

**President Margaret Spellings' Remarks to the Board of Governors**

**October 10, 2018**

Thank you, Chair Smith.

I am glad to be here with all 17 of our institutions back up and running.

Today, our thoughts and prayers are with those in the path of Hurricane Michael. We are monitoring the storm, and staff at all our institutions are ready for any rain or wind that comes our way.

As I mentioned yesterday, I am grateful for the professionalism and dedication our teams showed during Hurricane Florence and its aftermath. It was a true “all-hands-on-deck” approach across the System and a testament to what we can do when we work together.

Our communities have a long road ahead of them as they work to rebuild. Our institutions have a pivotal role as pillars of our communities, and we have an important role to play in the recovery.

But beyond the hurricane, work continues across the System.

Last week, we launched the We Promise affordability campaign. We Promise is a \$1 million campaign funded by the General Assembly to raise awareness of two bold initiatives to make college more affordable: The NC Promise Tuition Plan and the Fixed Tuition Program.

The Board knows these initiatives well.

The NC Promise Tuition Plan, which took effect this fall, dropped tuition to just \$500 a semester for in-state students at Elizabeth City State University, Western Carolina University, and UNC Pembroke, and we have seen big results through increased enrollments, rising transfer numbers, and more students returning after having left school than ever before.

Enrollments are up 6 percent at Western, 14 percent at UNC Pembroke, 19 percent at ECSU.

Transfer numbers are up between 40 and 60 percent at all three institutions.

And data from UNC Pembroke shows a more than 60 percent increase in the number of students who returned to school after having dropped out.

The Fixed Tuition Program, which began in 2016, ensures that tuition stays the same for North Carolina students at any of our 16 universities for four years of continuous enrollment. It has provided predictability and affordability to our 160,000 in-state undergraduates, and it serves as a great incentive for students to stay continuously enrolled.

## APPENDIX A

We should be proud of these ambitious efforts. They stand out nationally, they put college within reach of more families, and they defy the trend lines of rising college costs. They are a worthy extension of North Carolina's legacy of affordability.

But too many North Carolinians don't know about them. Gallup has done polling, in partnership with the My Future NC Commission, that shows that only 14 percent of North Carolinians know about NC Promise and only 18 percent know about fixed tuition.

This campaign will help change that. Through broadcast, radio, and digital advertisements in all 100 counties, we are educating our citizens on their options for an affordable education, just as students are filling out FAFSAs and investigating options.

We have created a dedicated website - [northcarolina.edu slash we promise](http://northcarolina.edu/slashwepromise) - which serves as a one-stop shop for the campaign, and you can see some of the campaign materials in your packets.

In addition, we will be traveling the state, with stops in Reidsville, Fayetteville, Cullowhee, Elizabeth City, and Pembroke. All of you on the Board should have received invitations to the Reidsville event, and I hope to see you there.

This campaign will help build the college-going culture our state needs, because college must be affordable and within reach for all families if we are to power North Carolina and empower every North Carolinian.

At the end of last week, the My Future NC Commission met in Asheville for one of its final meetings, and we heard from our colleagues in Tennessee, who have made enormous strides in college attainment through their college access programs.

One statistic really stood out to me. 82 percent of Tennesseans know about their state's free community college program. That's an enormous number. And that's how you build a college going culture.

As a \$51 million annual investment, NC Promise is a more ambitious financial commitment than Tennessee's program and a new national model for affordable public college. So, we need the same level of awareness of our options here in North Carolina that they have achieved in Tennessee.

That need for awareness is something that's top of mind as our financial aid study group continues its work this fall, as our We Promise affordability campaign is in full swing, and as the My Future NC Commission wraps up its work.

The commission will finish its work and announce a new statewide educational attainment goal and accompanying recommendations by the end of 2018.

That commission, as you all know, includes leaders from government, business, philanthropy, and the faith community, including Representative John Fraley, Governor Anna Nelson, Chancellors Sheri Everts and Todd Roberts, Superintendent Mark Johnson, President Hope Williams from our independent colleges and universities, and President Peter Hans.

## APPENDIX A

As you heard yesterday from President Hans and Chair Shook, our relationship with the community college system is stronger than ever, and it's paying off. But there's more we can still do, in President Hans' words, to simplify, align, and accelerate our work.

Through vehicles like our student aid study group and the My Future NC Commission, we will be doing just that.

A few other updates for the Board:

First, November will feature a full discussion of our long session agenda, and our institutions are working now to compile their requests and priorities for Board consideration.

One key legislative priority, which the General Assembly has made clear they want to see, is a move in our enrollment funding model from projected to actual credit hours as the basis for funding.

This is a big change, one that will make our model more transparent and predictable. We are working to make sure the transition to this new approach is as seamless as possible.

We're also looking at ways that, as we make this change, we can simultaneously encourage more summer course offerings. As the Board discussed at Monday's Strategic Initiatives Committee, increasing summer courses helps students complete more quickly and more affordably.

There will be plenty of discussion over the coming weeks around our legislative agenda, and I appreciate the Board's hard work as we approach the 2019 long session.

And finally, I have two staffing updates.

First, many of you may have read that UNC-TV Executive Director and General Manager Brian Sickora is departing for the private sector. I'm grateful for his service, and we are in the process of identifying an interim executive director.

Second, I am pleased to announce that Kim van Noort has accepted a position as senior vice president for Academic Affairs and chief academic officer. As you all know, Kim has stepped up over the past months as interim, and I am excited to have her step into that role permanently.

Mr. Chair, that concludes my report.

## Capital Improvement Projects – Appalachian, NC State, UNC-Chapel Hill, and UNC Charlotte

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated capital projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

Four UNC System institutions have requested a total of twelve capital improvement projects: one project for advance planning, eight new projects for authority, and three projects for increased authorization.

#### I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>Appalachian State University</b>					
1.	Track, Tennis, Softball Relocation	\$11,800,000	-	\$1,180,000	Foundation
<i>Appalachian Subtotal</i>		<i>\$11,800,000</i>	<i>\$0</i>	<i>\$1,180,000</i>	

#### II. NEW PROJECTS

<b>Appalachian State University</b>					
2.	Stadium Lot Steam and Condensate Phase 1	\$3,456,115	-	\$3,456,115	Trust Funds
3.	Kidd Brewer Stadium End Zone Facility	\$43,000,000	\$2,588,174	\$40,411,826	Athletics Gifts and Receipts 12%, Dining Receipts 8%, and Debt 80%
<i>Appalachian Subtotal</i>		<i>\$46,456,115</i>	<i>\$2,588,174</i>	<i>\$43,867,941</i>	
<b>North Carolina State University</b>					
4.	Creamery Café and Education Center	\$1,250,000	\$100,000	\$1,150,000	Gifts
5.	Site Enhancement – Avent Ferry Complex Buildings A & B	\$400,000	-	\$400,000	Housing Receipts
6.	Flooring Abatement – Metcalf Residence Hall	\$450,000	-	\$450,000	Housing Receipts
<i>NC State Subtotal</i>		<i>\$2,100,000</i>	<i>\$100,000</i>	<i>\$2,000,000</i>	
<b>University of North Carolina at Chapel Hill</b>					
7.	Burnett Womack Conference Center	\$1,720,000	-	\$1,720,000	Clinical Receipts



## II. NEW PROJECTS (continued)

8.	Tarrson Hall – Medical Gas Alarm System	\$450,000	-	\$450,000	Clinical Receipts
<i>UNC-Chapel Hill Subtotal</i>		<i>\$2,170,000</i>	<i>\$0</i>	<i>\$2,170,000</i>	
<b>University of North Carolina at Charlotte</b>					
9.	Information Technology Infrastructure Upgrades in Rowe, Storrs and Reese	\$3,800,000	-	\$3,800,000	Debt Service Fee (60%), Education and Technology Fee (40%)
<i>UNCC Subtotal</i>		<i>\$3,800,000</i>	<i>\$0</i>	<i>\$3,800,000</i>	

## III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>University of North Carolina at Chapel Hill</b>					
10.	Everett, Lewis & Stacy Window Replacement & HVAC	\$9,243,404	\$5,771,866	\$3,471,538	Housing Receipts
11.	Kenan Stadium – Backflow Preventer and Booster Pumps	\$900,000	\$500,000	\$400,000	Athletic Receipts
12.	Indoor Practice Facility/Fetzer Field Renovation	\$73,663,594	\$67,395,149	\$6,268,445	Foundation
<i>UNC-Chapel Hill Subtotal</i>		<i>\$83,806,998</i>	<i>\$73,667,015</i>	<i>\$10,139,983</i>	
<b>Grand Total</b>		<b>\$150,133,113</b>	<b>\$76,355,189</b>	<b>\$63,157,924</b>	

**RECOMMENDATION**

All projects and associated funding sources are in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that these projects be authorized and reported to the NC Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

## Acquisition of Property by Lease – NC State University

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property depending on the authority delegated to the institution. In this case, NC State has delegated authority to approve and execute leases that are no more than 10 years in length and no more than \$350,000 in annual rent. The proposed lease for this agenda item is for one academic year at an annual rent of \$2,411,784.

