MEETING OF THE BOARD OF GOVERNORS

MINUTES

February 24, 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 February 24, 2022. Chair Ramsey called the meeting to order at 9:00 a.m., and welcomed the guests and those joining by videoconference. Chair Ramsey thanked Chancellor Guskiewicz and his staff from the University of North Carolina at Chapel Hill for hosting this week’s campus tour. Next month, campus tours are scheduled at Fayetteville State University on Thursday, March 10; UNC Pembroke on Tuesday, March 22; and UNC Wilmington on Wednesday, March 23. All members are invited to participate. Chair Ramsey reminded the Board that Dr. Philip Rogers will be formally installed as East Carolina University’s 12th Chancellor on March 24, 2022. All members were encouraged to attend.

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

Roll Call
Secretary Burris-Floyd 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
C. Philip Byers    Anna Spangler Nelson
Jimmy D. Clark    Sonja Phillips Nichols
Carolyn Coward    Raymond Palma
Joel Ford        Art Pope
John Fraley     David M. Powers
Thomas C. Goolsby  Randy Ramsey
Reginald Ronald Holley    Lee Roberts
James L. Holmes, Jr.  Temple Sloan
Mark Holton       Michael Williford

The following members were absent:
W. Louis Bissette, Jr. (joined by videoconference)
N. Leo Daughtry (joined by videoconference)

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 not participate in any discussion or vote related to Project Kitty Hawk, Inc., and will pass the gavel to the vice chair during debate pertaining to this matter.
Presentation of the 2021 Governor James E. Holshouser, Jr. Award for Excellence in Public Service

Chair Ramsey thanked Mr. Sloan, chair of the Committee on Educational Planning, Policies, and Programs for overseeing the 2021 Governor James E. Holshouser, Jr. Award for Excellence in Public Service. Mr. Sloan appointed a subcommittee comprised of Mrs. Nelson, Mr. Bradley, and Mr. Ford, who were tasked with identifying the recipients who best personify what this award represents. Chair Ramsey called on Mrs. Nelson to begin the presentation.

Mrs. Nelson stated that it was a privilege to introduce the recipients of the 2021 Governor James E. Holshouser, Jr. Award for Excellence in Public Service. After consideration of many qualified nominees, the committee selected two recipients for this year’s award – Dr. Jane Hoppin, professor of biological sciences at North Carolina State University, and Dr. Arwin D. Smallwood, professor of history and chair of the Department of History and Political Science at North Carolina A&T State University. Following the video presentations highlighting the scope of each recipients’ work and achievements, President Hans presented the recipients with an engraved bronze medallion and a stipend. Chair Ramsey congratulated Dr. Hoppin and Dr. Smallwood. He noted that the work they are doing with the students of our System is exemplifying the very best of the University of North Carolina. For the recipients’ profiles, please see Appendix A.

President Hans’ Report

President Hans spoke about a series of recent threats being made against historically black colleges and universities across the country and in our state. Campus security officials have partnered with local, state, and federal agencies and are monitoring the situation. He stated that North Carolina’s HBCUs speak to our highest aspirations as a state, and the institutions continue to do remarkable work. The UNC System will continue to work with campus security officers and other agencies to safeguard our campuses and identify the sources of the threats.

Next, President Hans reported that tuition rates within the UNC System will go unchanged for the sixth consecutive year. In referring to Article IX, Section 9 of North Carolina’s constitution, which mandates keeping “higher education free of expense as far as practicable,” President Hans announced that Fayetteville State University will become the fourth campus in the NC Promise Program, which offers tuition of $500 per semester for in-state students. The other NC Promise Programs include Elizabeth City State University, UNC Pembroke, and Western Carolina University. He stressed that “because low tuition is only half the equation that makes our universities such a tremendous value; the other half is the public investment that keeps them strong.” For President Hans’ complete report, please see Appendix B.

Consent Agenda Items

Chair Ramsey referred to the consent agenda items listed as Item 5 on the day’s agenda. Chair Ramsey entertained a motion to approve the consent agenda items. Mr. Pope requested that Item 5h, Section 1000.1.1, Policy on Tuition Rates, be removed for discussion. A motion was made to approve the consent agenda except for Item 5h. The motion was properly seconded, and the motion carried.

