



MEETING OF THE BOARD OF GOVERNORS
Committee on University Governance

February 22, 2023 at 2:45 p.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S. West Street, Board Room
Raleigh, North Carolina

AGENDA

OPEN SESSION

- A-1. Approval of the Open Session Minutes of January 18, 2023..... Kellie Blue
- A-2. The University of North Carolina Board of Governors Self-Evaluation Report.....Norma Houston

CLOSED SESSION

- A-3. Approval of the Closed Session Minutes of January 18, 2023..... Kellie Blue
- A-4. Legal Affairs Report Andrew Tripp
- A-5. ECU Health Medical Center Amended and Restated Affiliation Agreement..... Andrew Tripp

OPEN SESSION

- A-6. ECU Health Medical Center Amended and Restated Affiliation Agreement..... Andrew Tripp
- A-7. Adjourn



Closed Session Motion

Motion to go into closed session to:

- Prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
- Consult with our attorney to protect attorney-client privilege:
 - To consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action for the following cases:
 - *North Carolina State University Breach of Contract Matter*

Pursuant to: G.S. 143-318.11(a)(1) and (3).

DRAFT OPEN MINUTES

January 18, 2023
Via Videoconference and PBS North Carolina Livestream
The UNC System Office
223 S West Street
Raleigh, North Carolina

This meeting of the Committee on University Governance was presided over by Vice Chair Alex Mitchell. The following committee members, constituting a quorum, were present either in person or via videoconference: C. Philip Byers, Joel Ford, David Powers, and Michael Williford.

Chancellors present were, Chancellor Karrie Dixon, Chancellor Philip Rogers and Dr. Wesley Burks.

Staff members present included Meredith McCullen, Andrew Tripp, and others from the University of North Carolina System Office.

1. Call to Order

Vice Chair Mitchell called the meeting to order at 10:15 a.m., on Wednesday, January 18, 2022.

The vice chair reminded all members of the committee of their duty under the State Government Ethics Act to avoid conflicts of interest and the appearances of a conflict of interest. The vice chair asked if there were any conflicts or appearances of conflict with respect to any matter coming before the committee. No members identified any conflicts at the time.

The vice chair next called for a motion to approve the open session minutes of November 16, 2023.

MOTION: Resolved, that the Committee on University Governance approve the open session minutes of November 16, 2022, as distributed.

Motion: C. Philip Byers
Motion carried

2. The University of North Carolina Board of Governors Self-Evaluation Survey (Item A-2)

Vice Chair Mitchell called on Norma Houston, System Office chief of staff, to review the University of North Carolina Board of Governors self-evaluation.

MOTION: Resolved, that the Committee on University Governance approve the Board of Governors self-evaluation online survey.

Motion: C. Philip Byers

Motion Carried

3. University of North Carolina School of the Arts Board of Trustees Appointment (Item A-3)

Vice Chair Mitchell called on Mr. Byers to present on a nominee to the UNC School of the Arts Board of Trustees.

Mr. Byers presented Ms. Nia Imani Franklin to be nominated to the UNC School of the Arts Board of Trustees.

MOTION: Resolved, that the Committee on University Governance approve the nomination of Ms. Nia Imani Franklin to the University of North Carolina School of the Arts Board of Trustees to fill a partial term ending June 30, 2025.

Motion: C. Philip Byers

Motion Carried

4. East Carolina University Health Board of Directors Appointment (Item A-4)

Vice Chair Mitchell presented on a candidate to fill a seat on the East Carolina University Health Board of Directors.

MOTION: Resolved, the Committee on University Governance approve the nomination of Mr. Demetrius Carter to fill seat 7 on the East Carolina University Health Board of Directors.

Motion: Michael Williford

Motion carried

5. Fayetteville State University Board of Trustees Appointment (Item A-5.)

Vice Chair Mitchell called on Mr. Williford to present the nominee for the Fayetteville State University Board of Trustees.

MOTION: Resolved, the Committee on University Governance approve the nomination of Joyce Adams to fill a partial term on the Fayetteville State University Board of Trustees.

Motion: Michael Williford

Motion carried

6. Project Kitty Hawk Board of Directors Appointments (Item A-6).

Vice Chair Mitchell presented two nominees for re-appointment and one new appointment to the Project Kitty Hawk Board of Directors.

MOTION: Resolved, the Committee on University Governance approve the re-appointment of Ray Carey and Courtney Crowder, and the appointment of Chancellor Sharon Gaber to the Project Kitty Hawk Board of Directors.

Motion: Joel Ford
Motion carried

7. North Carolina State Education Assistance Authority Board of Directors Appointment (Item A-7.)

Vice Chair Mitchell introduced a nominee to the North Carolina State Education Assistance Authority Board of Directors.

MOTION: Resolved, the Committee on University Governance approve the nomination of Catherine Edmonds to the North Carolina Education Assistance Authority Board of Directors.

Motion: Joel Ford
Motion carried

8. Proposed Revision to Section 300.5.1 of the UNC Policy Manual (Item A-8.)

Vice Chair Mitchell called on Andrew Tripp to introduce a proposed amendment to section 300.5.1 of the UNC Policy Manual.

MOTION: Resolved, the Committee on University Governance approved amendments to section 300.5.1 of the *UNC Policy Manual* to send to the full Board of Governors for a vote at its next meeting.

Motion: David Powers
Motion carried

9. Closed Session

Vice Chair Mitchell called on Mr. Williford for the closed session motion. Mr. Williford moved that the committee go into closed session to prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes; to consult with our attorney to protect attorney-client privilege; Pursuant to G.S. 143-318.11(a)(1) and (3).

Motion: Michael Williford
Motion carried

THE MEETING MOVED INTO CLOSED SESSION AT 10:33 A.M.
(The complete minutes of the closed session are recorded separately.)

THE MEETING RESUMED IN OPEN SESSION AT 10:46 A.M.

10. Adjourn

There being no further business and without objection, the meeting adjourned at 10:47 a.m.

Michael Williford, Secretary

AGENDA ITEM

A-2. The University of North Carolina Board of Governors Self-Evaluation Report Norma Houston

Situation: The Board of Governors should conduct a self-evaluation of its functions as a Board to ensure compliance with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) accreditation Standard 4.2g and Section 200.4 of the UNC Policy Manual, *Assessment Process for the Chief Executive and Governing Boards of the University of North Carolina*.

Background: The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) promulgates standards for accreditation of higher education institutions. Compliance with these standards is evaluated on a decennial basis in the institution's reaffirmation of accreditation review. Among these standards is Standard 4.2g which requires institutional governing boards to demonstrate that they engage in a self-evaluation on a periodic basis. In 2018, SACSCOC clarified that this requirement includes multiple boards where the institution has a multi-level governing structure (e.g., the UNC Board of Governors and institutional boards of trustees). According to the SACSCOC *Resource Manual for the 2018 Principles of Accreditation*, how a governing board determines to conduct its self-evaluation is "best determined by a governing board itself."

The Board already takes several actions to regularly evaluate its work in leading the University. It updated the UNC System's Strategic Plan in 2021 and established goals and performance metrics to assess institutional and Systemwide progress toward the System's key strategic goals. These performance metrics are reviewed by the Board annually. In addition, in accordance with Section 302 E of *The Code, Report of Standing Committees*, each of the Board's standing committees issues an annual written report on their work during the preceding year which is reviewed by the full Board.

Assessment: At the Board's last meeting, the committee and the full Board approved the self-evaluation survey process and survey questions presented by staff. The attached report summarizes the Board's self-evaluation survey process and provides survey results.

Action: This item requires a vote by the committee and a vote by the full Board of Governors.



**THE UNIVERSITY OF
NORTH CAROLINA SYSTEM**

**The University of North Carolina
Board of Governors**

**Self-Evaluation Report
February 2023**

University of North Carolina System Office
Raleigh, North Carolina

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The University of North Carolina Board of Governors 2022-2023

Randall C. Ramsey, Chair

Wendy Floyd Murphy, Vice Chair

Dr. Pearl Burris-Floyd, Secretary

Dr. Lee Barnes

Kellie Hunt Blue

Kirk J. Bradley

C. Phillip Byers

Jimmy D. Clark

Carolyn Coward

Joel Ford

John Fraley

Thomas C. Goolsby

Reginald Ronald Holley

James L. Holmes, Jr.

Mark Holton

Terry Hutchens

J. Alex Mitchell

Anna Spangler Nelson

Sonja Phillips Nichols

Raymond Palma

Art Pope

David Powers

Lee H. Roberts

Temple Sloan

Michael Williford

Executive Summary

In compliance with Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Principles of Accreditation Standard 4.2.g and Section 200.4 of the UNC Policy Manual, *Assessment Process for the Chief Executive and Governing Boards of the University of North Carolina*, the University of North Carolina Board of Governors [the Board] conducted a self-evaluation of its functions as a Board. The self-evaluation was conducted through an online survey comprised of 15 questions approved by the Board and administered from January 19 through February 3, 2023. Of the 25 members of the Board, 16 (64 percent) responded. The survey results were reported to the Board during its meeting on February 22-23, 2023.

The 15 survey questions were broken out into three broad categories: Board Roles and Responsibilities, Board Engagement in Setting Strategic Priorities, and Board Operations. Overall, the responses from members of the Board of Governors were very positive. Across all 15 questions, the mean response score was 4.6, which indicates that on average Board members had largely positive reflections on the various survey items (strongly agree = 5, strongly disagree = 1). Average scores across the individual questions ranged from 3.9 to 4.9.

Four individuals provided voluntary open-ended comments, which are included in full as Appendix I. Overall, the comments indicated that members have a positive assessment of Board functions.