The Board of Trustees of NC State University has requested authorization to acquire space for the 2018-19 academic year to meet freshman student housing needs in compliance with campus housing policies requiring all freshmen to live on campus. A private residence hall, immediately adjacent to the campus, has sufficient space available. The proposed lease supports full cost recovery for the campus while providing student housing under campus housing agreements at the same rates students would pay for comparable space located in on-campus housing. This lease would replace an existing short-term bridge agreement, effective through October, executed under NC State's delegated campus leasing authority.

### NC State University Property Acquisition – Lease

LESSOR:	University Towers Operating Partnership, LP, Memphis, Tenn.
LESSEE:	State of North Carolina, NC State University
LOCATION:	111 Friendly Drive, Raleigh, NC
LEASE AMOUNT:	\$2,411,784
DESCRIPTION:	Floors 4, 5, and 6
LEASE TERM:	10 months, August 2018 – May 2019
LEASE EXPIRATION:	May 2019

The lease of this property was approved by the NC State Board of Trustees at its meeting on July 19, 2018.

### RECOMMENDATION

It is recommended that the Board of Governors approve this request.

## Acquisition of Property by Lease and Disposition by Sublease – UNC-Chapel Hill

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property depending on the authority delegated to the institution. UNC-Chapel Hill has delegated authority to approve and execute leases and subleases that are no more than 10 years in length and no more than \$350,000 in annual rent. The proposed lease and sublease transactions involve 10-year terms and annual rent that exceeds \$350,000.

UNC-Chapel Hill is requesting authorization to lease space for the Office of Innovation, Entrepreneurship, and Economic Development in support of a new wet-lab accelerator facility. This space will be built-out and operated in strategic alignment with a third-party life sciences operating company. UNC-Chapel Hill is in the final stages of negotiating with this firm to execute a sublease and a Memorandum of Understanding (MOU) to set the terms for managing the accelerator.

In summary, UNC-Chapel Hill will lease space at terms outlined below, then sublease this same space to the third-party life sciences operating company at terms also outlined below. Under the sublease, the operating company will manage the accelerator including selecting, in concert with UNC-Chapel Hill, companies for residence in the accelerator. The operating company will provide ongoing business consultation to these early-stage companies and expose them to potential commercialization opportunities through partnerships with private capital. In addition, the third-party operating company will provide \$5M to upfit the space.

UNC-Chapel Hill will receive rent recovery from this operating partner based on rental revenue generated by startup companies in the accelerator. Fair market value for occupancy of the space is expected over the term of the sublease. In addition, UNC-Chapel Hill will potentially benefit from the growth of the early-stage companies using UNC-Chapel Hill-licensed intellectual property.

### Property Acquisition - Lease

LESSOR:	Carolina Square, LLC
LESSEE:	State of North Carolina, UNC-Chapel Hill
LOCATION:	123 West Franklin, Chapel Hill, NC
LEASE AMOUNT:	\$1,088,000 (2.5% per year escalation)
DESCRIPTION:	33,000 sf of additional space
LEASE TERM:	10 years, 4 months free rent, no renewal options
LEASE EXPIRATION:	To be determined, depending on closing of final negotiations

The lease of this property was approved by the UNC-Chapel Hill Board of Trustees at its meeting on July 19, 2018.

### Property Disposition - Sublease

SUBLESSOR:	State of North Carolina, UNC-Chapel Hill
SUBLESSEE:	Subtenant currently negotiating under a non-disclosure agreement
LOCATION:	123 West Franklin, Chapel Hill, NC

## APPENDIX D

LEASE AMOUNT: \$1 annually  
DESCRIPTION: 33,000 sf  
LEASE TERM: 10 years, no renewal options  
LEASE EXPIRATION: To be determined, depending on closing of final negotiations

The sublease of this property was approved by the UNC-Chapel Hill Board of Trustees at its meeting on September 27, 2018.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve this request.

## APPENDIX E

Appalachian State University  
Development of Student Commons  
501(c)(3) Tax Exempt Bond Model Term Sheet

October 2018

Appalachian State University (“Appalachian”) is requesting authority to negotiate and enter into a Ground Lease Agreement to facilitate the development of student housing facilities, structured and surface parking, and related infrastructure, as described herein, on substantially the terms set forth in this Term Sheet.

I. Project Overview	
1. Project	<p>An on-campus student housing development consisting of approximately 2,100 beds of student housing, parking, dining, and related infrastructure (“the Project”). The Project will be financed and owned by Beyond Boone, LLC (“Beyond”), which is a non-profit subsidiary of Beyond Owners Group, Inc., a Pennsylvania-based 501(c)(3) non-profit corporation whose purpose is to support other charitable organizations, by, among other things, owning and managing student housing. The Project will be developed in three phases:</p> <p><u>Phase I:</u> Approximately 600 student housing beds, approximately 475 parking spaces in a structured parking garage, approximately 100 surface parking spaces, a convenience-oriented dining facility, and related demolition and infrastructure construction to be available Fall 2020. Concurrent development of approximately 320 beds replacing Winkler Hall.</p> <p><u>Phase II:</u> Approximately 500 student housing beds, approximately 160 surface parking spaces, and related demolition and infrastructure construction to be available Fall 2021</p> <p><u>Phase III:</u> Approximately 680 student housing beds, approximately 185 surface parking spaces, and related demolition and infrastructure construction to be available Fall 2022</p> <p>The number of beds, number and phasing of parking spaces, and square footage may change slightly as project design is finalized.</p>
2. Project Participants	<p>The developer will be RISE Boone, LLC, an affiliated entity of RISE Development, LLC which specializes in the development of higher education facilities and has developed in excess of 50,000 student beds (the “Developer”).</p>

## APPENDIX E

	<p>The Developer’s project team, including designers, contractors, engineers, and consultants, will include the following firms, as represented in its response to Appalachian’s request for proposals:</p> <ul style="list-style-type: none"> <li>- General Contractor: Choate Construction</li> <li>- Design Architect: Niles Bolton Associates</li> <li>- Design Consultant: Jenkins Peer Architects</li> <li>- Civil Engineer: Stanley D. Lindsey and Associates, Ltd.</li> </ul> <p>The ground lessee will be Beyond Boone, LLC (“Beyond”) whose sole member will be Beyond Owner’s Group.</p>
--	---