Chair Ramsey explained that Item 5h was related to Project Kitty Hawk, Inc. and asked the Board if there were any objections to discussing the item during the Report of the Committee on University Governance that also involves an item pertaining to Project Kitty Hawk, Inc., item. There were none.

Minutes

a. Minutes of January 20, 2022

Committee on Budget and Finance

b. FY 2021-22 Maintenance Repair and Renovation Capital Projects Appendix C
c. Request for Additional Delegated Real Property Authority – UNC Greensboro Appendix D
d. Capital Improvement Projects Appendix E
e. Disposition of Property by Demolition – UNC Pembroke  
Appendix E

f. Sale of Special Obligation Bonds – East Carolina University  
Appendix F

g. Section 600.1.1, Policy on Design, Construction, and Financing of Capital Improvement Projects (Amended)  
Appendix G

h. Section 1000.1.1, Policy on Tuition Rates (Amended) [REMOVED FOR SEPARATE DISCUSSION]

Committee on Educational Planning, Policies, and Programs

i. UNC System Academic Program Actions  
Appendix H

j. Section 700.1.1, Policy on Minimum Requirements for Undergraduate Admission for the University of North Carolina System (Amended)  
Appendix I

Report of the Committee on Budget and Finance

Mr. Holmes, chair of the committee, reported that the committee met on Tuesday, February 22, 2022, to review routine transactional items. The committee considered amendments to Section 600.1.6 of the UNC Policy Manual, Policy on Millennial Campuses. The amended policy clarifies the Board’s authority to approve millennial campus designations and related debt, real property transactions, capital projects, and public-private partnerships. This item will be presented to the full Board at its next meeting in April. The committee considered amendments to Section 600.2.2 of the UNC Policy Manual, Policy on Endowment Funds, which will further define the Board’s authority and conform with the endowment fund statute. Mr. Holmes also noted that the policy related to the endowment for the UNC Center for Public Television will be repealed and recodified to bring all UNC System’s policies regarding endowment funds into a single policy. This item will be brought to the full Board for a vote through the consent agenda at the Board meeting in April 2022.

Next, the committee received a presentation on the FY 2021-22 Maintenance Repairs and Renovations Projects including UNC Greensboro’s request for additional real property authority (see Appendix C); five new capital improvement projects and seven existing capital improvement projects (see Appendix D); UNC Pembroke’s disposition of demolition request of Wellons Hall (see Appendix E); and East Carolina University’s request to issue special obligation bonds (see Appendix F).

At its meeting the previous day, the committee received a presentation on the campuses’ 2022-23 tuition proposals submitted by the UNC constituent institutions. There were no tuition increases proposed for resident students. Several institutions requested increases to nonresident rates and to establish rates for new professional programs. 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 2022-23 Tuition Resolution (see Appendix K).

**Motion:** James L. Holmes, Jr.
**Motion carried**

Mr. Holmes reported on the campuses 2022-23 fee increase requests that were consistent with the parameters previously established by the committee. The proposed fee rates reflected a systemwide average increase of less than one percent. Seven institutions proposed no fee increases.

**Motion:** Resolved, that on behalf of the Committee on Budget and Finance, the Board of Governors approve the proposed 2022-23 Fee Resolution (see Appendix L).

Mr. Pope stated that he fully supported the vote for the 2022-23 fee resolution but did not support increases in campus security fees contending that public safety is a general obligation and should not be supported by state fees. He encouraged the Board to consider rolling back public safety fees beginning with AY 2023-24.
Motion: James L. Holmes, Jr.
Motion carried

Mr. Goolsby voted against.

Next, Mr. Roberts and Senior Vice President Haygood, provided a presentation on a proposed new funding model process. The presentation included an overview on feedback it had received from the campuses. The committee directed staff to develop an enrollment funding request for the legislative short session. The new funding model will be brought to the full Board for approval at its next meeting in April.

Report of the Committee on Educational Planning, Policies, and Programs
Mr. Sloan, chair of the committee, reported that the committee voted to rescind a warning issued in November 2021 to UNC Wilmington and Western Carolina University for exceeding the specified cap for first-year nonresident, undergraduate students pursuant to Section 700.1.3 of the UNC Policy Manual, Policy on Out-of-State Undergraduate Enrollment.