Background

The University of North Carolina Mission and Governance

The University of North Carolina [the University or the System] is a diverse multicampus system of higher education comprised of North Carolina’s 16 public institutions of higher education [constituent institutions] and the North Carolina School of Science and Mathematics. The University also encompasses PBS North Carolina (North Carolina’s statewide public media network), UNC Health, the North Carolina Arboretum, and other associated entities that collectively contribute to the University’s mission and serve the State of North Carolina.

The University’s mission is to “discover, create, transmit, and apply knowledge to address the needs of individuals and society. This mission is accomplished through instruction, which communicates the knowledge and values and imparts the skills necessary for individuals to lead responsible, productive, and personally satisfying lives; through research, scholarship, and creative activities, which advance knowledge and enhance the educational process; and through public service, which contributes to the solution of societal problems and enriches the quality of life in the State. In the fulfillment of this mission, the university shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State. Teaching and learning constitute the primary service that the university renders to society. Teaching, or instruction, is the primary responsibility of each of the constituent institutions. The relative importance of research and public service, which enhance teaching and learning, varies among the constituent institutions, depending on their overall missions.”¹

The University is governed by the University of North Carolina Board of Governors [the Board]. Comprised of 24 voting members and the president of the University of North Carolina Association of Student Governments serving *ex officio*, the Board is the University’s policy-making body charged by state law with responsibility for the “general determination, control, supervision, management and governance of all affairs” of the University including those of its constituent institutions.² The Board is authorized to and indeed has delegated a number of authorities to the president (and through the president, to the chancellors of the constituent institutions) and constituent institution boards of trustees.³

The University’s chief executive and administrative officer is the president. Subject to the direction of the Board and consistent with university policy and applicable state and federal law,

¹ G.S. 116-1(b).

² G.S. 116-11(2).

³ G.S. 116-11(13). For authorities delegated by the Board to constituent institution boards of trustees, see [Section 100.1 of the UNC Policy Manual, The Code, Appendix 1](#). For authorities delegated by the Board to the President, see [UNC Policy Section 200.6](#). In addition to authorities delegated to chancellors of constituent institutions by the Board and the President, chancellors serve as the executive and administrative head of constituent institutions and exercise complete executive authority over their respective institutions subject to the direction of the President. G.S. 116-34.

the president is the “leader of the University” and has complete authority to manage the University’s affairs and execute its policies.⁴

UNC Board of Governors Operations

The Board of Governors maintains [The Code and the UNC Policy Manual](#). *The Code* incorporates the requirements of the Constitution and General Statutes, as well as Board bylaws and other Systemwide policies. The UNC Policy Manual provides more specific direction and policies on university matters

Chapter 100 of the UNC Policy Manual, *The Code*, provides for the operations of the Board. Section 202 of *The Code* outlines the deliberative process of the Board in conducting business. Section 202 C.(5) requires the Board of Governors to operate through a committee structure in which “...all matters...shall be submitted by the Board to the appropriate standing committee for investigation or report.” Chapter III of *The Code* establishes the Board’s six standing committees, defines their jurisdictions, membership, and meeting procedures, and authorizes creating special committees.⁵

The Board reviews its work on annual basis through a yearly committee report process. As required by Section 302 E of *The Code*, each committee produces a written report reviewing its prior year’s work and submits the report to the full Board.⁶ Committee approvals of their annual reports and Board review are included in the Board’s publicly available meeting materials.⁷

In addition to its annual review of committee work, the Board also establishes the System’s long-range strategic plan. In 2021, the Board approved an updated five-year strategic plan, [Higher Expectations, University of North Carolina Strategic Plan for 2022-2027](#), and established goals and performance metrics to assess institutional and Systemwide progress toward the System’s key strategic goals. These performance metrics are reviewed by the Board annually and updated as needed.

UNC Board of Governors Self-Evaluation Process

The Southern Association of Colleges and Schools Commission on Colleges [SACSCOC] promulgates standards for accreditation of higher education institutions. Compliance with these standards is evaluated on a decennial basis in the institution’s reaffirmation of accreditation review. Among these Principles of Accreditation standards is Standard 4.2.g which requires

⁴ G.S. 116-14(a); [The Code, Chapter X, Section 501](#).

⁵ [The Code, Chapter III](#). The standing committees of the Board are: the Committee on Budget and Finance, the Committee on Educational Planning, Policies, and Programs, the Committee on University Personnel, the Committee on University Governance, the Committee on Military and Public Affairs, and the Committee on Audit, Risk Management, and Compliance. The special committees of the Board are: the Committee on Strategic Initiatives, the Committee on Historically Minority-Serving Institutions, and the Subcommittee on Laboratory Schools.

⁶ [The Code, Chapter III, Section 302 E](#).

⁷ Committee annual reports are available in the Board’s [archived meeting materials](#).

institutional governing boards to demonstrate that they engage in a self-evaluation on a periodic basis (“The governing board defines and regularly evaluates its responsibilities and expectations”).⁸ In 2018, SACSCOC clarified that this requirement includes multiple boards where the institution has a multi-level governing structure (e.g., the UNC Board of Governors and constituent institution Boards of Trustees). According to the SACSCOC [Resource Manual for the 2018 Principles of Accreditation: Foundation for Quality Enhancement](#), how a governing board determines to conduct its self-evaluation is “best determined by a governing board itself.”

To initiate the Board’s current self-evaluation process, the Board Chair, in consultation with the president, directed UNC System Office staff to develop a proposed self-evaluation process to recommend to the Board at the Board’s January 2023 meeting. Staff proposed the Board conduct its self-evaluation through an online survey of Board members. The survey would be anonymous to encourage thoughtful and honest responses by Board members. Board members would be sent the survey link following the January 2023 Board meeting and asked to complete the survey by February 3, 2023. Staff would then compile the survey results and report to the Board’s Committee on University Governance with a report from the committee to the full Board at the Board’s February 2023 meeting. Survey responses and the self-evaluation report are a public record under North Carolina law.

Staff prepared an online survey instrument consisting of 15 questions to provide Board members the opportunity evaluate Board functions and operations in three categories: (1) board roles and responsibilities, (2) board engagement in setting strategic priorities, and (3) board operations. In developing the survey questions, staff reviewed the survey utilized during the Board’s previous self-evaluation and the “Questions to Consider” offered for Standard 4.2.g in the SACSCOC [Resource Manual for the Principles of Accreditation](#). Each survey question included five response options ranging from strongly agree to strongly disagree. An open-ended comment option at the end of the survey provided an opportunity for Board members to offer additional comments.

The proposed self-evaluation process and draft survey questions were presented the Board’s Committee on University Governance on January 18, 2023. The committee voted unanimously to recommend to the full Board approval of the self-evaluation process and survey questions. The full Board gave unanimous approval during its meeting on January 19, 2023. The survey link and instructions were emailed to all Board members on January 19, 2023. The survey closed on February 3, 2023. Staff then compiled the survey results, prepared the self-evaluation report, and presented the report to the Board’s Committee on University Governance on February 22, 2023. The committee chair presented the report to the full Board at the Board’s meeting on February 23, 2023. Copies of the self-evaluation report were provided to all Board members a week prior to this meeting and were made available to the public. The report will remain publicly posted in the Board’s [archived meeting materials](#) available on the UNC System Office website.

⁸ See also, [UNC Policy Section 200.4](#).

Self-Evaluation Survey Results

Summary

The results of the Board of Governors self-evaluation are detailed on the following pages organized by each of the three categories of survey questions. The response rate was 64 percent, with 16 of the 25 Board of Governors members completing the survey. For each category of questions, a brief summary of the results is followed by a bar graph of the responses for each survey question. The bar graphs show the number of individual responses to each of the five-point Likert Scale options (strongly agree, somewhat agree, neither agree nor disagree, somewhat agree, strongly agree). A mean response score indicating the average response is provided for each question. The higher the average score, the more positive the response – for instance, if all respondents selected “strongly agree”, the average score would be 5.0. If all respondents selected “strongly disagree”, the average score would be 1.0.

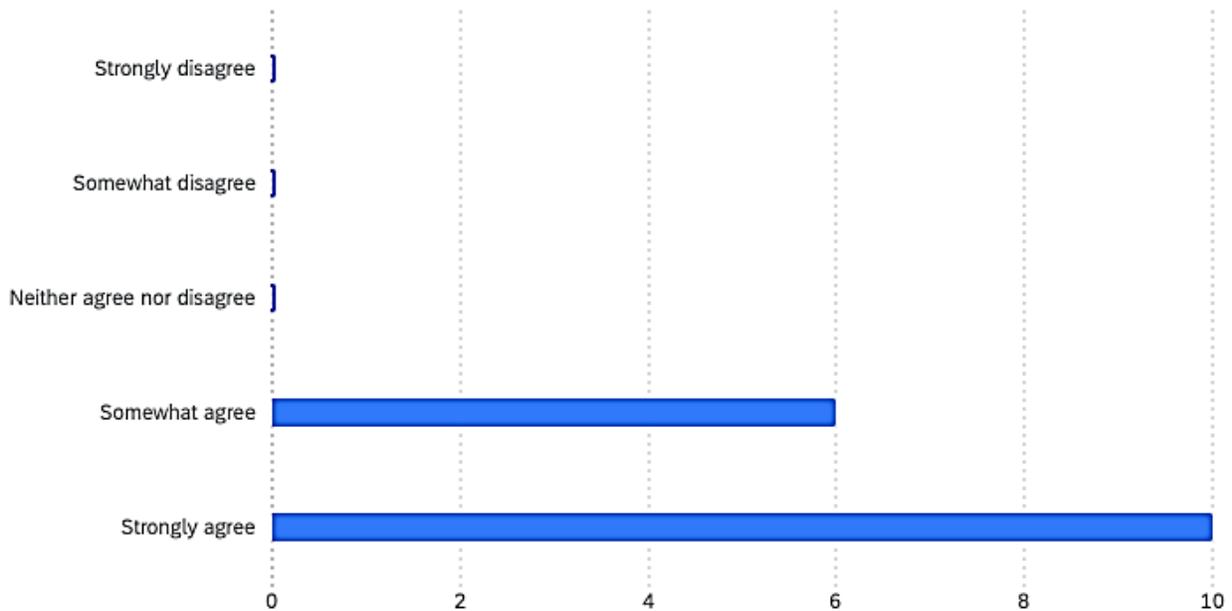
Overall, responses were very positive, with 12 of the 15 questions yielding an average score of 4.5 or higher (halfway between “somewhat agree” and “strongly agree”). Question 15/15 received the highest average score of 4.9, followed by Questions 8/15 and 14/15 which each received an average score of 4.8. Three questions scored lower than the 4.5 average: Question 4/15, with an average score of 4.4; Question 6/15, with an average score of 4.1; and Question 11/15, with an average score of 3.9.