<b>II. Ground Lease</b>	
3. Ground Lease Agreement	<p>A Ground Lease Agreement will be entered into between Appalachian and Beyond at the financial closing for Phase I. Leased property will include building and parking garage footprints, plus non-exclusive easements for common areas and temporary construction easements (the “Leased Property”). Appalachian and Beyond intend to amend the Ground Lease Agreement at the financial closings for Phase II and Phase III to add sites for the Phase II and Phase III improvements.</p> <p>The Ground Lease Agreement will obligate Beyond to finance the development of the Project, own the Project, and enter into agreements providing for the design, construction, and management of the Project.</p> <p>Concurrent with Phase I of the Project, Appalachian plans to pursue the construction of an approximately 320-bed residence hall to replace the former Winkler Hall (the “Winkler Hall Replacement”) under the Ground Lease Agreement. Beyond will be obligated to construct and initially own the Winkler Hall Replacement. Once constructed, the Winkler Hall Replacement will be acquired by Appalachian, subject to the terms of set forth in the following paragraph.</p> <p>The Ground Lease Agreement will establish terms under which Appalachian will accept and purchase the Winkler Hall Replacement from Beyond following the completion of the Winkler Hall Replacement. After acquisition by Appalachian, the Winkler Hall Replacement will be released from the Ground Lease Agreement and the associated portion of the Leased Property will revert to Appalachian. Collectively, the Project and the Winkler Hall Replacement are referred to as the “Projects.”</p>
4. Financing	<p>100% of Project costs are to be financed with the proceeds of long-term debt issued for the benefit of Beyond.</p> <p>Appalachian shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of Beyond under the bond documents for the Project, including without limitation, the payment of any portion of the principal of, interest on, or redemption premium, if any, of the bonds.</p>

# APPENDIX E

	<p>Appalachian will not guarantee or otherwise be obligated to financially support Beyond's repayment obligations on the bonds.</p> <p>Construction of the Winkler Hall Replacement will be financed by Beyond through a bank loan. Once the Winkler Hall Replacement has been completed and accepted by the State, Appalachian will purchase the Winkler Hall Replacement from Beyond using proceeds of Appalachian's General Revenue Bonds, Series 2016C, which were previously authorized and issued to finance the Winkler Hall Replacement.</p>
5. Ground Lease Term	The Ground Lease Agreement will provide that Appalachian will lease the Leased Property to Beyond to build the Project and own the Project for a term not to exceed 50 years or until the date on which the bonds have been paid in full, whichever comes first.
6. Ownership of Improvements	<p>Beyond will own the improvements comprising the Project for the duration of the Ground Lease Agreement except that the Winkler Hall Replacement will be owned by Beyond until acceptance by the State and purchase by Appalachian.</p> <p>At the expiration or earlier termination of the Ground Lease Agreement, the Leased Property will revert to Appalachian and ownership of the Project will be transferred to Appalachian free and clear of all liens and encumbrances, without any contribution or compensation. At the expiration or termination of the Ground Lease Agreement, the Project must be in good and operable condition, subject to the age and reasonable wear and tear of the buildings.</p>
7. Anticipated Related Project Agreements	Beyond will enter into a development agreement with the Developer regarding the design and construction of the Projects. In addition, Appalachian anticipates entering into a management agreement with Beyond regarding the operation of the Project.
8. Ground Lease Rent to Appalachian	The Ground Lease Agreement will provide that Appalachian will be entitled to be paid rent in an amount equal to the surplus cash flow from the Project, which will equal the amount of project revenue remaining after payment of all expenses, debt service, and reserves related to the Project.
9. Option to Purchase	<p>The Ground Lease Agreement will provide Appalachian or its associated entity the option to purchase the Project and terminate the Ground Lease Agreement at a purchase price equal to the amount necessary to pay off the long-term debt issued for the benefit of Beyond and during a period of time that complies with the requirements of the bond documents.</p> <p>Upon completion of construction and acceptance of the Winkler Hall Replacement by Appalachian, subject to the terms of the Ground Lease Agreement, Appalachian will purchase the Winkler Hall Replacement from Beyond.</p>
10. Advisory Committee Structure and Controls	The Ground Lease Agreement will provide that Appalachian and Beyond will establish an Advisory Committee or similar structure made up of representatives of Beyond and Appalachian, to facilitate information

## APPENDIX E

	exchange and coordination between the parties to support the management, marketing, occupancy, operation, and maintenance of the Project.
11. Operating Budget	The Ground Lease Agreement will provide that Appalachian will develop an annual operating budget for the Project subject to approval by the Advisory Committee. The Advisory Committee may not unreasonably withhold approval of the operating budget if it meets the debt service coverage ratio required in the bond documents.
12. Permitted Use	The Ground Lease Agreement will provide that the Project can be used solely to serve the institutional purposes of Appalachian by accommodating students, faculty and staff of Appalachian and people attending programs presented by Appalachian or another organization on Appalachian's campus.
13. Rental Fees	<p>The Ground Lease Agreement will provide that the student tenants of the Project will be charged fees approved by Appalachian, provided that such fees will not be less than the amount needed for Beyond to pay all operating expenses, reserves, and debt service on the bonds issued for the benefit of Beyond and to comply with the rate covenant under the financing documents.</p> <p>Annual increases in rental fees for years beyond the opening year of each phase of the Project are subject to Appalachian's approval and the requirements of the bond documents; Appalachian's approval will not be unreasonably withheld if the increase is required in order to meet debt service coverage due to operating expense increase.</p>
14. Preliminary Construction Plans and Contracts	Pursuant to the terms of a Pre-Development Agreement between Appalachian and the Developer, the Developer has provided conceptual plans for the Project.
15. University Review of Final Design and Construction Documents	<p>The Ground Lease Agreement will provide that Appalachian will be entitled to approve the final plans and specifications for the construction of the Project and the terms of all related design and construction contracts and change orders thereto.</p> <p>In accordance with the terms of the Ground Lease Agreement, Appalachian and Beyond will agree upon a plan and schedule for the preparation, delivery, review, comment, revision and finalization of design and construction documents to verify compliance with the requirements of related project agreements, applicable laws and permits, and requirements for design and construction of the Projects consistent with the RFP and the Developer's Best and Final Offer (BAFO). The Developer must design, obtain permits and approvals, and construct the Project to the specifications, standards, and quality acceptable to Appalachian and in accordance with all applicable state and local laws, rules, ordinances and requirements.</p>
16. Failure to Deliver Student Housing Facility On Schedule	If the Project is not delivered on time, the Ground Lease Agreement will provide that temporary housing will be arranged for the contracted tenants. Responsibility for making such arrangements and making upfront payments, regardless of ultimate responsibility to pay, will be assigned to the Developer.



## APPENDIX E

17. Appalachian Covenants	Appalachian will be asked to treat the Project as part of its student housing program on an equal basis with its other student housing facilities, including the marketing and promotion of the Project and the provision of services to student residents of the Project in the same manner as its other student housing facilities.
18. Default	The Ground Lease Agreement will contain specific Events of Default. Appalachian will have, as a remedy for certain material Events of Default, the right to terminate the Ground Lease Agreement and take possession and occupancy of the Project. Appalachian's rights upon the occurrence of an Event of Default will be subject to reasonable notice and cure periods, and default provisions will be tailored so that termination of the lease is a last resort option. The Ground Lease Agreement will also provide the bond trustee with step-in rights to cure a default and protect the bondholders' investment in the Project.
19. Mortgaging the Leasehold	The Ground Lease Agreement will permit Beyond to mortgage its leasehold interest in the Project as security for the bonds on terms approved by Appalachian.
20. Mortgages and Other Liens	No liens will encumber the State of North Carolina's fee interest. Beyond may place liens against its leasehold interest solely to secure the initial financing of each phase of the Project and any refinancing of the outstanding principal balance thereof. Any refunding/refinance of such initial debt shall be subject to Appalachian's approval.
21. Mortgagee Rights	The Ground Lease Agreement will contain provisions giving the bond trustee, as mortgagee of Beyond, sufficient mortgagee protection provisions to allow it to cure Beyond's defaults, to assume title to Beyond's leasehold interest through foreclosure or deed in lieu of foreclosure, and to otherwise reasonably protect its interests, provided that in no event shall the Ground Lease be conveyed during or after foreclosure to a party that is not a tax-exempt entity acceptable to Appalachian and which will maintain the tax-exempt nature of all tax-exempt debt.
22. Other Terms	This Term Sheet does not include all terms contemplated to be in the Ground Lease Agreement and related Project Agreements. Other terms shall be incorporated into the Ground Lease Agreement and/or related project agreements, including rights to be retained by Appalachian and terms stated in the RFP, as modified in the documents consistent with the parties' intentions.