Motion: Resolved, that on behalf of the Committee on Educational Planning, Policies, and Programs, the Board approve the requested recission of the warning to UNC Wilmington and Western Carolina University.

Motion: Temple Sloan
Motion carried

The committee also considered a revision to Section 700.1.3 of the UNC Policy Manual, Policy on Out-of-State Undergraduate Enrollment, that would make alterations to the cap for first-year nonresident students at Elizabeth City State University (ECSU), North Carolina A&T State University (N.C.A&T SU), and North Carolina Central University (NCCU). Both N.C.A&T and NCCU would increase the cap to 35 percent, and ECSU would increase the cap to 50 percent. The committee voted to accept the increased caps. The item will be included on the Board’s consent agenda for approval at its next meeting.

The committee reviewed two academic degree programs and the discontinuation of one degree program (see Appendix I). The committee voted to place these items on the day’s consent agenda, which was approved. Next, Mr. Sloan recognized Dr. Ives, chair of the Faculty Assembly for a brief report.

Dr. Ives joined the meeting by videoconference from a classroom on the UNC-Chapel Hill campus along with a group of 11 esteemed students. Dr. Ives spoke about the active ways where new and blended models of instruction are being used aside from a traditional classroom environment. He spoke about the processes for future curriculum renovations and innovations. He recognized the members of the Board and the president for many of their policy decisions, which are having positive impacts and thanked them for their ongoing support. Dr. Ives urged the System to continue to offer and expand mental health services for our students, staff, and faculty and noted the importance of focusing on campus safety initiatives. In closing, Dr. Ives asked each student to introduce themselves and share their thoughts on what access to higher education means to them.

Report on University Governance
Mr. Powers, chair of the committee, reported that the committee considered a vacancy on the University of North Carolina School of the Arts Board of Trustees for a partial term effective December 7, 2021, and ending on June 30, 2025. The committee recommended the appointment of Mr. Graydon Pleasants to fill the term.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accepts the recommendation of Mr. Graydon Pleasants to fill the partial-term vacancy on the UNC School of the Arts Board of Trustees.
Motion: David Powers
Motion carried

Next, the committee considered an appointment to the Liability Insurance Trust Fund Council. Mr. Powers explained that the council administers the fund as part of the UNC Health Care System. UNC Health Care requested the appointment of Ms. Latonya Brown, UNC Hospital chief financial officer, to the Liability Insurance Trust Fund Council.

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accepts the recommendation of Ms. Latonya Brown to the Liability Insurance Trust Fund Council.

Mr. Powers recalled at its meeting on January 20, 2022, the Board of Governors approved Project Kitty Hawk, Inc.’s associated entity status. Pursuant to Section 600.2.5.2[R] of the UNC Policy Manual, Regulation on Required Elements of University-Associate Entity Relationship, the Board is required to adopt a proposed conflicts of interest and ethics policies that governs its board members and employees. Mr. Powers explained that any proposed conflicts of interest and ethics policies must be approved by the UNC System Office. The president deferred to the Board of Governors the question of approving Project Kitty Hawk, Inc. Conflict of Interest Policy (see Appendix M).

Motion: Resolved, that on behalf of the Committee on University Governance, the Board of Governors accepts Project Kitty Hawk, Inc., Conflict of Interest Policy (see Appendix M).

Motion: David Powers
Motion carried

Mr. Pope spoke in support of the motion and emphasized the importance of the additional accountability provisions reflected in the policy.

Chair Ramsey recused himself from discussion and voting on this item.

Next, the Board considered consent agenda Item 5h., Section 1000.1.1, Policy on Tuition Rates, which was removed from the consent agenda for separate discussion. Mr. Pope requested the Board accepts a substitution to proposed amendment Section 1000.1.1, II. E.3, previously approved by the Committee on Budget and Finance at its meeting on January 19, 2022. A hard copy of the proposed substitution was provided to members of the Board for review.

Motion: Resolved, that the Board of Governors accept the substitute language to Section 1000.1.1, II. E.3 of the UNC Policy Manual, Policy on Tuition Rates, from the consent agenda (see Appendix N).

Motion: Art Pope
Motion seconded: James L. Holmes, Jr.
Motion carried

Chair Ramsey recused himself from discussion and voting on this item.