The survey included a voluntary open-ended comment option for board members to include additional observations regarding board functions. Four members provided voluntary open-ended comments, which are included in full as Appendix I. Overall, the comments indicated that members have a positive assessment of Board functions.

Category 1: Board Roles and Responsibilities

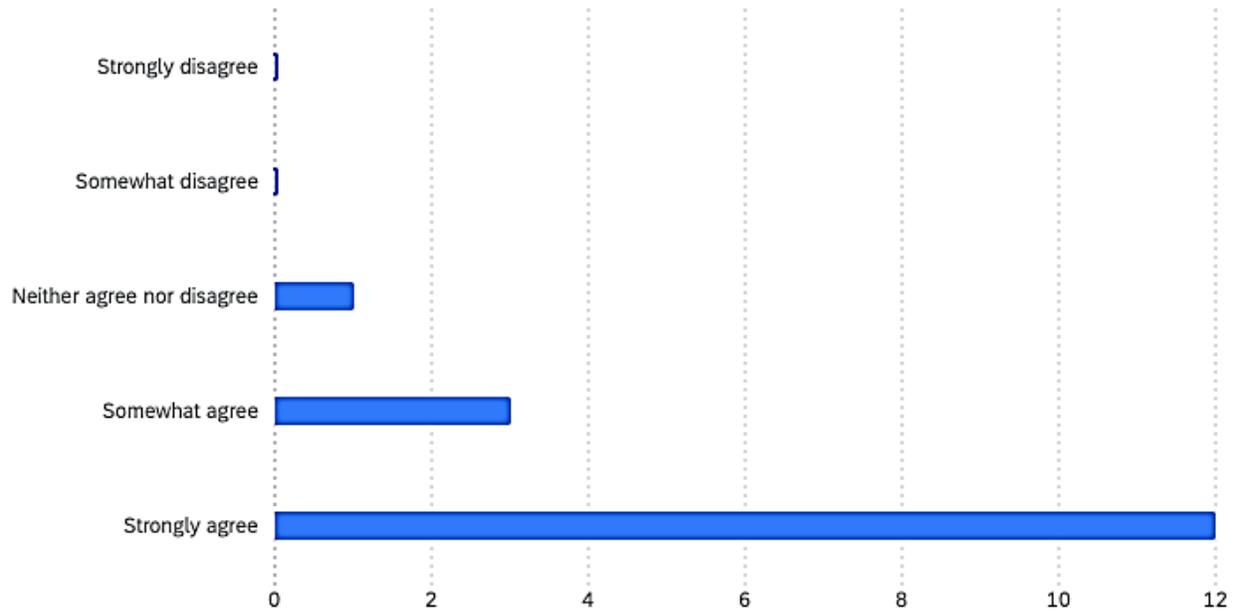
The first category of five questions provided board members with the opportunity to reflect on their understanding of the Board’s roles and responsibilities. Responses to all five questions were very positive, with the average scores ranging from a 4.4 to 4.7. This indicates that Board members believe they have a sound understanding of their roles and responsibilities. Questions 2/15 and 5/15 received the highest average score of 4.7. Question 4/15 was the lowest scoring question with an average of 4.4. Full responses and average scores are provided below for the five questions in this category.

Question 1/15: The Board maintains an appropriate balance between its role to set policy and provide oversight, and the role of the President to manage the University and speak on its behalf as the chief executive and administrative officer.



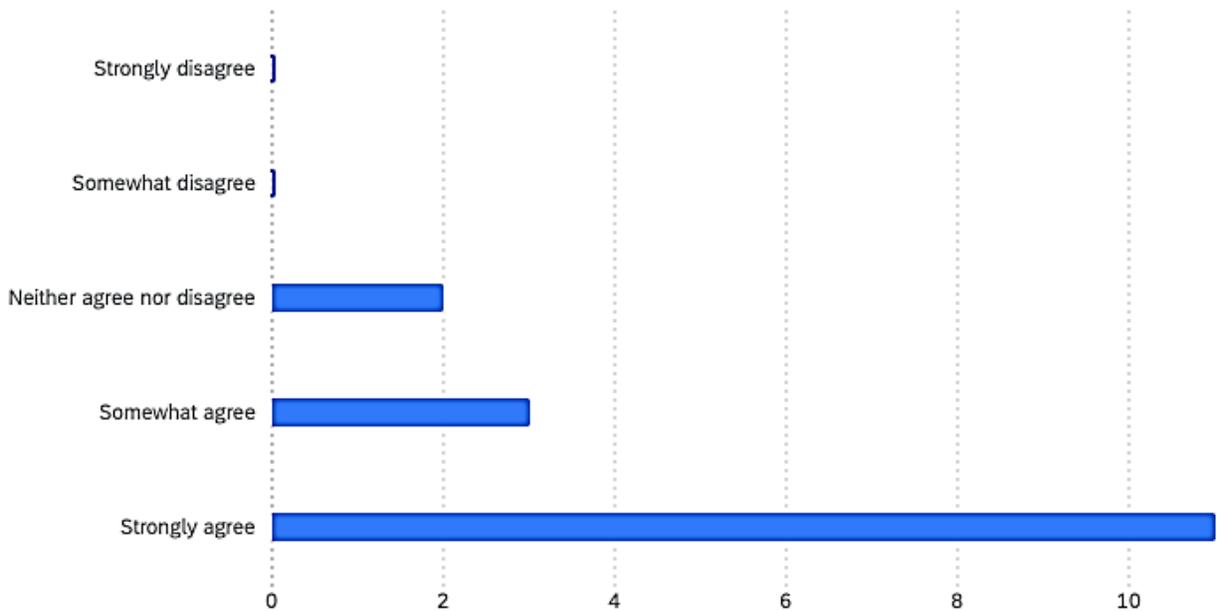
Average Score: 4.6

Question 2/15: The Board maintains an appropriate balance between exercising its legal and policy obligations at the system level and delegating responsibility for certain campus operations to the Boards of Trustees.



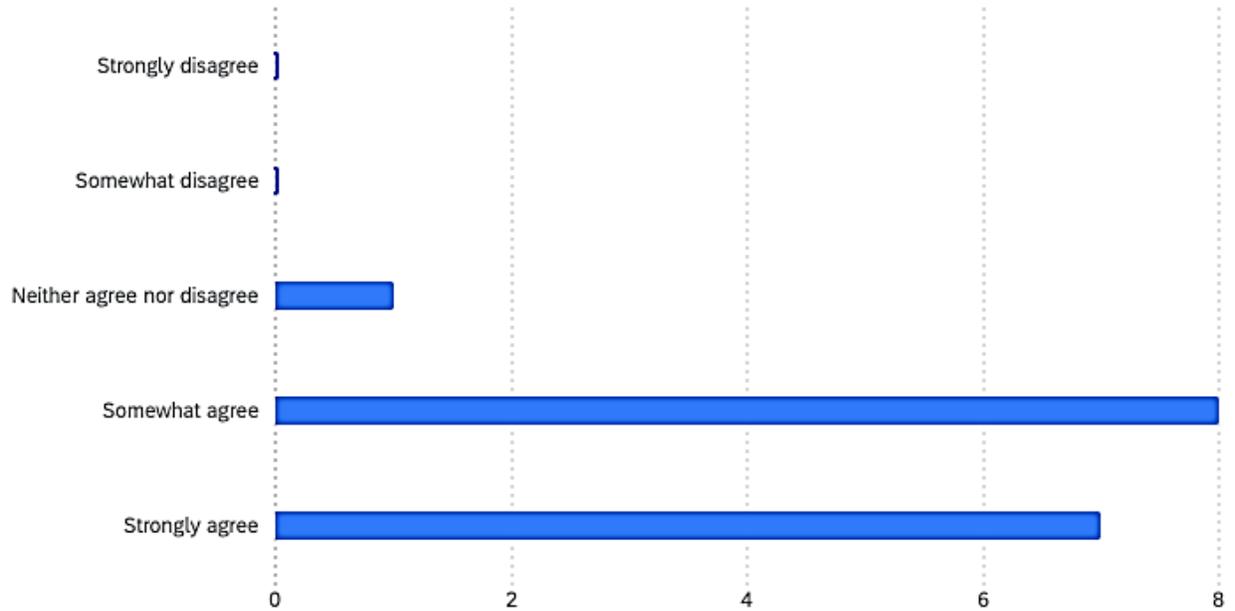
Average Score: 4.7

Question 3/15: The Board maintains an appropriate balance between advocating for the support needed to further the University’s mission, and accountability to all of North Carolina’s citizens.