<b>III. Related Project Agreements</b>	
1. Development Agreements	<p>A Development Agreement will be entered into by Developer and Beyond at financial closing for Phase I.</p> <p>The Development Agreement will require Appalachian's approval of change orders, construction progress payments, and other material aspects of the Project. The agreement will include Appalachian's participation in</p>

## APPENDIX E

	<p>regular meetings regarding the progress of the Project and addressing any concerns of Appalachian regarding the Project.</p> <p>All agreements and contracts with the Contractors and Architects will be between the Developer and the respective party. This will include a guaranteed maximum price (GMP) contract between the Developer and the Contractor for the construction of the Project.</p>
2. Management Agreement	<p>Appalachian will contract with Beyond to provide certain operating and management services for the Project (the “Management Agreement”), for which services Appalachian will be reimbursed from project revenues as an operating expense to the Project.</p> <p>Appalachian’s operational and management responsibilities are to be defined in the Management Agreement, and are anticipated to include:</p> <ul style="list-style-type: none"> <li>- Residence life (marketing, assignments, billing, collections, and programming)</li> <li>- Security</li> <li>- Custodial services and trash disposal</li> <li>- Facility maintenance</li> <li>- Grounds and landscaping</li> <li>- Information technology management</li> </ul> <p>Asset management of the Project will be a responsibility of Beyond, including:</p> <ul style="list-style-type: none"> <li>- Fulfilling reporting requirements and maintaining compliance with covenants defined in financing documents</li> <li>- Overseeing repairs and capital improvements over the lifecycle of the assets</li> </ul> <p>The payment of operating expenses for the Project will be set out in the Management Agreement.</p>
3. Dining Facility / Convenience Store	<p>The Project is anticipated to include approximately 2,874 square feet of space to be used for a dining facility that will be made available to Appalachian or Appalachian’s food service provider, subject to restrictions associated with tax exempt debt. The dining facility square footage may change slightly as project design is finalized.</p>
4. Parking Garage	<p>The Project will include a parking garage with approximately 475 spaces that will be leased by Beyond to Appalachian under a triple-net lease for a period of ten years (the “Parking Deck Lease”). Appalachian will operate the parking garage as part of its parking system and will retain all revenues and pay all expenses associated with the parking garage’s operation. Appalachian will use revenues from its parking system to pay all amounts due under the Parking Deck Lease. Appalachian’s annual lease payments under the Parking Deck Lease will be treated as Project revenue and pledged to secure repayment of the bonds. The number of parking spaces in the garage may change slightly as the project design is finalized.</p>



## AGENDA ITEM

A-7. Millennial Campus Expansion Request – Appalachian State University ..... Paul Forte

**Situation:** The Board of Trustees of Appalachian State University has requested that the Board of Governors expand the area currently designated as a Millennial Campus to include five additional areas totaling approximately 90 acres, increasing opportunities for public-private partnerships and regional economic development.

**Background:** G.S. 116-198 Article 21B: The Centennial Campus, the Horace Williams Campus, and the Millennial Campuses Financing Act define the process for seeking the Millennial Campus designation. The legislation states that the Board of Governors may act on recommendations by the president of the UNC System after consultation with the chancellor and the board of trustees of a constituent institution to designate real property held by, or to be acquired by, a constituent institution as a Millennial Campus of the institution.

That designation shall be based on an express finding by the Board of Governors that the institution desiring to create a Millennial Campus has the administrative and fiscal capability to create and maintain such a campus. Furthermore, the Board of Governors shall have determined that creating the constituent institution's Millennial Campus will enhance the university's research, teaching, and service missions, as well as the economic development of the region served by the institution.

**Assessment:** The Millennial Campus concept has been widely and successfully used by NC State, UNC-Chapel Hill, N.C. A&T/UNC Greensboro, Appalachian, ECU, UNC Charlotte, UNC Wilmington, and WCU. The proposed additions include the 75-acre Old Watauga High School site, the 2.1-acre Legends site, the Howard Street property at approximately .6 acres, Appalachian Panhellenic Hall at approximately 5.5 acres, and the expansion of the existing University Hall Millennial site at approximately 6.7 acres.

Plans for the Old Watauga High School site include the development of sports and recreation fields, which are being relocated from the stadium area. Long-range plans include the potential development of a hotel and conference center supporting athletic events and seminars. Housing, parking, collaborative academic spaces, and mixed use developments are anticipated, which will advance regional economic development.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

# September 2018 Millennial Campus Presentation

Paul Forte Vice Chancellor Business Affairs

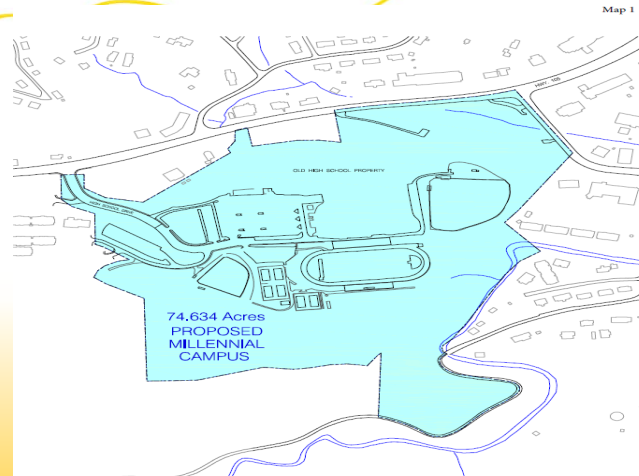
Appalachian  
STATE UNIVERSITY  
Office of Business Affairs

## Millennial Expansions

- The Highway 105 property (Old Watauga High School), consisting of approximately 75 acres.
- The Legends site, consisting of approximately 2.1 acres.
- Howard Street property, consisting of approximately .6 acres.
- Appalachian Panhellenic Hall, consisting of approximately 5.5 acres.
- Expansion of the existing University Hall Millennial site, consisting of approximately 6.7 acres.

