MEETING OF THE BOARD OF GOVERNORS

MINUTES

January 20, 2022
University of North Carolina System Office
Center for School Leadership Development
Via Videoconference and PBS North Carolina Live Stream

Call to Order
The Board of Governors met on January 20, 2022. Chair Ramsey called the meeting to order at 9:00 a.m. He welcomed the guests and noted that the chancellors and other participants were joining the meeting by videoconference.

Invocation
Chair Ramsey called on Mr. Pope to give the invocation.

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

- Kellie Hunt Blue
- Wendy Floyd Murphy
- Kirk J. Bradley
- Anna Spangler Nelson
- C. Philip Byers
- Sonja Phillips Nichols
- Carolyn Coward
- Raymond Palma
- N. Leo Daughtry
- Art Pope
- Joel Ford
- David M. Powers
- John Fraley
- Randy Ramsey
- Mark Holton
- Lee Roberts
- J. Alex Mitchell
- Michael Williford

The following members were absent:

- W. Louis Bissette, Jr.
- Reginald Ronald Holley
- Pearl Burris-Floyd
- James L. Holmes, Jr.
- Jimmy D. Clark (joined by videoconference)
- Terry Hutchens (joined by videoconference)
- Thomas C. Goolsby (joined by videoconference)
- Temple Sloan

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. Chair Ramsey announced that he would recuse himself from any discussion or vote pertaining to Project Kitty Hawk, Inc.

President’s Report
President Hans stated that the System Office senior staff, chancellors, administrators, and faculty from across the System spent a large portion of their winter break working in preparation for the return of students to the campuses for in-person instruction this semester. Due to the latest wave of the pandemic, the System continues to adapt to the challenges presented. President Hans expressed his gratitude to the chancellors for providing steady leadership throughout these challenging times. Next, President Hans spoke about the System’s 2017-22 Strategic Initiative Plan, which was entering its fifth year and is due to expire this academic year. President Hans highlighted
many of the initiatives that have been realized and the System's progress on achieving the goals set forth in the plan. He proposed that the plan be reviewed and the framework extended for the plan “has proven to be so durable and effective through a period of extraordinary turbulence in higher education.” For President Hans' complete report, please see Appendix A.

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 November 18, 2021

Committee on Budget and Finance
b. Capital Improvement Projects
   Appendix B
c. Appendix I, The Code (Amended)
   Appendix C
d. Section 1000.1.1, Policy on Tuition Rates (Amended)
   Appendix D

Committee on Educational Planning, Policies, and Programs
e. UNC System Academic Program Actions
f. Licensure Program Approvals
   Appendix E
   Appendix F
g. Section 600.2.3, Distinguished Professors Endowment Trust (Amended)
   Appendix G

Report of the Committee on Budget and Finance
Mr. Mitchell, vice chair of the committee, reported that the committee held a special meeting on December 15, 2021, to review the operating and capital budget allocations for FY2022. The committee approved this item and authorized the president to make refinements in the interest of accuracy and completeness. The committee also held a special meeting on January 18, 2022, to hear an overview of the UNC System's enrollment funding model and proposed changes designed to address concerns with the current model. The staff will continue to gather feedback and input from stakeholders across the System. The committee will further review the proposed changes and vote on this item at its next meeting in February 2022.

At its meeting the previous day, the committee reviewed and approved routine transactional items and received an overview of the 2022-23 tuition and fee proposals, which will be considered for a vote at its next meeting. The committee also discussed athletic fees that all students pay. The committee will further discuss the challenges that athletics fees pose to students. The committee also discussed proposed amendments to Section 1000.1.1 of the UNC Policy Manual, Policy on Tuition Rates (see Appendix D). The amendments are needed to provide the flexibility necessary to set tuition rates for self-supporting, digital learning programs provided with the support of Project Kitty Hawk, Inc. The committee voted to approve the amendments to Section 1000.1.1 of the UNC Policy Manual, Policy on Tuition Rates, with a vote by the full Board through the consent agenda at the next meeting.

