non-profit that will support UNC System's constituent institutions' efforts to develop, market, and provide online degree programs to working adults. Mrs. Coward cited data that indicates about a million North Carolinians over the age of 25 years old started college but did not complete a degree and that the number of traditional-age students is projected to level off over the next decade. The committee was joined by Ms. Terah Crews, chief executive officer of ReUp Education, and Dr. Wil Zemp, director of Education to Workforce at Amazon Web Services. They provided an overview of the challenges facing working adults and the core services that Project Kitty Hawk will provide.

In closing, Mrs. Coward thanked Chair Ramsey, Vice Chair Murphy, and President Hans for their support, the General Assembly for its commitment to this project, and Senior Vice President Kelly, who helped create the blueprint for the project.

Chair's Report

Chair Ramsey called on President Hans for brief remarks. President Hans announced that Vice President Minor would be leaving the UNC System Office to join the Jimmy V Foundation as its chief operating officer. He thanked Mr. Minor for his dedicated service. The Board also thanked Mr. Minor for his service and leadership to the UNC System.

Again, Chair Ramsey thanked Chancellor Woodson and his team for hosting the Board of Governors this week. He noted that the Board has enjoyed its time on the campus and interacting with the students. He extended his thanks to everyone who participated in President Hans' inauguration, the events surrounding the celebration of the UNC System's 50th Anniversary, and the Boards of Trustees Workshop. Chair Ramsey thanked the student-musicians who performed at the events this week. As we celebrate the diversity and history of our 16 universities, he recognized UNC Pembroke, which was celebrating National Native American Heritage Month.

Chair Ramsey made the following announcements. The Board will not hold a full Board meeting in December. He was pleased to see that the 2021 Appropriations Act was passed, which included funding of the UNC System

Priorities. He thanked the General Assembly and Governor Cooper for their steadfast support for public higher education in North Carolina. He congratulated Chancellor Allison as the state budget included Fayetteville State University to the group of NC Promise institutions. He thanked President Hans for all his hard work and acknowledged the vast amount of time and effort the president put forth during the legislative session. Regarding the UNC System's fall commencements, Chair Ramsey encouraged the Board members to participate in one or more commencement ceremonies.

Next, Chair Ramsey called attention to a special resolution in honor of Ms. Karen T. Russell, UNC System Office, financial analyst, who is retiring on December 1, 2021, after 40 years of service. Chair Ramsey called on President Hans for brief remarks. President Hans expressed his appreciation to Ms. Russell for her commitment and dedication to the University. Chair Ramsey recognized Mr. Holmes, who offered a resolution honoring Ms. Karen T. Russell (see Appendix O).

Motion: Resolved, that on behalf of the Board of Governors, the Board expresses its sincere gratitude to Ms. Karen T. Russell for her 40 years of dedicated service and commitment to the University of North Carolina.

Motion: James L. Holmes, Jr.

Motion carried

Chair Ramsey called on Secretary Burris-Floyd for a motion to go into closed session.

Motion: Resolved, that the Board go into closed session pursuant to N.C. General Statutes §§131E-97 and 143-318.11(a) (1), (2), (3), and (6) for the purposes stated in the written motion as included in the Board materials (see Appendix P), which had been publicly made available.

Motion: Pearl Burris-Floyd

Motion seconded: Mrs. Kellie Blue

Motion carried

The Board went into closed session at 10:10 a.m. and returned to open session at 10:45 a.m.

Report of the Committee on University Governance

Mr. Powers, chair of the committee, reported that UNC Health Care System Board of Directors has two vacancies. He explained that the UNC Health Care Board of Directors is comprised of 24 members. Eight members serve as ex officio members, including, the president of the UNC System and the chancellor at UNC-Chapel Hill. Sixteen of the board members are members at-large and 12 members are appointed by the Board of Governors. President Hans recommended the appointment of Dr. Hayden P. Kirby of Wilmington to serve a term beginning on November 1, 2021, ending on October 31, 2025. President Hans also recommended the appointment of Dr. William Winkenwerder, Jr., of Asheville to serve the remaining unexpired term ending on October 31, 2022, followed by an additional four-year term beginning on November 1, 2022, ending on October 31, 2026.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accept the nominations of Dr. Hayden P. Kirby and Dr. William Winkenwerder, Jr. to serve on the UNC Health Care Board of Directors for the terms as described above.

Motion: David Powers

Motion carried

Mr. Powers reported that North Carolina State University has one partial term vacancy on its board of trustees for a term effective October 8, 2021, ending on June 30, 2025. The committee recommended the appointment of Mr. Erik L. Dixon to fill the vacancy.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accept the nomination of Mr. Erik L. Dixon to the North Carolina State University Board of Trustees to fill a partial term vacancy.