Appalachian  
STATE UNIVERSITY

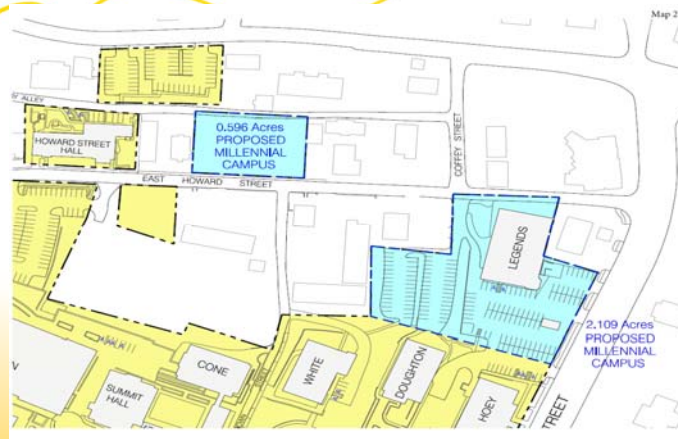
## Highway 105 Property



Appalachian  
STATE UNIVERSITY

3

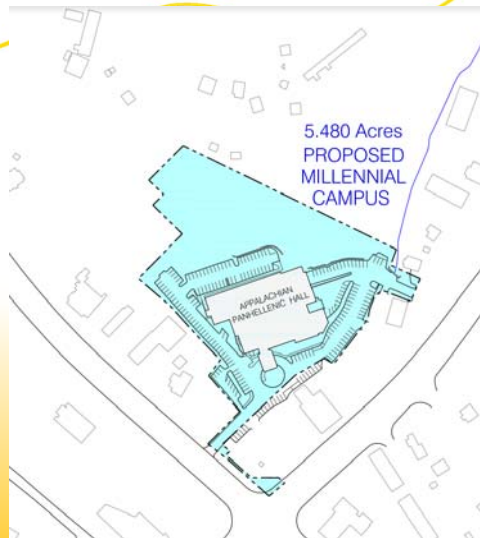
## Legends and Howard Street



Appalachian  
STATE UNIVERSITY

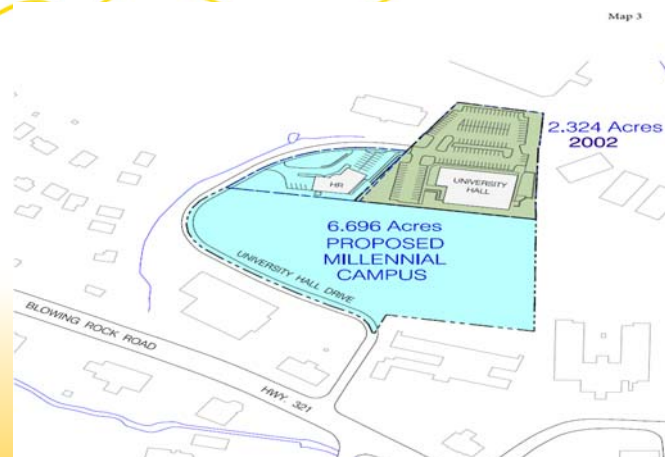
4

## Panhellenic Hall



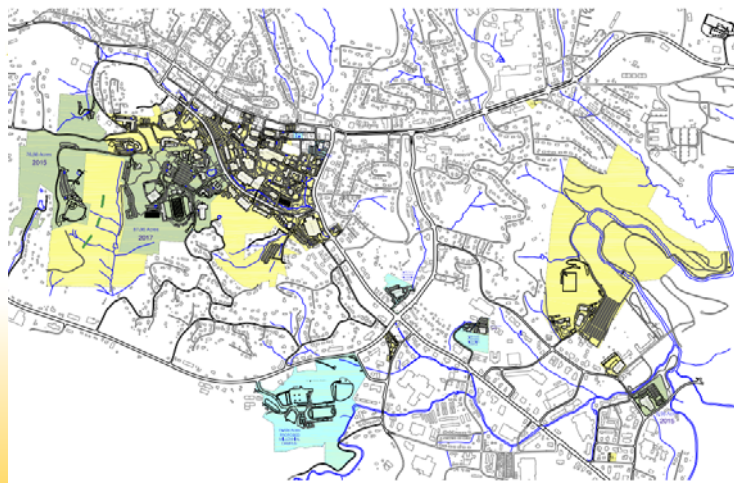
Appalachian  
STATE UNIVERSITY

## University Hall

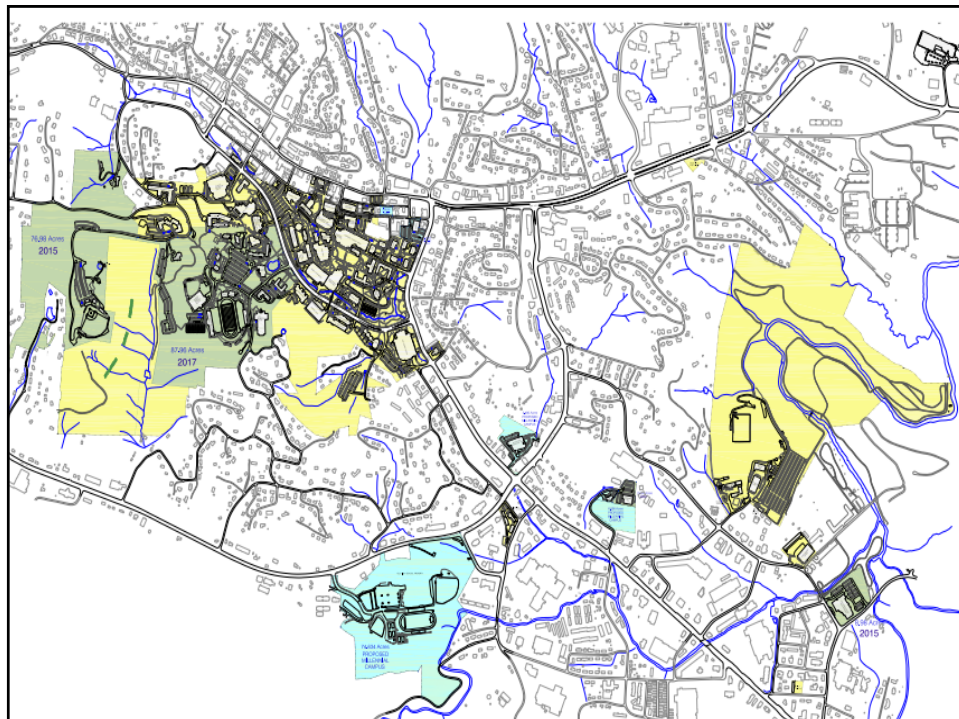


Appalachian  
STATE UNIVERSITY

## Campus Millennial Map



Appalachian  
STATE UNIVERSITY




## Potential Development Opportunities

- 
- Hotel and Conference Center
  - Collaborative Academic Spaces
  - Student Housing Expansions
  - Mixed Use Development
  - Sports and Recreation
  - Parking Facilities
  - Other Economic Development Investments

Appalachian  
STATE UNIVERSITY

9

## Summary

- 
- Successful model at other constituent institutions.
  - Authorized by North Carolina General Statute 116-198 Article 21B.
  - Increases public/private opportunities for housing, conference/meeting space, recreation and athletic facilities, and more.
  - Expansion and revision can enhance Appalachian's institutional teaching, research and service missions.
  - Opportunities to advance regional economic development.

Appalachian  
STATE UNIVERSITY  
MILLENNIAL CAMPUS



# Request for Approval

The Board of Trustees of Appalachian State University respectfully requests that the UNC Board of Governors approve the expansion of its existing Millennial Campus to add to the existing area of the Millennial Campus the following sites:

- The Old Watauga High School Property, consisting of approximately 75 acres
- The Legends site, consisting of approximately 2.1 acres
- Howard Street property, consisting of approximately .6 acres
- Appalachian Panhellenic Hall, consisting of approximately 5.5 acres
- Expansion of the existing University Hall millennial site, consisting of approximately 6.7 acres

Appalachian  
STATE UNIVERSITY



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance  
October 9, 2018

## AGENDA ITEM (DRAFT)

A-8. Authorization of Predevelopment Agreement – NCCU .....Akua Matherson

**Situation:** North Carolina Central University requests that the Board of Governors authorize the university to enter into a predevelopment agreement with Corvias (the Developer) in connection with a project to develop student housing facilities. This project includes the development of approximately 1,275 beds and related infrastructure on three sites on NCCU's campus.

**Background:** The Board of Governors is authorized under G.S. 116-13 to acquire real property in compliance with the provisions of G.S. 143, including the provisions for public private partnership construction contracts authorized under G.S. 143-128.1C.

NCCU conducted a competitive selection process that included a request for qualifications followed by a request for proposals to qualify potential developers and solicit public-private partnership proposals for the development of the project. Based on the results of that process, NCCU determined that, when compared to NCCU's traditional delivery and financing options, a public-private partnership model would deliver additional value and savings to NCCU, reduce the timeframe for project delivery, and reduce the minimum student rental rates necessary to support the project.

To advance the design and development plans for the project, NCCU is requesting the Board's authorization to enter into a predevelopment agreement with Corvias, LLC, the developer selected through NCCU's competitive procurement process.

**Assessment:** Under the terms of the predevelopment agreement, NCCU would not be responsible for any of the developer's advance planning costs through financial close, unless NCCU determines that it is in its best interest to unilaterally terminate the predevelopment agreement without cause. In this case, NCCU may be responsible for the full amount of the developer's advance planning costs through the date of termination in an amount not to exceed \$6,588,869. NCCU would be responsible for its share of such costs only if the project failed to move forward. If owed, such funds will be paid from housing reserves funded from housing receipts. If the project reaches financial close, all predevelopment costs will be paid from the proceeds of the financing to be provided by the nonprofit owner of the project. NCCU will request Board approval of the ground lease.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance  
October 9, 2018

## AGENDA ITEM

A-9. Millennial Campus Designation – NCCU.....Akua Matherson

**Situation:** The Board of Trustees of North Carolina Central University has requested that the Board of Governors approve the designation of just over 32 acres on its campus as a Millennial Campus.