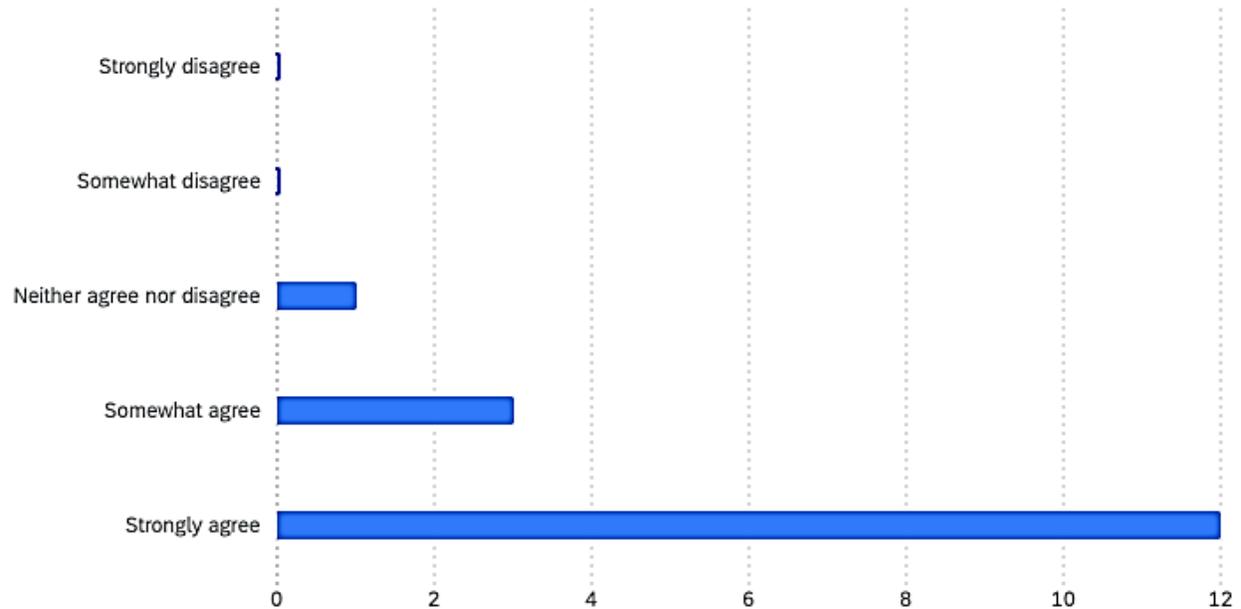
Average Score: 4.6

Question 4/15: The Board maintains an appropriate balance between governing at the system level and addressing the needs of individual campuses.



Average Score: 4.4

Question 5/15: The Board has adequate policies for addressing ethics concerns and conflicts of interest.

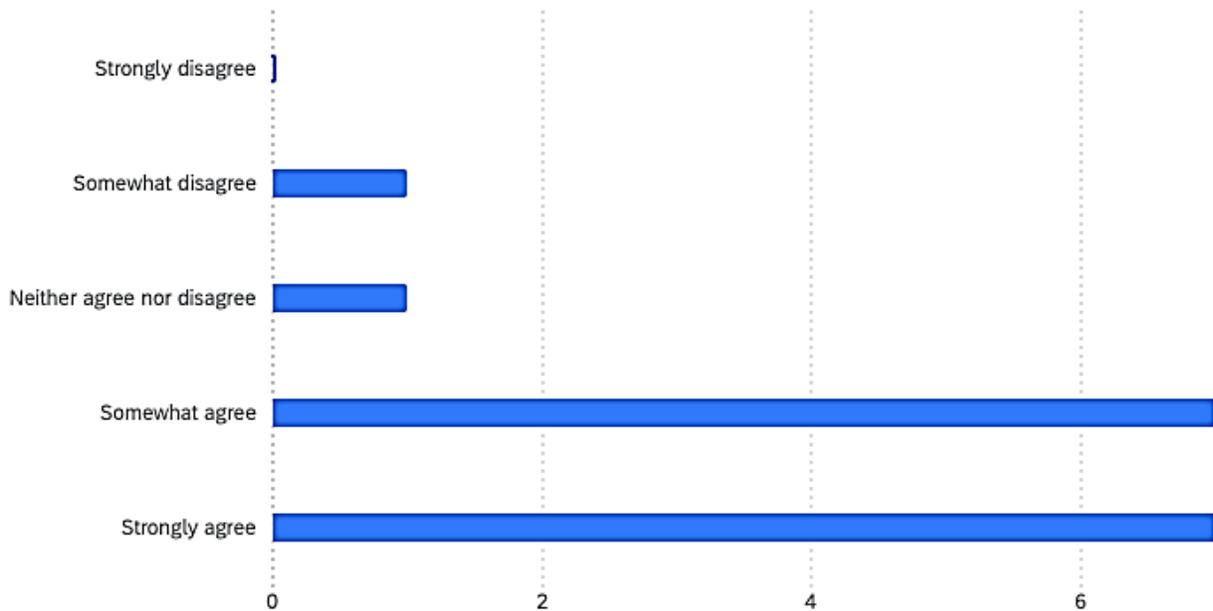


Average Score: 4.7

Category 2: Board Engagement in Setting Strategic Priorities

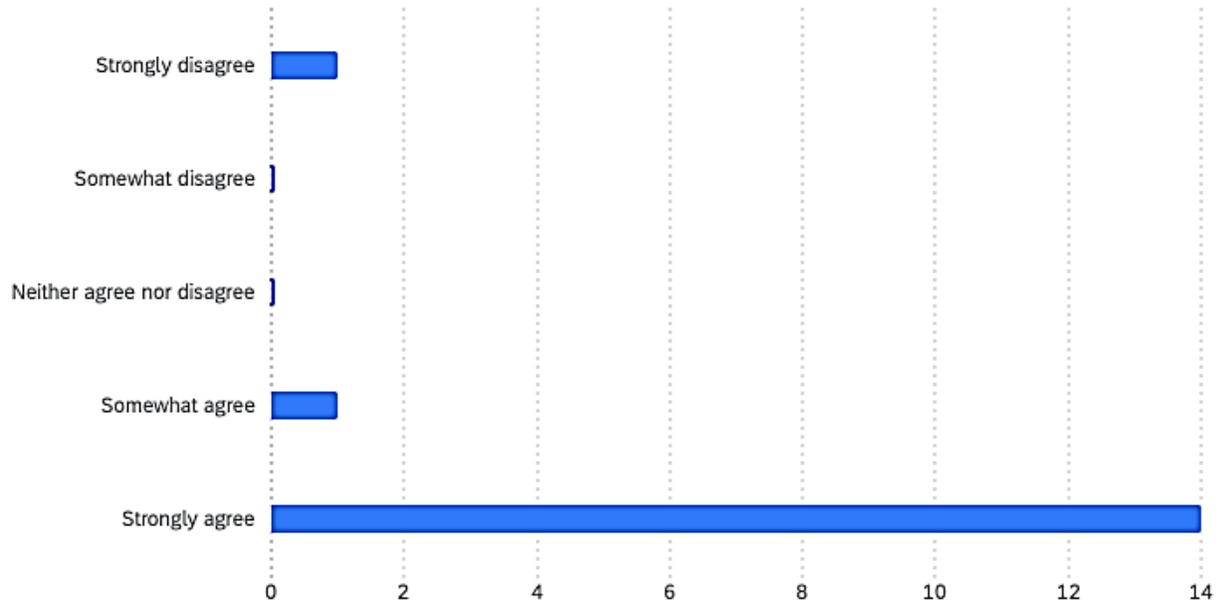
The second category of five questions provided Board members with the opportunity to reflect on the extent to which they feel the Board is engaged in setting strategic priorities for the UNC System. Responses to all five questions were very positive, with the average scores ranging from 4.1 to 4.8. This indicates that members believe the Board is positively engaged in setting strategic priorities for the UNC System. Question 8/15 received the highest average score of 4.8. Question 6/15 was the lowest scoring question with an average of 4.1. Full responses and average scores are provided below for the five questions in this category.

Question 6/15: The Board is informed about trends in higher education and has adequate opportunity to discuss matters of key strategic importance to the University.



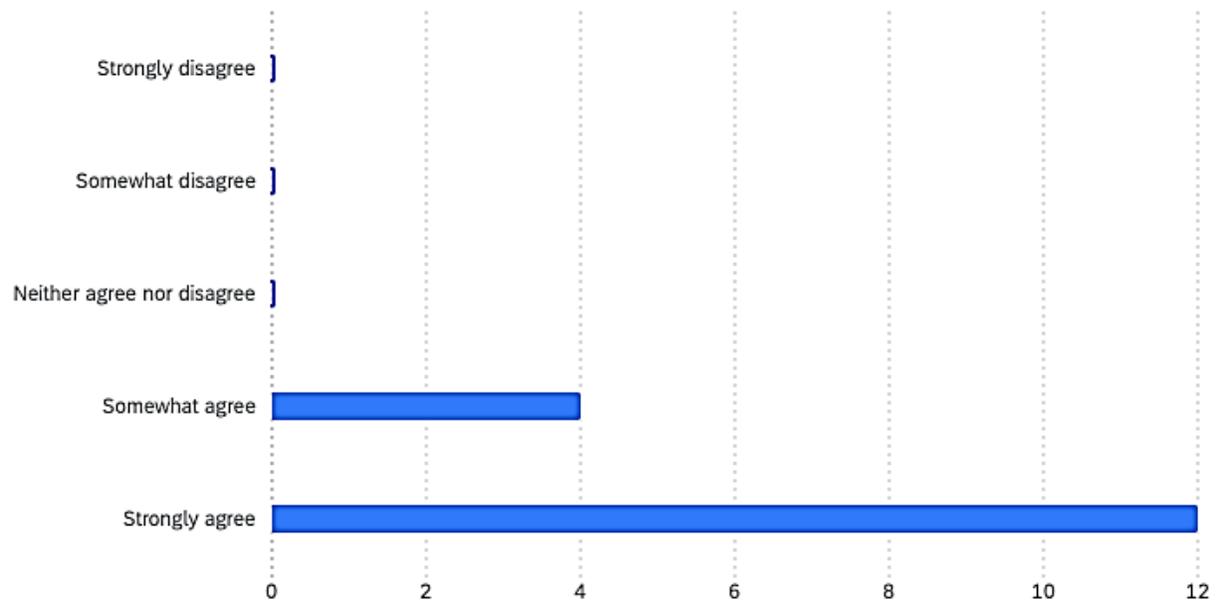
Average Score: 4.1

Question 7/15: The Board reviews, updates, and approves the University’s strategic plan, including goals and performance metrics.