Next, Mr. Mitchell reported that in preparation for the upcoming short session of the General Assembly, the System Office has asked institutions to submit their budget requests for any critical needs. These requests are currently under review. He remarked that a list of short session budget priorities will be presented to the committee at its next meeting in February and to the full Board in April. The committee also heard a report on the 2021-22 Report on State Budget Allocations and Policies. Pursuant to recently enacted legislation, the committee considered an amendment to Section 600.1.1 of the UNC Policy Manual, Policy on Design, Construction, and Financing of Capital Improvement Projects. It was recommended that the Board amend the policy to include the rule for reporting on construction delivery methods as required by G.S. 143-133.1. The committee voted to approve the amendment to
Section 600.1.1.1 of the Policy Manual. *Policy on Design, Construction, and Financing of Capital Improvement Projects*, with a vote by the full Board through the consent agenda at the next meeting.

Finally, the committee reviewed and approved five new capital improvement projects and the request for an increase in a project authorization (see Appendix B).

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

Mrs. Nelson, vice chair of the committee, reported that the committee reviewed five academic degree programs and the discontinuation and consolidation of two academic degree programs (see Appendix E). The committee reviewed and approved the requests for four licensure programs and one limited licensure (see Appendix F). These items were placed on the day’s consent agenda. Following a review, the committee requested that at its next meeting, the System Office present options and recommendations offering revisions to Section 7001.3 of the UNC Policy Manual, *Policy on Out-of-State Undergraduate Enrollment*.

In closing, Mrs. Nelson reported that the committee reviewed an extension to the minimum eligibility requirement pilot program pursuant to Section 700.1.1 of the UNC Policy, *Policy on Minimum Eligibility Requirements for Undergraduate Admission for the University of North Carolina System*. The committee approved extending the program and voted to place the amendment to Section 700.1.1 of the UNC Policy Manual, *Policy on Minimum Eligibility Requirements for Undergraduate Admission for the University of North Carolina System* on the full Board’s consent agenda for approval at the February 2022 meeting.

**Report of the Committee on University Personnel**

Mrs. Blue, chair of the committee, recognized Ms. Crystal Woods, chair, UNC Staff Assembly, for a brief report on behalf of the Staff Assembly. Mrs. Blue would resume her report following closed session.

Ms. Woods noted that the Staff Assembly is comprised of EHRA and SHRA non-faculty employees from all 17 UNC System’s constituent institutions. Next, she reported on the Chancellors’ Cup Golf Tournament hosted annually by the Staff Assembly. The 2021 Chancellors’ Cup Golf Tournament was held on September 29, 2021, and it was a great success having raised more than $63,000 for the Janet B. Royster Scholarship Fund. Currently, 131 scholarships have been awarded totaling over $89,000. She thanked all those who participated in and supported the tournament.

Next, Ms. Woods spoke about employee retention. At its recent meeting, the Staff Assembly discussed creative ways to promote staff retention by improving talent development and preparing employees for advancement opportunities. She was pleased that the legislation provided salary increases for state employees. She thanked the Board, President Hans, the System Office Human Resources staff, and the chancellors, for their advocacy.

**Report on University Governance**

Mr. Powers, chair of the committee, reported that the committee considered two vacancies on the University of North Carolina Press Board of Governors. There is a term ending June 30, 2024, and a term ending June 30, 2026. He remarked that the board is comprised of 15 elected members serving five-year terms. The members may be reelected for successive terms up to three-full terms. Mr. Powers explained the appointment process. The nominees are identified by the UNC Press Board of Governors, then the names are submitted to the chancellor at UNC-Chapel Hill, who then forwards them to the president of the University. The committee recommended the nominations of Professor Osamudia James, faculty at UNC School of Law, to fill the partial vacancy ending June 30, 2026, and Dr. Angela K. Miles, associate professor of management and chair of the Department of Business Administration at North Carolina Central University, to fill the partial vacancy ending June 30, 2024.
Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors approve the appointments of Professor Osamudia James and Dr. Angela K. Miles to serve on the UNC Press Board of Governors.