Motion: David Powers

Motion carried

Next, Mr. Powers reported that the committee considered and approved the joint operating agreement between East Carolina University (ECU) and Vidant Health. The agreement allows ECU Brody School of Medicine and Vidant Health to create ECU Health. Mr. Powers explained that by operating under the terms of a joint agreement, both organizations will be better positioned to serve eastern North Carolina with sustainable operations. No assets will be transferred, and each organization will retain separate corporate existence. The agreement requires the approval from the signatories of the existing academic affiliated entities including, the Board of Governors, Vidant Medical Board of Trustees, ECU Board of Trustees, and the Pitt County Board of Commissioners. Mr. Powers noted that Vidant Medical Board of Trustees, ECU Board of Trustees, and the Pitt County Board of Commissioners have all approved the agreement. Mr. Powers offered the following motion.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accept the joint operating agreement between East Carolina University and Vidant Health creating ECU Health.

Motion: David Powers

Motion carried

The committee continued its discussion on free speech and free expression across the UNC System's constituent institutions. Joining the meeting were North Carolina Supreme Court Chief Justice, The Honorable Paul Newby, and Associate Justice, The Honorable Michael Morgan. The discussion focused on the virtue that free expression "rests on the idea that we are better hearing ideas with which we disagree." Mr. Powers thanked Chief Justice Newby and Associate Justice Morgan for attending the meeting and discussing this important issue.

Due to time constraints, the committee was unable to hear an update regarding the delegation of authority project. Mr. Powers asked Senior Vice President and General Counsel Tripp to report on the item during the full Board meeting. Mr. Tripp provided a summary of the process. He recalled that earlier this year, the Board directed each of the UNC System's constituent institutions' boards of trustees to identify and restate its powers and duties defined by the Board of Governors pursuant to Appendix 1 of *The Code*. He announced that the process was completed in October 2021. All UNC System's constituent institutions submitted their resolutions to the president for his review and approval. The campuses' resolutions are posted on the UNC System website. Mr. Powers thanked the chancellors and the UNC System's Office Legal Affairs division for their cooperation in completing the project.

Report of the Committee on University Personnel

Mrs. Blue, chair of the committee, reported that the committee heard an update on general human resources related topics including work that is underway to finalize instructions on the UNC System's annual raise process pending enactment of the 2021 Appropriations Act. It also heard an update on the turnover of the System's work force with a focus on observed trends over the past several months. Further information on this item will be

discussed at the committee's meeting in January 2022. The committee discussed an item to grant the president or his designees with the authority to execute the required documents to enter a collective investment trust in order to lower investment fees charged to UNC System's employees offered through the optional retirement program. The committee voted to approve this item and Mrs. Blue offered the following motion.

Motion: Resolved, that on behalf of the Committee on University Personnel, the Board of Governors grant the president the authority to execute the documents required to enter a collective investment trust.

Motion: Kellie Hunt Blue

Motion carried

The committee also reviewed and approved several informational reports, which were made available in BoardEffect.

Report on the Presidential Assessment Committee

Chair Ramsey reported that the committee met in early June to assess President Hans' performance for his first year in office and to discuss his incentive compensation goals for the coming year. The Board reviewed the president's goals and accomplishments from the past year and agreed that he has done an exceptional job under some extremely challenging circumstances. Chair Ramsey spoke about the president's numerous achievements over the past year. In recognition of his outstanding performance, the committee recommended a one-time award of \$300,000, which the president has requested be contributed to his Senior Administrative Officer Retirement Program. The committee also approved an additional performance metric to include a category focused on System Office leadership and operations for the president's upcoming performance evaluation. Chair Ramsey offered the following motion.

Motion: Resolved, that on behalf of the Presidential Assessment Committee, the Board of Governors approve the resolution calling for a contribution of \$300,000 to the President's Senior Administrative Officer Retirement Program and the revised employment terms for the coming year.

Motion: Randy Ramsey

Motion carried

There being no further business and without objection, the meeting adjourned at 11:05 a.m. The next meeting of the Board of Governors is scheduled for Thursday, January 20, 2022, at the UNC Center for School Leadership Development (CSLD) in Chapel Hill.

Pearl Burris-Floyd, Secretary

APPENDICIES

The Appendices are part of the official record of the meeting and are posted on the UNC System website at:

<http://www.northcarolina.edu/apps/bog/index.php>

Appendix A	The University of North Carolina System chart of UNC Priorities included in the state budget
Appendix B	President Hans' Report
Appendix C	Millennial Campus Expansion – UNC Wilmington
Appendix D	Capital Improvement Projects
Appendix E	Disposition of Property by Demolition – Appalachian State University
Appendix F	Disposition of Property by Ground Lease and Disposition by Demolition – East Carolina University
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Appendix H	Disposition by Ground Lease as a Nature Preserve – UNC Greensboro
Appendix I	Actions Taken Pursuant to Section 700.1.3 of the UNC Policy Manual
Appendix J	UNC System Academic Program Actions
Appendix K	Charlotte Teacher Early College Renewal
Appendix L	Section 700.1.1, <i>Policy on Minimum Eligibility Requirements for Undergraduate Admission for The University of North Carolina System</i> (Amended)
Appendix M	UNC System-Wide Internal Audit Plans for 2021-22
Appendix N	UNC Policy Manual Section 1000.1.2 ¹ – <i>Policy on Student Fees</i> (Adopted)
Appendix O	Resolution Honoring Karen T. Russell
Appendix P	Closed Session Motion