**Background:** G.S. 116-198 Article 21B: The Centennial Campus, the Horace Williams Campus, and the Millennial Campuses Financing Act define the process for seeking the Millennial Campus designation. The legislation states that the Board of Governors may act on recommendations by the president of the UNC System after consultation with the chancellor and the board of trustees of a constituent institution to designate real property held by, or to be acquired by, a constituent institution as a Millennial Campus of the institution.

That designation shall be based on an express finding by the Board of Governors that the institution desiring to create a Millennial Campus has the administrative and fiscal capability to create and maintain such a campus. Furthermore, the Board of Governors shall have determined that creating the constituent institution's Millennial Campus will enhance the university's research, teaching, and service missions, as well as the economic development of the region served by the institution.

**Assessment:** The Millennial Campus concept has been widely and successfully used by NC State, UNC-Chapel Hill, N.C. A&T/UNC Greensboro, Appalachian, ECU, UNC Charlotte, UNC Wilmington, and WCU. The proposed NCCU Millennial Campus designation includes areas for campus housing development including retail/dining and student services (17.6 acres), parking (4.3 acres), recreation and athletics (4.4 acres), and entrepreneurship associated with the new School of Business (5.8 acres).

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## **Approval of Establishment of a For-Profit Associated Entity – UNC-Chapel Hill**

### **ISSUE OVERVIEW**

In September 2006, the Board of Governors approved a request from the Kenan-Flagler School of Business of the UNC-Chapel Hill to establish three associated entities: (1) KFBSF Private Equity Fund I, L.P.; (2) KFBSF Real Estate Fund I, L.P. as for-profit investment funds; and (3) KFBSF, Inc., a North Carolina not-for-profit corporation of which the Kenan-Flagler Business School Foundation, Inc. (Business Foundation) is the sole member and serves as General Partner for the funds. The Board of Governors approved similar requests to establish Private Equity Fund II, L.P. (in 2010), Real Estate Fund II, L.P. (in 2011), Real Estate Fund III, L.P. (in 2014), KFBSF Private Equity Fund III, L.P. (in 2014), and KFBSF Real Estate IV, L.P. (in 2017) without tax-exempt status. These student investment funds are all part of the Business School's educational program, and each fund is about \$2.5 million to \$3.6 million in size.

The limited partner investors are by invitation only, generally have a relationship with the school, and must meet certain eligibility requirements. In addition to the general partner, profits are distributed to the limited partners. There are 29 limited partners in Private Equity Fund I, 38 limited partners in Real Estate Fund II, and 25 limited partners in Real Estate Fund III. Any funds to the General Partner in excess of expenses are transferred to the Business Foundation.

The General Partner is organized and operated to support the Business School and its educational programs. It is managed under the direction of its board of directors, which consists of six directors, four of whom are employees of the university assigned to the Business School and two of whom are elected by the Board of Directors of the Kenan-Flagler Business School Foundation. The General Partner is also an "associated entity" under Board of Governors' rules and has adopted conflict of interest, document retention, and whistleblower policies in accordance with the rules and on behalf of these investment funds.

Kenan-Flagler and UNC-Chapel Hill now request authority to establish an eighth student investment fund – KFBSF Private Equity Fund IV, L.P. – because KFBSF Private Equity Fund III, L.P. is almost fully invested. If future students are to participate in this educational program, additional funds will need to be raised and an additional real estate fund established. Section 600.2.5[R] (specifically Section C.2.) of the UNC Policy Manual requires that associated entities have nonprofit corporate and tax-exempt status unless the Board of Governors approves otherwise.

The primary objective of these limited partnership funds is to give selected students hands-on experience in operating private investment funds. To our knowledge, the KFBSF Private Equity Funds are the only student-managed private equity funds in the U.S. These students work with faculty and friends of Kenan-Flagler to identify and evaluate investment opportunities and to make investment recommendations to the General Partner. Students participate, without pay, as part of an investment management course for academic credit. After an investment is made by the partnerships, the students monitor the investment. Through the identification, evaluation, and monitoring process, students gain insights into the operation and management of private investment funds and their portfolio companies, as well as establish personal and professional relationships with investment managers. A secondary objective is to provide investment returns to the partners who are the investors.

It is recommended that the Board of Governors approve the establishment of KFBSF Private Equity Fund IV, L.P. as a UNC-Chapel Hill associated entity and an educational program at the Kenan-Flagler School of Business without obtaining nonprofit tax-exempt status.

**Request for Authorization to Establish a  
Master of Education in Urban Education  
(MEd, CIP 13.0410) at  
University of North Carolina at Charlotte**

**I. Program Highlights**

---

- The proposed degree program would prepare teachers, administrators, paraprofessionals, and counselors with practical approaches to improve the educational experiences and academic outcomes of diverse populations.
- The proposed degree program would require thirty-three (33) credit hours of core courses consisting of 9 credit hours of instruction in advanced pedagogy, 15 credit hours of instruction in critical issues in urban education, 3 credit hours of instruction in research methods, and 6 credit hours of instruction in authentic application of leadership and reflection. No minors are proposed.
- Twenty full-time students are projected in the first year. Forty full-time students are projected by the fourth year.
- The proposed degree program can be implemented with existing faculty. Based on need, UNC Charlotte's Cato College of Education will provide financial support for an Assistant Professor who will be responsible for teaching select courses within the proposed program within the first four years of the program. The need to hire additional faculty will be revisited at the end of the four years based on staffing needs and program growth.
- No differential tuition or fees are requested.
- The resources of the campus libraries are adequate to support the proposed degree program.
- The facilities are adequate to support the proposed degree program.

**II. BOG Academic Program Planning Criteria (UNC Policy 400.1)**

---

1. **Existing Programs (Number, Location, Mode of Delivery).** There are no institutions in North Carolina offering the MEd in Urban Education.
2. **Relation to Campus Distinctiveness and Mission.** The proposed degree program closely aligns with UNC Charlotte's mission as North Carolina's Urban Research University. The curriculum would strongly support the university's focus on improving urban environments with academic programming, community engagement, and extending the brand of the institution.
3. **Demand (local, regional, state).** In 2017, analytics provided by the Hanover Research consulting firm indicated strong labor market demand for urban school teachers. Steady teacher shortages and high teacher turnover rates have led to a need for more educators in urban schools. The job search website, Indeed.com listed approximately 100 job postings for urban educators available in North Carolina. These jobs ranged from teachers and administrators to a variety of positions at non-profit organizations focused on urban education.
4. **Potential for Unnecessary Duplication.** There are currently no public or private four-year institutions of higher education in North Carolina currently offering the MEd in Urban Education.
5. **Employment Opportunities for Graduates.** Most graduates of urban education programs pursue careers in urban schools as either teachers or education administrators in an urban school district.

According to NC Works, there are consistent and steady job openings for graduates seeking employment as teachers. On average, the 2016 estimated median annual wage for a teacher (although varying by area) was roughly \$40,000, whereas the average annual wage for an education administrator was approximately \$50,000. Recent figures showed about 86 potential candidates looking for work as education administrators in North Carolina, with 95 openings available. The demand for educators and administrators exceeds the supply.

6. **Faculty Quality and Number.** The proposed degree program can be implemented with existing faculty. Based on need, UNC Charlotte's Cato College of Education will provide financial support for an Assistant Professor who will be responsible for teaching select courses within the proposed program within the first four years of the program. The need to hire additional faculty will be revisited at the end of the four years based on staffing needs and program growth.

7. **Availability of Campus Resources (library, space, etc.)**

**Library:** Library holdings are adequate to support the instructional and research needs of the proposed program. Resources for the Cato College of Education include ebooks, journal subscriptions, and electronic databases. Students would have the option of placing a request through the Atkins Interlibrary Loan interface to receive a scanned PDF copy of book chapters and/or journal articles that cannot be retrieved directly through the library's webpage. Requests are generally resolved within 24-48 hours. This service is provided free of charge to currently enrolled students.