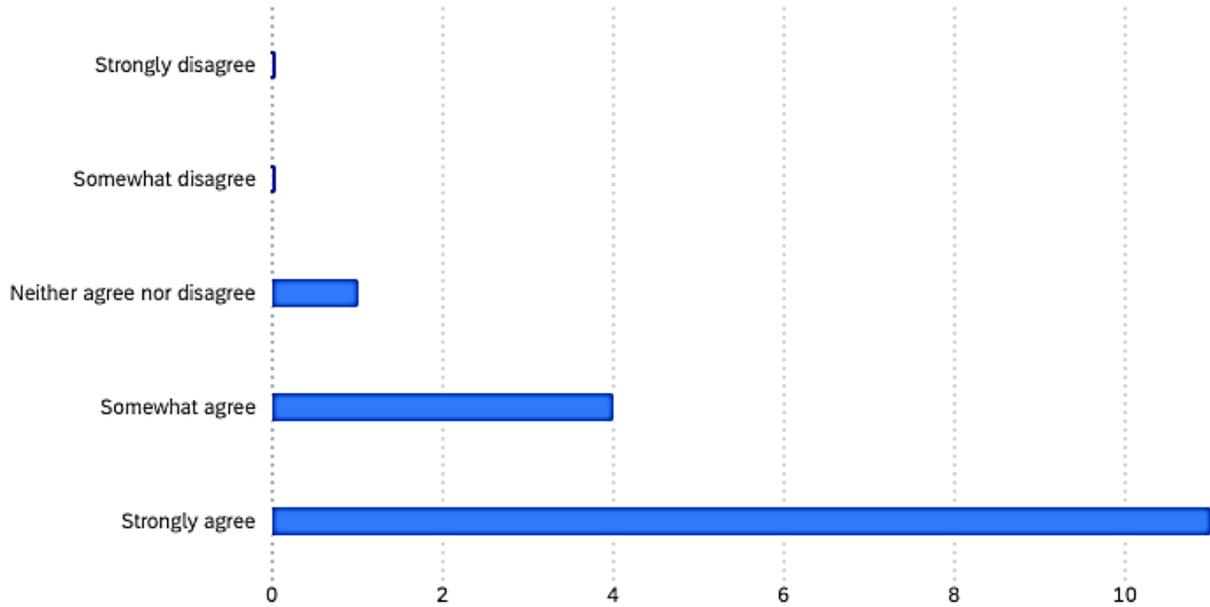
Average Score: 4.7

Question 8/15: The University’s strategic plan, including goals and performance metrics, align with the Board’s priorities in fulfilling the University’s core mission.



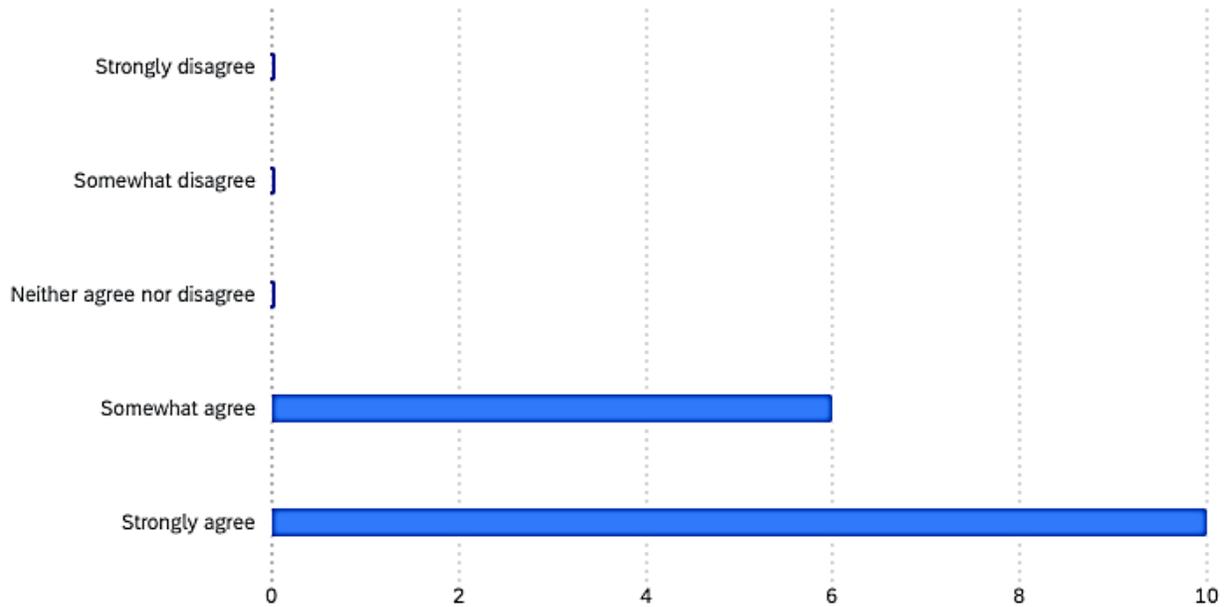
Average Score: 4.8

Question 9/15: The University's strategic plan, including goals and performance metrics, are communicated to the Board, System Office, campus leadership, other stakeholders, and the public.



Average Score: 4.6

Question 10/15: The University's strategic plan, including goals and performance metrics, guide the Board, System Office, campus leadership, and others in their respective work.

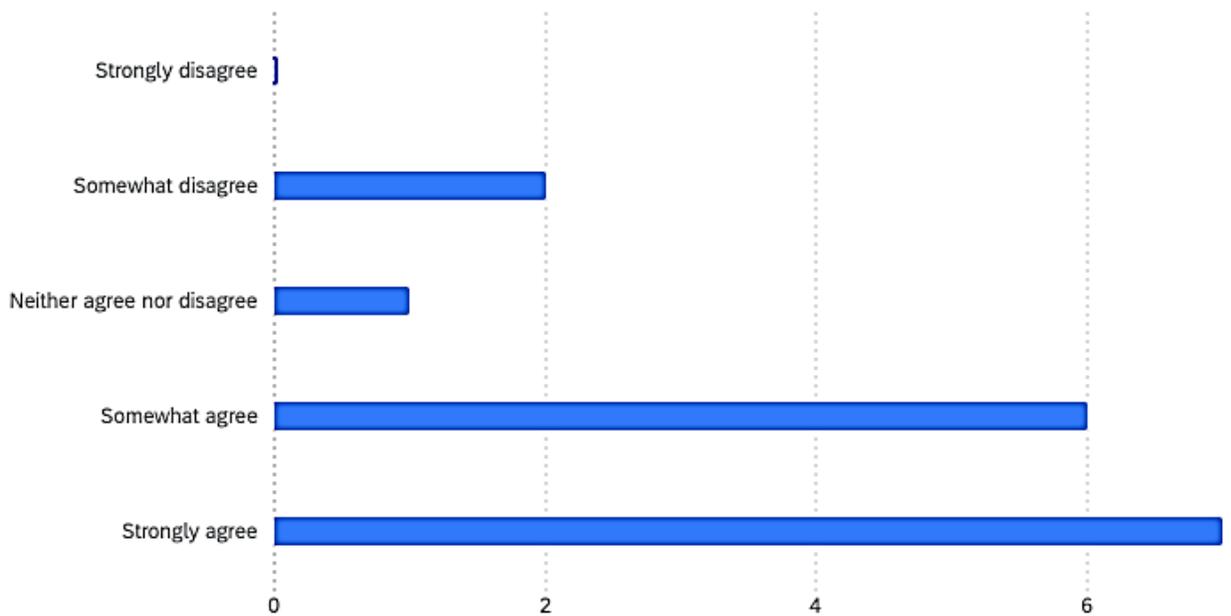


Average Score: 4.6

Category 3: Board Operations

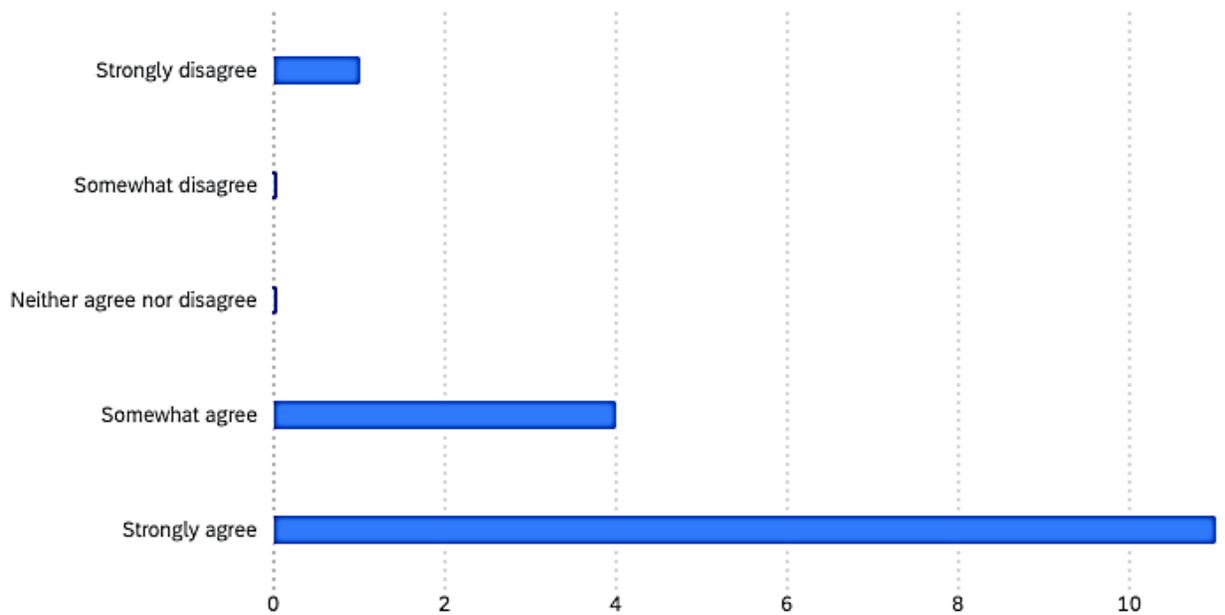
The third category of five questions provided individuals with the opportunity to reflect on their assessment of Board operations. Responses on all five questions were largely positive, with average scores ranging from 3.9 to 4.9. This indicates that members largely believe that the Board is operating in a positive manner. Question 15/15 received the highest average score of 4.9. Question 11/15 was the lowest scoring question with an average of 3.9. Full responses and average scores are provided below for the five questions in this category.