Motion: David Powers
Motion carried

Next, Mr. Powers reported that Project Kitty Hawk, Inc., the newly created entity established pursuant to Section 8.24 of the S.L. 2021-180, requires the Board of Governors to appoint seven of the nine members to the board of directors. The committee recommended a slate of three candidates to be appointed to one-year terms, ending January 31, 2023. The slate includes: Nancy Cable, chancellor, UNC Asheville; Ray Carey, CEO, Optimere; and Courtney Crowder, Raleigh managing director, APCO Worldwide. The committee recommended a slate of four candidates to be appointed to two-year terms ending January 31, 2024. The slate includes: Frank Gilliam, Jr., chancellor, UNC Greensboro; Philip Rogers, chancellor, East Carolina University; Susan Cates, managing partner, Leeds Illuminate; and John Comly, CEO, American Safety Council.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accept and approve the recommendations of the slate of candidates for Project Kitty Hawk, Inc., Board of Directors.

Motion: David Powers
Motion carried

Chair Ramsey recused himself from voting on this item.

Finally, Mr. Powers reported on the approval of Project Kitty Hawk, Inc., as an associated entity of the University of North Carolina System. This private, non-profit corporation was established in accordance with the 2021 Appropriations Act to support digital learning and career development programs offered by the UNC System’s constituent institutions. Mr. Powers explained that the terms of the associated entity agreement will be negotiated in accordance with the requirements of Section 600.2.5.2[R] of the UNC Policy Manual, Regulation on Required Elements of University-Associated Entity Relationship. The written approval of the Board of Governors would be obtained through adoption of the Board of Governors of the University of North Carolina System Resolution to Approve Associated Entity (see Appendix H).

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors adopt the Board of Governors of the University of North Carolina System Resolution to Approve Associated Entity.

Motion: David Powers
Motion carried

Chair Ramsey recused himself from voting on this item.

Report of the Committee on Military and Public Affairs

Mr. Byers, chair of the committee, reported the committee reviewed activities that have taken place since its last meeting in September 2021. The committee heard an update on the state’s short-session agenda calendar and an overview on the committee’s work for the coming months. Next, the committee heard an update on federal relations, which included an overview on the bipartisan infrastructure bill and the ongoing negotiations surrounding the stalled annual appropriation bills.

Finally, the committee heard a military affairs update. The UNC System staff provided an overview on military support programs within the UNC System. The committee also discussed a variety of opportunities for veterans
and military-affiliated students that are necessary for them to achieve their educational goals. The committee reviewed a presentation on partnerships with North Carolina based operational military commands supporting research, innovation, and economic growth.

**Report of the Committee on Strategic Initiatives**

Mrs. Coward, chair of the committee, reported the committee heard an update on Project Kitty Hawk, Inc., which was created to form an online program management unit designed to attract and serve adult learners across North Carolina. In 2021, the North Carolina General Assembly appropriated $97 million to create Project Kitty Hawk, an associated nonprofit organization. Senior vice president for strategy and policy provided an overview on the history, structure, and goals of the project.

The committee also heard an update on the UNC System’s Strategic Plan including a plan to refresh its five-year goals that expire in AY2022. Over the coming months, the System Office staff will work with stakeholders across the System to refresh the plan to better align the goals and metrics under each theme. An updated plan will be presented to the committee and the full Board for approval at its May 2022 meeting.

**Report of the Subcommittee on Laboratory Schools**

Mr. Byers, chair of the subcommittee, reported that at its meeting earlier this week, the committee heard a request from Appalachian State University to open a new lab school in partnership with Elkin City Schools. The subcommittee voted unanimously to approve the request. The new school, Appalachian State Academy at Elkin, will open in the fall 2022.

The committee also heard a report from representatives of North Carolina A&T State University and the University of North Carolina at Chapel Hill on the status of their proposed lab schools. Both N.C. A&T State University and UNC-Chapel Hill intend to open a lab school in the fall 2022 with a district partner. In closing, the committee discussed trends including declining school enrollment during COVID-19 that have impacted school districts’ willingness to partner on lab schools.