Finally, a motion was offered to approve Section 1000.1.1, Policy on Tuition Rates, as amended (see Appendix O).

Motion: Resolved, that the Board of Governors approve Section 1000.1 of the UNC Policy Manual, Policy on Tuition Rates, as amended (see Appendix O).

Motion: Art Pope
Motion seconded by: David Powers
Motion carried

Chair Ramsey recused himself from discussion and voting on this item.

In closing, Mr. Powers asked the members of the Board to review the list of spring commencements and encouraged the members to participate in the commencement(s) and bring greetings on behalf of the Board of Governors.

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

Mr. Holton, chair of the committee, reported the committee heard updates on audit information security and measures to strengthen campus safety. He spoke about the recent bomb threats to HBCUs throughout the country. Four of the UNC System campuses: Fayetteville State University, North Carolina Central University, N.C. A&T State University, and Winston-Salem State University have been targeted. All four institutions responded expertly and swiftly under the calm, steady leadership of their chancellors, and all the UNC System campuses stood ready to assist. He thanked all who assisted the campuses and the campus police chiefs and their teams.

Next, the committee heard an update on the status of internal audit activities for the UNC System Office. The UNC System Office of Internal Audit is on track to complete the most substantial assignments included in its plan by June 30, 2022. Mr. Holton reported that the committee was privileged to be joined by the 2021 recipient of the North Carolina Internal Audit Award of Excellence, Ms. Kara Hefner from the University of North Carolina at Chapel Hill. The committee heard an update on the status of the Internal Audit Internship Program. The program is new to the UNC System Office and started in July 2021. As of this semester, 25 students have participated in the program and completed or have underway 28 engagements across 13 participating entities. The engagements range from information technology reviews to compliance and operational audits to data analytic dashboards.

Mr. Holton commented that information governance and security remains a top enterprise risk in the UNC System. Related to the information security audit findings that have been reported by the Office of the State Auditor, the committee approved seven recommendations to strengthen its information security posture across the System. The committee discussed the status of each of the seven initiatives. Action has been taken or is underway to address the issues.

Finally, the committee heard an update on a symposium of higher education security issues that was conducted earlier this month by the System Office and the Federal Bureau of Investigation (FBI). The committee also heard an update on the outreach that the System Office has taken to help our campuses be better prepared to recognize warning signs, threat assessment, and campus responses.

Report of the Subcommittee on Laboratory Schools

Mr. Byers, chair of the subcommittee, reported that the committee met on February 14, 2022, to approve the opening of a new laboratory school by North Carolina A&T State University, the first HBCU-affiliated laboratory school in the state. The committee voted to approve the opening of Aggie Academy for a five-year term. The Aggie Academy in partnership with Guilford County Schools and North Carolina A&T State University, will work together to offer a unique learning opportunity for children within the county. Aggie Academy will open in the fall 2022.

In closing, Mr. Byers reported that UNC-Chapel Hill was making progress in opening its laboratory school, the ninth school required by state statute. The committee was expected to convene in the coming weeks to hold a vote on UNC-Chapel Hill’s lab school.

Chair’s Report

Chair Ramsey informed the Board that it would hear regular updates on the System Office’s relocation to Raleigh. He called on Chief of Staff Houston, who provided a brief update.
Chief of Staff Houston provided an overview on plans for relocating the System Office to Raleigh. Pursuant to the 2021 Appropriations Act (S.L. 2021-180), the legislation includes three provisions directing the relocation of the System Office to Raleigh. She explained that two provisions charge the Legislative Services Officer with responsibility for planning a permanent location for the System Office in Raleigh. A third provision requests the System Office to relocate to leased space within the Raleigh city limits as an interim step by December 31, 2022. Chief of Staff Houston will provide updates about the relocation project at each Board meeting.

Chair Ramsey thanked Chief of Staff Houston for her report. Next, He reflected on the purpose and mission of public service within the University. The Board was proud for the opportunity to recognize two faculty members, Dr. Hoppin and Dr. Smallwood, as the recipients of this year’s Governor James E. Holshouser, Jr. Award for Excellence in Public Service. These professors exemplify the University’s commitment to service and community engagement. He was “grateful to Dr. Hoppin and Smallwood for reminding us that public service isn’t just an action. It’s an attitude.”