Question 11/15: The Board has adequate procedures for orienting its new members to their duties and responsibilities.



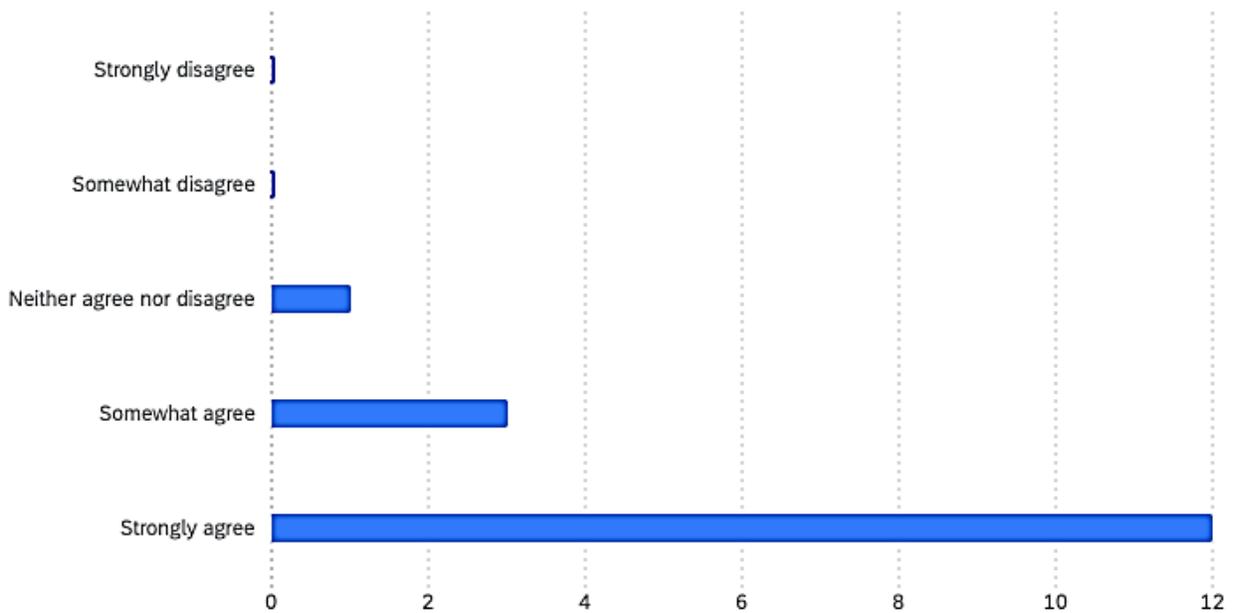
Average Score: 3.9

Question 12/15: The Board’s current committee structure reflects the Board’s major areas of responsibility.



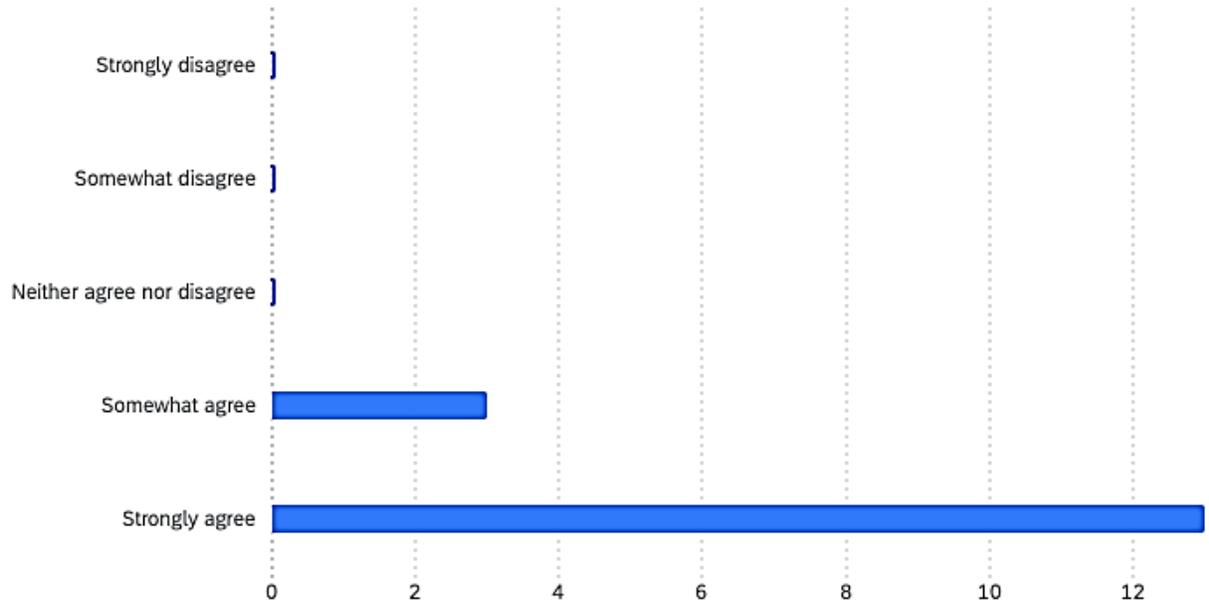
Average Score: 4.5

Question 13/15: Individual Board members have the opportunity to attend and participate in committee and task force meetings and the full Board meeting.



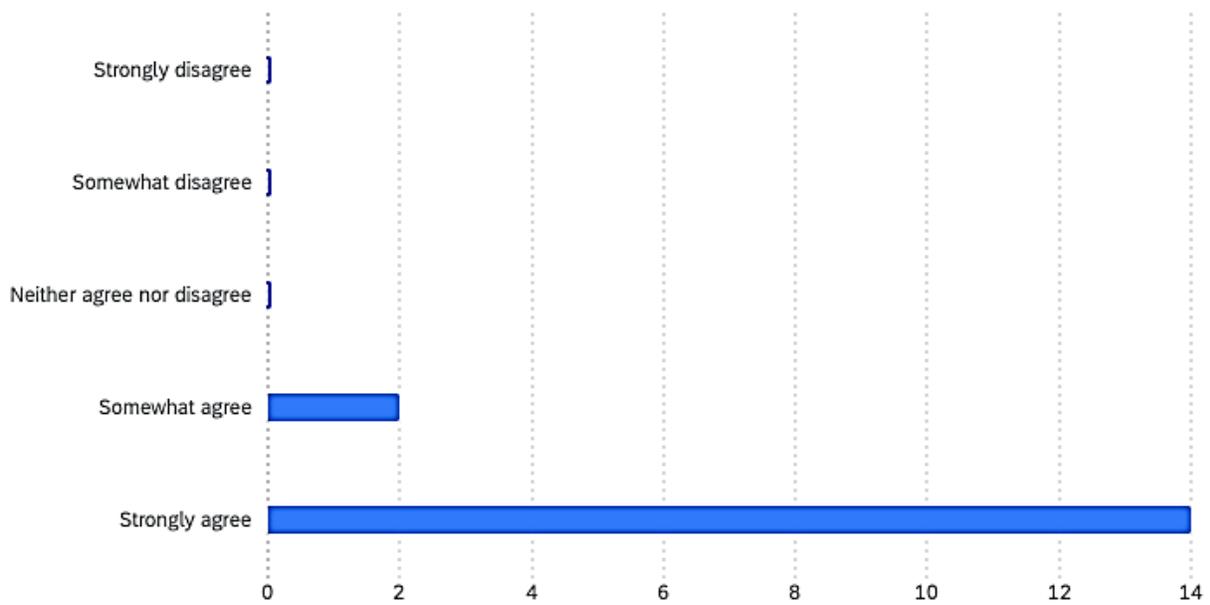
Average Score: 4.7

Question 14/15: Board and committee meeting agendas and supporting materials are communicated to Board members and the public in advance of the meetings.



Average Score: 4.8

Question 15/15: Board members have access to University policies, regulations, and guidelines.



Average Score: 4.9

Appendix I. Self-Evaluation Comments

“The Board of Governors went through a few unstable years due to bad hires and a few less-than-motivated BOG members. Today, the direction and operation have improved by 100 percent. It is a pleasure to work with such a professional group. Leadership is tremendous.”

“As a Governor, I feel that the President, System staff and Board leadership provide me with all the information, access, and engagement to allow me to execute the fiduciary duties of my position.”

“Decisions are made by the Board leadership in advance, with the Committees, and then the full Board, expected to ratify those decision. There is little effort to develop consensus or solicit ideas from the at large members, from the "bottom up." At times, the at large board members have no knowledge of major proposals until the board material is released less than a week before the board meetings, and at times major proposals are released during a committee meeting, the day before voting by the full board.”

“The board has done an exceptional job of focusing on policy and delegating appropriate authorities to Boards of Trustees and helping to educate those trustees as to their responsibilities.”