**Facilities:** Existing facilities are adequate to support the proposed program. The online courses can be accommodated by the existing information technology and services. Office space is available in the Cato College of Education building for the program director and the program's research assistant and fellows. However, office space at UNC Charlotte Center City Campus will be requested to put the program in closer proximity to the offices of the Urban Education Collaborative.

8. **Relevant Lower-level and Cognate Programs.** No additional subject-matter fields or cognate programs are required to support the proposed degree program.
9. **Impact on Access and Affordability.** No differential tuition or fees are requested. If enrollment increase funds are not available, the proposed program would be offered with current faculty and redistribution of existing funds. This may decrease the growth of the proposed program. Tuition rates for full-time graduate students at UNC Charlotte are as follows:

## Graduate Tuition and Fees (Fall 2018-Spring 2019)

	0 - 2 Credit Hour	3 - 5 Credit Hour	6 - 8 Credit Hour	9+ Credit Hour
Tuition NC Resident	542.25	1,084.25	1,626.50	2,168.50
Tuition Non NC Resident	2,221.50	4,442.75	6,664.25	8,885.50
Ed & Tech Fee	123.50	123.50	197.50	296.00
Safety and Security Fee	6.25	6.25	10.00	15.00
University Fees	455.00	455.00	726.50	1,088.00
49er Card Access Misc. Service Charge	7.50	7.50	7.50	7.50
UNC System Assoc Fee	0.15	0.15	0.25	0.50
Food Service Facilities Misc. Service Charge	10.00	10.00	10.00	10.00
Transportation Misc. Service Charge	77.50	77.50	77.50	77.50
Health Services Fee	81.25	81.25	121.50	121.50
<b>Total Cost –NC Resident</b>	<b>1,303.40</b>	<b>1,845.40</b>	<b>2,777.25</b>	<b>3,784.50</b>
<b>Total Cost – Non NC Resident</b>	<b>2,982.65</b>	<b>5,203.90</b>	<b>7,815.00</b>	<b>10,501.50</b>

**10. Expected Quality.** The program will utilize the following objective outcome metrics: annual enrollment, continued education in a related advanced degree program and/or employment within an urban community working with urban youth, graduate student exit surveys, and outcome measures for each student learning outcome and corresponding assignment/project.

**11. Feasibility of Collaborative Program.** Currently, there are no programs within North Carolina that closely resemble the proposed degree program. This limits the potential for collaboration.

**12. Other Considerations.** None.

### III. Summary of Review Processes

---

**Campus Review Process and Feedback.** The proposal was reviewed by the UNC Charlotte faculty, department and university curriculum committees, provost, and chancellor. Approval was obtained at all levels.

**UNC System Office Review Process and Feedback.** Throughout the review process, UNC Charlotte provided relevant information pertaining to program requirements and resources. The institution submitted appropriate documentation and research to support its statements. External reviewers evaluated the requests and did not request further information.

### IV. Recommendation

---

It is recommended that the Board of Governors approve UNC Charlotte's request to establish a Master of Education in Urban Education degree program (CIP 13.0410) to enroll students starting fall 2019.

**Request for Authorization to Establish a  
Doctor of Philosophy in Business Administration  
(Ph.D., CIP 52.0201) at  
The University of North Carolina at Greensboro**

**I. Program Highlights**

---

- The University of North Carolina at Greensboro's proposed Ph.D. in Business Administration degree program is designed for current master's degree holders seeking a more flexible part-time option to complete the terminal degree. It is expected that many potential students are already teaching in a university setting and are unable to leave their current position to pursue a degree full-time.
- The proposed degree program will be delivered online.
- The proposed degree program would require successful completion of 60 credit hours, including 12 credit hours in research methods, 12 hours in major courses, 15 to 18 hours in field courses, three to six hours in supervised directed research, and 15 to 18 hours for the dissertation.
- Six part-time students are projected in the first year, and 30 part-time students are projected by the fourth year.
- The institution already has a commitment and financial resources to hire three new faculty positions and replace one senior faculty member currently in phased retirement. These new positions, in addition to existing faculty, should be sufficient to support the proposed degree program. The faculty workload may be impacted by additional duties related to chairing and serving on dissertation committees.
- UNC Greensboro is requesting a tuition differential of \$200 per student credit hour. This will support additional administrative costs associated with campus residencies, online resources, and student support. The program fees will provide a stipend to the program director, fund a full-time administrative assistant, and support faculty stipends for required summer course delivery and online course development.
- Facilities are adequate for delivery of the proposed degree program.

**II. Board Academic Program Planning Criteria (UNC Policy 400.1)**

---

1. **Existing Programs (Number, Location, Mode of Delivery).** Institutions in North Carolina with similar programs include: the University of North Carolina at Chapel Hill and the University of North Carolina at Charlotte.
2. **Relation to Campus Distinctiveness and Mission.** The proposed degree program is consistent with the mission of UNC Greensboro to redefine the public research university for the 21<sup>st</sup> century as an inclusive, collaborative, and responsive institution making a difference in the lives of students and the communities it serves. The curriculum is aligned with two of the five primary goals of the Bryan School of Business and Economics' strategic plan to "develop the School through enhanced Quality and Enrollment" and "Ensure that we deliver a High Quality Market Relevant Education."
3. **Demand (local, regional, state).** Projections from the Bureau of Labor Statistics (BLS) indicate that total employment among post-secondary business teachers is expected to grow by 9.4 percent from 2014 to 2024. The subcategories of Junior Colleges and Colleges and Universities are



expected to grow by 9.8 percent and 7.4 percent respectively. BLS research suggests that the terminal degree will provide graduates with a competitive advantage in the job market.

Member institutions of the Association to Advance Collegiate Schools of Business (AACSB) reported that they may add 1,031 positions requiring a Ph.D. in 2016-2017. Furthermore, the institutions expect 2,522 positions requiring a Ph.D. to become vacant through retirements in the next five years. Schools of business continue to experience shortages of Ph.D. faculty.

4. **Potential for Unnecessary Duplication.** Institutions in North Carolina with similar programs include: UNC-Chapel Hill and UNC Charlotte. Given that they have on-campus programs focused predominantly on full-time students, there is little overlap with the proposed degree program.
5. **Employment Opportunities for Graduates.** Data from NCWorks.gov was accessed on March 17, 2017. Research suggests an expected annual increase of 1.1 percent for post-secondary business teachers in North Carolina.
6. **Faculty Quality and Number.** The institution already has a commitment and financial resources to hire three new faculty positions and replace one senior faculty member currently in phased retirement. These new positions, in addition to existing faculty, should be sufficient to support the proposed degree program. The faculty workload may be impacted by additional duties related to chairing and serving on dissertation committees.
7. **Availability of Campus Resources (library, space, etc.)**

**Library Services:** The university libraries at UNC Greensboro adequately support distance and online learning both asynchronously and synchronously for all enrolled students. A dedicated coordinator of Library Services for Distance Learning facilitates the delivery of library services to distance education students. The Distance Education Resources Portal provides distance education students and faculty with access and information through online databases, subscription based streaming videos and music, electronic book, help links, and an online chat service.

UNC Greensboro subscribes to over 37,000 full-text electronic journals. In addition, the libraries have over 331,000 e-books, including electronic book packages from Cambridge University Press and Oxford University Press.

**Facilities:** The Bryan School of Business and Economics maintains a small recording studio for faculty members to record video lectures, capture images from the computer screen, and create and annotate slides. In addition, the Bryan Building has a smart classroom to support live lectures, recorded presentations, and teleconferences. The existing facilities have the capacity to support the proposed degree program. UNC Greensboro Online provides production facilities for video recording, editing, and multimedia productions. The university's Information and Technology Services (ITS) and UNC Greensboro Online have consistently updated and replaced technology in the Bryan Building.