**Chair’s Report**

Chair Ramsey reflected on the System’s achievements of the past year and goals for the future. He commented on the System’s 2017-22 strategic plan. As the plan draws to a close, the UNC System will refresh the plan and make necessary refinements and improvements to the plan’s goals and priorities. Chair Ramsey noted one such improvement is already underway related to the enrollment funding model. Recommendations have been made to improve and create a funding model that clearly connects to the System’s strategic goals. He thanked Mr. Roberts and the System Office Finance and Administration team for leading this effort.

Next, Chair Ramsey expressed his gratitude to the legislature for fulfilling the University’s budget priorities, which included employee pay raises, funding enrollment, support of the N.C. Promise institutions, and funding for repairs and renovations across the UNC System.

In closing, Chair Ramsey spoke about some of the recent partnerships that our institutions have formed in their surrounding communities, including the launch of another K-5 laboratory school in western North Carolina. As previously mentioned, Appalachian State University has partnered with Elkin City Schools to open a lab school in the fall 2022. He recognized Chancellor Everts for leading this effort. Another example is the recent collaboration between East Carolina University’s Brody School of Medicine and Vidant Health, to create ECU Health. This operational partnership will strengthen health care offerings in rural eastern North Carolina. He stated that he hopes to see more of these types of projects in the new year for this work “brings the University’s mission of education, research, and public service to life.”

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Chair Ramsey called on Vice Chair Murphy for a motion to go into closed session.

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

**Motion:** Wendy Murphy
**Motion seconded:** C. Philip Byers
**Motion carried**

The Board went into closed session at 9:55 a.m. and returned to open session at 10:16 a.m.

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**Report of the Committee on University Personnel**

Mrs. Blue, chair of the committee, reported that the committee heard an update on the implementation of the State’s legislative salary increases for state employees. The legislative bonus provisions were implemented last month, and the remainder of the annual legislative employee increases will be effective in this month’s payroll, including a retroactive payment covering July 1 to December 31, 2021. The committee discussed technical corrections to Section 300.2.1 of the UNC Policy, *Employees Exempt from the State Personnel Act*. The technical corrections address recent statutory changes that extend EHRA non-faculty employment to the University’s salaried information technology professionals, campus police officers, and financial and business professionals.

Next, during the committee’s closed session, it reviewed a proposed update to the employment arrangement between North Carolina State University’s head football coach, Dave Doeren, and North Carolina State University’s Board of Trustees, to direct a portion of Coach Doeren’s salary to the University’s Senior Athletic Employee Retirement Program (SAERP). The current cap for his contribution was set at $750,000, annually. An increase for his contribution to the plan was proposed at $2 million dollars, annually. Mrs. Blue noted that this arrangement has no impact on his total compensation, but simply addresses how much of his compensation can be directed toward the SAERP program. The committee reviewed the proposal and recommended the provision in the employment agreement along with the Resolution of the Board of Governors Participation in the Senior Athletic Employee Retirement Program (see Appendix J).

**Motion:** Resolved, that on behalf of the Committee on University Personnel, the Board of Governors vote to approve the revised annual cap for Coach Dave Doeren’s participation in the Senior Athletic Employee Retirement Program as outlined above.

**Motion:** Kellie Hunt Blue
**Motion carried**

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

There being no further business and without objection, the meeting adjourned at 10:22 a.m. The next meeting of the Board of Governors is scheduled for Thursday, February 24, 2022, at the UNC System Office in Chapel Hill.

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Wendy Murphy, Vice Chair
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  President Hans’ Report
Appendix B  Capital Improvement Projects
Appendix C  Appendix I, The Code (Amended)
Appendix D  UNC Policy Manual Section 1000.1.1, Policy on Tuition Rates (Amended)
Appendix E  UNC System Academic Program Actions
Appendix F  Licensure Program Approvals
Appendix G  UNC Policy Manual Section 600.2.3, Distinguished Professors Endowment Trust (Amended)
Appendix H  Resolution of the Board of Governors of the University of North Carolina System to Approve Associated Entity
Appendix I  Closed Session Motion
Appendix J  Resolution of the Board of Governors of the University of North Carolina System Participation in the Senior Athletic Employee Retirement Program for NC State’s, head football coach, Dave Doeren