AGENDA ITEM

A-6. ECU Health Medical Center Amended and Restated Affiliation Agreement Andrew Tripp

Situation: The Joint Operating Agreement (“JOA”) between East Carolina University (“ECU”) and Vidant Medical Center (“VMC”), forming “ECU Health”, requires that the existing 2013 Affiliation Agreement be amended and restated to ensure any conflicting provisions with the JOA are resolved and that this Affiliation Agreement and the JOA are on the same term.

Background: The Affiliation Agreement between the parties continues to provide for the utilization of VMC as the primary teaching hospital of ECU’s Brody School of Medicine (“BSOM”). An affiliation between BSOM and VMC continues to most advantageously utilize their combined facilities, professional staff, and other resources to effect their common concern for excellence in community service, patient care, medical education, and research for the residents of Pitt County, other counties in eastern North Carolina, and the State of North Carolina.

Assessment: The principles of the longstanding affiliation between VMC and BSOM have historically been jointly developed and approved by the parties, including approval by the University of North Carolina Board of Governors.

Action: This item requires a vote by the committee and a vote by the full Board of Governors.

AMENDED AND RESTATED AFFILIATION AGREEMENT

THIS AMENDED AND RESTATED AFFILIATION AGREEMENT (this “**Affiliation Agreement**”) is made and entered into as of the ____ day of _____ 2022 (the “**Effective Date**”), by and between East Carolina University, a constituent institution of the University of North Carolina (“UNC”), on behalf of its operating division, The Brody School of Medicine (“**BSOM**”) and Pitt County Memorial Hospital, Incorporated, f/k/a Vidant Medical Center (“**VMC**”). It is acknowledged that the current assumed name for VMC is ECU Health Medical Center. For ease of reference, historical context and consistency with the language of Joint Operating Agreement, further defined herein, the former assumed name of Pitt County Memorial Hospital, Inc., will be referenced throughout. BSOM and VMC are each referred to as a “party” and, collectively, as the “parties.”

WHEREAS the parties, on December 17, 1975, entered into that original affiliation agreement which expired in December 1995; and

WHEREAS the parties, on October 14, 1994, agreed to amend the original affiliation agreement and renew it with changes effective January 1, 1995; and

WHEREAS the parties, on August 8, 2013, agreed and entered into that certain new Affiliation Agreement, as amended in 2019 by that certain Exhibit A to the Affiliation Agreement dated October 8, 2019 (the “**2013 Affiliation Agreement**”); and

WHEREAS this Affiliation Agreement between the parties continues to provide for the utilization of VMC as the primary teaching hospital of BSOM, and will thereby render unnecessary the construction and operation of a separate State-owned teaching hospital with attendant duplication of facilities and services; and

WHEREAS VMC and BSOM each recognize that VMC benefits from an affiliation with BSOM through the enrichment of its medical education, research, and other related programs and the care of certain of its patients; and BSOM and VMC each recognize that East Carolina University and its BSOM benefit from an affiliation with VMC by having available for their faculty and medical students opportunities for clinical education, research, patient care, and other related activities afforded by VMC, its medical education programs, and facilities; and

WHEREAS the majority of the physicians on VMC’s medical staff consist of physicians who have faculty appointments from BSOM and a majority of all VMC admissions are made by physicians who are faculty members; and

WHEREAS an affiliation between BSOM and VMC continues to most advantageously utilize their combined facilities, professional staff and other resources to effect their common concern for excellence in community service, patient care, medical education and research for the residents of Pitt County, other counties in eastern North Carolina and the State of North Carolina; and

WHEREAS the principles of the longstanding affiliation between VMC and BSOM have in the past been jointly developed and approved by representatives of the Parties, as well as the Board of Governors of the University of North Carolina (“**BOG**”) and the Pitt County Board of Commissioners (“**Pitt County Commissioners**”); and

WHEREAS expanded facilities which, from time to time, may be necessitated by this Affiliation Agreement will permit continuation of the present VMC policy of providing for the hospital health care needs of Pitt County residents while expanding the availability of services to the regions to be served by VMC; and

WHEREAS it is the objective of VMC and BSOM that this Affiliation Agreement be so constructed as to comply with the standards and regulations of the reviewing and accrediting agencies involved; and

WHEREAS the parties to this Affiliation Agreement from time to time have entered or may in the future enter into leases, contracts and/or agreements outside this Affiliation Agreement which are consistent with the spirit of this Affiliation Agreement; and

WHEREAS East Carolina University on behalf of itself and BSOM (“**ECU Parties**”) and University Health Systems of Eastern Carolina, Inc, f/k/a Vidant Health (“**Vidant Health**”), on behalf itself, VMC and its other controlled affiliates (collectively, the “**Vidant Parties**”), entered into that certain Joint Operating Agreement dated January 1, 2022 (the “**JOA**”) with the intent of furthering and enhancing their longstanding affiliation by the formation of “**ECU Health**,” a contractual entity created pursuant to the JOA, as further described and defined in section I of the JOA, for the purpose of codifying and continuing certain Coordinated Operations among the ECU Parties and the Vidant Parties and

WHEREAS section V.J of the JOA requires that the 2013 Affiliation Agreement be amended and restated to ensure any conflicting provisions with the JOA are resolved and that this Affiliation Agreement and the JOA are on the same term; and

WHEREAS any capitalized terms not defined herein shall have the same meaning as given to such capitalized term in the JOA.

NOW, THEREFORE, in consideration of the foregoing recitals which are expressly incorporated herein, the following terms and conditions, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. AREAS OF RESPONSIBILITY

- A. As provided for in section I.C and II of the JOA, the positions of Chief Executive Officer of Vidant Health (the “**CEO**”) and the Dean of BSOM (the “**Dean**”) shall be held by the same individual (the “**CEO/Dean**”), with such duties as specifically described throughout the JOA.
- B. The CEO/Dean shall be charged with the responsibility and authority to ensure that BSOM is operated as a reputable and accredited school of medicine as prescribed

by the laws of the State of North Carolina and the requirements of the Liaison Committee on Medical Education (LCME) of the American Association of Medical Colleges and the American Medical Association. Notwithstanding the foregoing, the BOG shall retain for its facilities all jurisdictional powers incident to separate ownership as set forth in the JOA. The operation of this Affiliation Agreement as it affects BSOM shall be consistent with the policies of the ECU Board of Trustees pursuant to its authority under the laws of North Carolina and the Code of UNC, and policies, regulations, and guidelines adopted by the BOG or the President of UNC pursuant to their authority under the Constitution and laws of the State of North Carolina.

- C. The CEO/Dean shall be similarly charged with the responsibility and authority to ensure VMC remains in compliance with applicable Health Care Laws, accreditation and regulatory standards and requirements for participation in Government Reimbursement Programs. Notwithstanding the foregoing, the VMC Board of Trustees (“**VMC Board**”) shall retain for its facilities all jurisdictional powers incident to separate ownership as set forth in the JOA.

II. RIGHTS AND PRIVILEGES OF PHYSICIANS AND DENTISTS

- A. The rights and privileges of all physicians and dentists on the VMC medical staff shall be maintained consistent with accreditation standards and requirements for VMC and BSOM and may not be withdrawn arbitrarily. The VMC Board shall maintain the authority to appoint the VMC medical staff and delineate privileges after consultation with the VMC medical staff.
- B. The following terminology shall apply when various physician groups are referred to in this Affiliation Agreement:
 - 1. The Medical Staff: All physicians and dentists who have been admitted to VMC medical staff membership according to the VMC medical staff bylaws.
 - 2. Medical School Based Faculty: Members of the BSOM faculty who are employed or contracted by BSOM either full or part-time.
 - 3. Community-Based Faculty: Members of the medical staff who are not employed by BSOM, who practice in the community, and who have appointments to the BSOM faculty.

III. GOVERNANCE

- A. The VMC Board shall provide oversight to VMC so as to meet accreditation standards for VMC and for BSOM’s educational programs.
- B. VMC will be governed by a 20-member Board of Trustees.
 - 1. The Pitt County Commissioners will appoint eleven (11) members (55%) of the VMC Board, at least one of whom shall be a Pitt County physician.

2. The BOG shall appoint nine (9) members (45%) of the VMC Board, subject to the following conditions:
 - i. The nine (9) seats to be filled by the BOG are seat numbers 1, 2, 4, 5, 7, 10, 11, 18 and 20.
 - ii. A Nominating Committee of the current VMC Board shall nominate candidates for the seats.
 - iii. The Nominating Committee shall be composed of four of the BOG's appointees, two of which shall be the ECU *ex officio* members on the VMC Board.
 - iv. Two of the BOG's appointees on the VMC Board shall be the ECU Chancellor *ex officio* (or designee) and the Dean of BSOM, *ex officio*. The ECU Chancellor (or designee) shall fill seat 5 and the Dean shall fill seat 2.
 - v. The ECU Chancellor's designee, if any, shall be an ECU employee serving in a senior leadership position at ECU during the duration of his or her membership on the VMC Board.
 - vi. Two of the BOG's appointees on the VMC Board shall reside outside Pitt County (and shall be different from the ECU *ex officio* members).
 - vii. An application for each nominee is required, with emphasis on key credentials—such as executive leadership in a community hospital; or executive leadership in an entity in the healthcare field.
 - viii. A copy of any completed application shall be circulated to the members of the Nominating Committee prior to a meeting of the Nominating Committee to vote on such applicant.
 - ix. The Nominating Committee shall propose one nominee for each open seat, which shall be presented to the BOG as a slate. The BOG shall vote to accept or reject all or any part of the slate. In the event that the BOG rejects any individuals within the slate, the Nominating Committee shall propose a new slate for any unfilled seat(s).
 - x. The BOG shall make reasonable efforts to reach a decision on the slate by the conclusion of the third regular meeting following the submission of the slate. If the BOG has not reached a decision on the slate by the third regular meeting following the submission of the slate, the nominees on the slate shall be deemed rejected, and the Chairperson of the BOG's Governance Committee shall confer with the Chairperson of the VMC Board about the nominations. Any board members whose terms have ended will hold over until reappointed or a nominee is appointed in their place in accordance with VMC's Articles of Incorporation.
 - xi. In the event of a rejection of any individuals within a slate, the Chairperson of the BOG's Governance Committee shall confer with the Chairperson of the Nominating Committee for the BOG appointees to the VMC Board to discuss the rejection.
 - xii. The CEO/Dean will serve as the VMC liaison to the ECU Board's Health Sciences Committee and will participate in said committee's

meetings, as appropriate, subject to the discretion of the committee chair and the ECU Chancellor.