Chair Ramsey spoke about investments the UNC System is making across our state, including health care service, education, scientific research, and community outreach. The UNC System formed four literacy professorships in early child literacy. Funded by an $8 million donation from the Spangler Foundation, the professorships will help new teachers use best methods to ensure reading proficiency to children in our public schools. He thanked Governor Nelson for this amazing investment in the future of North Carolina’s children. “This is a sampling of the ways our institutions and affiliates are rising to serve. We are an engine not just for the state’s economy but also for its society.”

In closing, Chair Ramsey recognized Mr. Jonathan Pruitt, chief operating officer, who was leaving the UNC System Office this month. Mr. Pruitt has served the state of North Carolina for nearly two decades. He recently accepted a position as executive vice chancellor for business affairs at the University of Texas System. Chair Ramsey called on President Hans. President Hans stated that he was “deeply appreciative to Jonathan for his leadership and friendship over the many years. He is an extremely talented colleague, and we are excited for him.” Next, Chair Ramsey called on Mr. Holton, who offered a resolution on behalf of the Board, honoring Mr. Pruitt (see Appendix P).

Motion: Resolved, that the Board of Governors accepts the resolution honoring Jonathan C. Pruitt.

Motion: Mark Holton
Motion seconded by: David Powers
Motion carried

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

Motion: Resolved, that the Board go into closed session to prevent the disclosure of information that is privileged or confidential pursuant to Article VII, Chapter 126 of the N.C. General Statutes and not considered a public record within the meaning of Chapter 132 of the General Statutes pursuant to N.C. General Statutes § 143-318.11(a)(1), (2), (3), and (6), and § 143-748. The complete details are included in the Board’s meeting materials (see Appendix Q).

Motion: Pearl Burris-Floyd
Motion carried

The Board went into closed session at 10:50 a.m. and returned to open session at 11:00 a.m.
Report of the Committee on University Personnel

Mrs. Blue, chair of the committee, reported that the committee reviewed proposed revisions to Section 200.6 of the UNC Policy Manual, Policy on Delegation of Authority to the President and Section 600.3.4 of the UNC Policy Manual, Policy on the Granting of Management Flexibility to Appoint and Fix Compensation. The proposed revisions increase delegations of authority to the president and to the boards of trustees for various EHRA compensation actions. This item will be brought to the Board of Governors for approval at its next meeting.

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

In closing, Chair Ramsey called on Mr. Bradley. Mr. Bradley commented on the Janet B. Royster Memorial Staff Scholarship Fund. Established by the UNC Staff Assembly, the scholarships provide non-faculty employees of the UNC System assistance toward earning a degree or other professional certification. The Staff Assembly is working toward establishing a permanent endowment for the scholarship. Mr. Bradley will reach out to the Board members asking for their support with contributing to the scholarship program.

There being no further business and without objection, the meeting adjourned at 11:15 a.m. The next meeting of the Board of Governors is scheduled for Thursday, April 7, 2022, at Western Carolina University.

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Pearl Burris-Floyd, Secretary
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

APPENDICES

Appendix A  2021 Governor James E. Holshouser, Jr. Award for Excellence in Public Service profiles
Appendix B  President Hans’ Report
Appendix C  FY 2021-22 Maintenance Repair and Renovation Capital Projects
Appendix D  Request for Additional Delegated Real Property Authority – UNC Greensboro
Appendix E  Capital Improvement Projects
Appendix F  Disposition of Property by Demolition – UNC Pembroke
Appendix G  Sale of Special Obligation Bonds – East Carolina University
Appendix H  Section 600.1.1, Policy on Design, Construction, and Financing of Capital Improvement Projects (Amended)
Appendix I  UNC System Academic Program Actions
Appendix J  Section 700.1.1, Policy on Minimum Requirements for Undergraduate Admission for the University of North Carolina System
Appendix K  2022-23 Tuition Resolution
Appendix L  2022-23 Fees Resolution
Appendix M  Project Kitty Hawk, Inc., Conflict of Interest Policy
Appendix N  Substitute Amendment offered to Section 1000.1.1, II. E.3, Policy on Tuition Rates
Appendix O  Section 1000.1.1, Policy on Tuition Rates (Amended)
Appendix P  Resolution Honoring Jonathan C. Pruitt
Appendix Q  Closed Session Motion