3. The Pitt County Commissioners will implement similar parameters for its appointments to the VMC Board.
4. Neither the Pitt County Commissioners nor the BOG shall remove any of their members appointed to the VMC Board except for cause.
5. In addition to its duties as set forth in the JOA, the Joint Operating Committee of ECU Health shall review annually the VMC Conflicts of Interest Policy to discuss any issues that may have arisen or which are reasonably foreseen in connection with the ECU Chancellor's (or designee's) or the Dean's service as voting members on the VMC Board, so as to ensure that there are no barriers to their full participation and to enable their continued ability to provide advice and input from the perspectives of ECU and the UNC System on matters relating to the relationship between VMC and ECU. In the event more immediate review is required as matters are brought before the VMC Board from time to time, the Chair of the VMC Board and the VMC President shall be notified and shall promptly meet with the Chancellor and/or the Dean (with VMC and ECU counsel as required) to resolve.

- C. The Executive Committee of the VMC Board shall consist of nine members including the Chairman, Vice Chairman, Secretary, and six members elected by the VMC Board from the at large membership in a manner such that a total of five members of the Executive Committee are members of the VMC Board appointed by the Pitt County Commissioners and a total of four members of the Executive Committee are members of the VMC Board appointed by the BOG.

IV. FINANCIAL RESPONSIBILITY

The Parties agree to and acknowledge that financial integration shall occur as permitted and required under section VI of the JOA. Further, nothing in this paragraph shall prohibit subsequent agreements, subject to the JOA and other applicable legal powers and limitations of VMC and BSOM for the joint employment of personnel and for the pro rata apportionment of salaries thereof or for the pro rata apportionment of other related costs and expenditures.

V. PATIENTS

Each patient admitted to a VMC service shall be available for teaching programs unless the attending physician or dentist, the patient, the guardian, or in the event of patient incapacity, the person authorized to consent to care specifies otherwise.

VI. MEDICAL SCHOOL-BASED FACULTY: APPOINTMENT, RECRUITMENT, PRIVILEGES

- A. Appointment to BSOM faculty shall be the responsibility of BSOM, including the CEO/Dean by virtue of his or her position, subject to the policies and regulations of ECU and of the BOG.
- B. The CEO/Dean shall be responsible for establishing each search committee for a chair of a clinical department at BSOM, which representation may include unrestricted representation from the VMC President or designee and Community-Based Faculty relevant to the department.

VII. CHIEF OF SERVICE

- A. Where applicable, the Chair of a clinical Department in BSOM, or such other person as the CEO/Dean may designate, shall be appointed as the Chief of the corresponding VMC Service. The CEO/Dean may also designate the Chief of Service to be the Service Line Chief for the corresponding clinical Service Line functioning across ECU Health. The CEO/Dean will define a process for the annual evaluation of each Department Chair, Chief of Service and Service Line Chief based on performance criteria developed and in accordance with the ECU Faculty Manual, BSOM Code, laws of North Carolina, the Code of UNC, and other applicable policies, regulations, and guidelines adopted by the BOG or the President of UNC.
- B. Each Chief of Service will be responsible for providing a mechanism for representation from all members of the VMC Service in developing patient care policies for the applicable VMC Service.
- C. Each Service Line Chief shall be responsible for providing a mechanism for representation from all members of the Service Line in developing patient care policies for the applicable ECU Health Service Line

VIII. MEDICAL STUDENT AND GRADUATE MEDICAL EDUCATION PROGRAMS

- A. Medical student educational programs within VMC shall conform to the requirements of the Liaison Committee for Medical Education (LCME). The Chair of an academic clinical department shall be responsible for medical education programs within that department within VMC. Medical student participation in patient care shall be supervised by members of the Medical School-Based Faculty and Community-Based Faculty as agreed to by VMC and BSOM. The medical education programs of BSOM and VMC will assure that the learning environment promotes the development of explicit and appropriate professional attributes in its medical students and residents. BSOM and VMC mutually recognize that the learning environment includes both formal learning activities, and the attitudes, values and informal lessons conveyed by individuals who interact with the medical students and residents. When a medical student is exposed to an infectious, environmental, or other occupational hazard during the course of his/her clinical

experience at VMC, initial evaluation and treatment will be provided by VMC's Occupational Health Office (and Emergency Department for after hours needs), with applicable follow-up care arranged by BSOM. Initial evaluation and treatment costs will be borne by VMC.

- B. VMC and BSOM accept the joint responsibility for developing and administering all residency and other graduate medical education (GME) programs accredited by the Accreditation Council for Graduate Medical Education (ACGME) or other national accrediting agencies, and unaccredited programs as approved by the CEO/Dean. GME programs shall be conducted in accordance with the requirements of the accrediting body and the GME Committee. The Chair of an academic clinical department sponsoring any GME program shall maintain management responsibility for the conduct of these programs unless otherwise directed by the CEO/Dean.
- C. A Graduate Medical Education Committee shall have the responsibility for advising on and monitoring all aspects of residency education. This committee is responsible to the Executive Committee of the Medical Staff of VMC for all medical staff issues related to these trainees. In all other issues, the GME Committee is responsible to the CEO/Dean or his or her designee.
- D. The CEO/Dean shall appoint a BSOM faculty member to be the Director of GME in VMC and the Associate Dean for GME in BSOM. This person shall be the Designated Institutional Official for the ACGME and chair the GME Committee. The CEO/Dean will define a process wherein the VMC President will provide input on the annual evaluation of the Director of GME/Associate Dean for GME based on performance criteria defined in a contractual agreement outlining the work of the Director of GME/Associate Dean for GME. Recognition for outstanding performance or failure to fulfill the performance criteria as specified in the contract will be addressed through specific actions in the contract.

IX. RESEARCH

- A. BSOM and VMC shall encourage the development of research programs to advance medical knowledge, to support the undergraduate and graduate educational programs, and to contribute to the recruiting of an outstanding faculty.
- B. Further, as provided in section V.C of the JOA, BSOM and VMC will commit to advancing a research infrastructure in a manner that aligns with the mission of ECU Health, leverages the capabilities of the ECU Parties and Vidant Parties, maximizes the research value and is financially sustainable.
- C. All proposed research projects shall conform to federal, state, and other governmental regulations, and be approved by the appropriate ECU Health process.

X. EXPANSION OF TEACHING FACILITIES AND SERVICES

The CEO/Dean shall be responsible for developing proposed expansion and/or renovation plans necessary in order to provide adequate facilities and services for academic and clinical functions and shall ensure the collaboration of VMC and BSOM in these plans on behalf of ECU Health.

XI. TERM & TERMINATION

- A. The parties of this Affiliation Agreement acknowledge that the success of the combined program of medical training and patient care can only be achieved through the fulfillment of the purposes and the achievement of the integration as set forth in the JOA. In light of the foregoing, in the event of a conflict between the provisions of the JOA and this Affiliation Agreement, the provisions of the JOA shall control.
- B. The initial term of this Affiliation Agreement shall be a period extending from the Effective Date until January 1, 2032 (the “**Initial Term**”) and shall renew automatically for additional, subsequent periods of ten (10) years each (each, as “**Renewal Term**”), unless earlier terminated in accordance with this Affiliation Agreement or by written notice delivered by December 31st one (1) year prior to the end of the existing Initial Term or Renewal Term.
- C. In the event of termination for any reason or non-renewal of this Affiliation Agreement, the parties agree to cooperate in good faith in the wind-up of the activities that are the subject of this Affiliation Agreement, including but not limited to the wind-up of student clinical education or training insofar as feasible. VMC and BSOM shall conduct the wind-up in a manner minimally disruptive to the parties’ programs and personnel and in compliance with accreditation requirements. In the event of such termination, this Affiliation Agreement shall be extended for two years beyond the Initial Term or any Renewal Term of this Affiliation Agreement or the JOA to allow for an orderly wind-up of the relationship of the parties unless a shorter or longer period is established by mutual consent of the Parties.
- D. This Affiliation Agreement may be terminated in accordance with the following:
 - 1. Prior to the conclusion the Initial Term or any Renewal Term only upon written mutual consent of the Parties; or
 - 2. As permitted under Section X.B.3 through Section X.B.5 in the JOA.

XII. AMENDMENT

It is understood that this Affiliation Agreement may be amended in writing at any time to include such provisions as are agreed upon by the parties and that are otherwise consistent with the JOA. Future provisions in this document required for accreditation purposes by either VMC or BSOM should be addressed by addendum to this Affiliation Agreement or

IN WITNESS WHEREOF, each party has caused a duly authorized representative to execute this Affiliation Agreement to be effective as of the date indicated hereinabove.

BOARD OF TRUSTEES OF EAST
CAROLINA UNIVERSITY

By: _____
Chairman

ATTEST:

Secretary

BOARD OF TRUSTEES OF PITT COUNTY
MEMORIAL HOSPITAL, INC.

By: _____
Chairman

ATTEST:

Secretary

Approved by:

BOARD OF GOVERNORS OF THE
UNIVERSITY OF NORTH CAROLINA

By: _____
Chairman

ATTEST:

Secretary

Approved by:

PITT COUNTY BOARD OF
COMMISSIONERS

By: _____
Chairman

ATTEST:

Secretary