- 8. Relevant Lower-level and Cognate Programs.** The proposed degree program would require entering students to have a master's degree in business. Therefore, this should not impact lower level programs at the institution.
- 9. Impact on Access and Affordability.** UNC Greensboro is requesting a tuition differential of \$200 per student credit hour. This will support additional administrative costs associated with campus residencies, online resources, and student support. The program fees will provide a stipend to the program director, fund a full-time administrative assistant, and support faculty stipends for required summer course delivery and online course development.

Tuition rates for full-time graduate students at UNC Greensboro are as follows:

2018-2019 UNCG Online Graduate Tuition & Fees 			
Credits	In-State	Out-of-State	Outside NC
1	\$305.21	\$977.66	\$561.04
2	\$604.42	\$1,949.32	\$1,116.08
3	\$903.63	\$2,920.98	\$1,671.12
4	\$1,202.84	\$3,892.65	\$2,226.16
5	\$1,502.05	\$4,864.30	\$2,781.20
6	\$1,801.26	\$5,835.96	\$3,336.24
7	\$2,100.47	\$6,807.62	\$3,891.28
8	\$2,399.68	\$7,779.28	\$4,446.32
9	\$2,698.89	\$8,750.94	\$5,001.36
10	\$2,998.10	\$9,722.60	\$5,556.40
11	\$3,297.31	\$10,694.26	\$6,111.44
12	\$3,596.52	\$11,665.92	\$6,666.48
13	\$3,895.73	\$11,665.92	\$7,221.52
14	\$4,194.94	\$13,609.24	\$7,776.56
15	\$4,494.15	\$14,580.90	\$8,331.60

- 10. Expected Quality.** The quality and effectiveness of the proposed degree program will be measured by:
- The number and quality of students applying to the proposed degree program.
  - The number of students successfully completing their doctoral dissertation.
  - Success in placing graduates in the job market.
  - Satisfaction of students with the courses and the proposed degree program.

- e. Satisfaction from employers concerning the skills of Ph.D. students and graduates.

Metrics to evaluate the proposed degree program will include the number of students enrolled, the number of graduates, job placement, and feedback from students, alumni, and employers. In addition, both SACSCOC and the Association to Advance Collegiate Schools of Business (AACSB) requires all accredited members to assess student learning directly against the program learning goals.

- 11. Feasibility of Collaborative Program.** The proposed degree program would administered online to part-time students. Given this format, there are currently no opportunities to collaborate with the two on-campus programs at UNC-Chapel Hill and UNC Charlotte. UNC Greensboro will explore opportunities to use faculty at other institutions to aid in both course delivery and student supervision as appropriate.

- 12. Other Considerations.** None.

### **III. Summary of Review Processes**

---

**Campus Review Process and Feedback.** The proposal was reviewed by the UNC Greensboro faculty, department and university curriculum committees, provost, and chancellor. Approval was obtained at all levels.

**UNC System Office Review Process and Feedback.** Throughout the review process, UNC Greensboro provided relevant information pertaining to program requirements and resources. The institution submitted appropriate documentation and research to support its statements. External reviewers evaluated the requests and did not request further information.

### **IV. Recommendation**

---

It is recommended that the Board of Governors approve UNC Greensboro's request to establish a Doctor of Philosophy in Business Administration degree program (CIP 52.0201) to enroll students starting fall 2019.

**Request for Authorization to Discontinue and Consolidate  
Academic Degree Program**

**Discontinue** University of North Carolina at Charlotte  
Master of Education in Teaching English as a Second Language – (CIP 13.0401)  
and  
**Consolidate into** University of North Carolina at Charlotte  
Master of Education in Curriculum and Instruction – (CIP 13.0301)

The request to discontinue the Master of Education in Teaching English as a Second Language (CIP: 13.1401) and consolidate it into the M.Ed. in Curriculum and Instruction (CIP 13.0301) was motivated by low enrollment. Program faculty have determined that the teaching English as a second language program, which does not address high priority needs, is no longer sustainable. Graduate candidates can enroll in a concentration within the M.Ed. in Curriculum and Instruction.

**Request for Authorization to Discontinue  
Academic Degree Program**

University of North Carolina at Pembroke  
BS in Athletic Training – (CIP 51.0913)

The Commission on Accreditation of Athletic Training Education is requiring that the degree be offered at the master's level. UNCP has been approved to offer the Master of Science in Athletic Training so students interested in the field of athletic training can apply for the MSAT program.

**STAFF REPORT AND RECOMMENDATION FOR EXPANSION OF PROGRAMS  
AT  
CENTRAL MICHIGAN UNIVERSITY**

**Background**

Central Michigan University (CMU), an existing licensee in good standing, seeks to offer (1) a 36 semester hour Master of Science in Administration with a concentration in training and development, and (2) an 18 semester hour graduate certificate in training and development. The school currently offers the MS in Administration with four other concentrations, each with a corresponding graduate certificate in the same concentration. The curriculum for the new concentration is almost entirely made up of courses being taught in these already approved programs, and the Classification of Instructional Programs (CIP) code for the proposed new programs (52.1399) is very similar to the code for one of the existing specialties (52.1001). Because of these similarities and after considering the factors found in the *Regulation on Procedures for Licensure*, staff determined that the addition of the training and development concentration to the currently approved MS in Administration and graduate certificate programs did not require a site visit.

The Board has delegated the President authority to issue short-term licenses to institutions, which are effective until the next regular Board meeting. In this case, the President did so.

**Master of Science in Administration with a concentration in Training and Development and Graduate Certificate in Training and Development**

Staff Recommendation: Approval of Licensure

Program Site: Seymour Johnson AFB

Projected start date: Fall 2018

Projected enrollment: 12 students total for the two programs

Tuition: \$355 per credit hour for military personnel, \$595 per credit hour for non-military students

CMU is a public, regionally accredited institution in Mount Pleasant, Michigan with a total enrollment of 23,335 students. The university was initially approved to offer degree programs in North Carolina in 1996 and currently serves military personnel and civilians at Seymour Johnson Air Force Base near Goldsboro.

The MS in Administration degree is an interdisciplinary program developed to meet the educational needs and interests of administrators in organizations. The 36 credit hour program emphasizes innovative training and personnel development methods and is designed to develop practitioners with the knowledge and skills necessary to lead, support, diagnose problems and implement solutions that enhance organizational performance. Graduates will prepare for leadership positions as human resource professionals, training and development specialists, organizational development consultants, instructional designers, and performance technologists. The 15-18 credit hour graduate certificate program is designed for regularly admitted graduate students who desire advanced training in the field of administration. Credits successfully earned with the certificate program may be used toward the MS in Administration degree.

**Institutional Metrics and Consumer Protection Information**

<b>Metric</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
4-year Graduation Rate		23%	22%
6-year Graduation Rate		59%	57%
Employment Placement Rate	Does not report – not required by accreditor		
Federal Financial Composite Score (3.0 is highest)	Does not report – public university		
Three year cohort default rate	<b>Class of 2012</b>	<b>Class of 2013</b>	<b>Class of 2014</b>
	5.5%	4.4%	4.9%

The State Authorization Unit did not receive any complaints for CMU during the 2017-2018 academic year.

**Recommendation**

License CMU to offer an MS in Administration with a concentration in training and development and a graduate certificate in training and development.

**STAFF REPORT AND RECOMMENDATION  
FOR  
BELLEVUE UNIVERSITY**

**Background**

Bellevue University (Bellevue), located in Bellevue, Nebraska, is a private, non-profit, regionally accredited institution. It seeks to open administrative offices in North Carolina on the campuses of community colleges pursuant to memoranda of understanding with those community colleges. Bellevue employees at the administrative offices will perform recruiting, enrollment, academic advising, and other student service functions. Bellevue intends for the offices to facilitate the transfer of community college students into Bellevue's online bachelor's degree programs, although the offices will also be open to students and prospective students not affiliated with the community colleges. Bellevue has implemented this model in several other states. Staff and a team of examiners conducted a site visit to Bellevue's main campus on August 8, 2018.

**Institutional Metrics and Consumer Protection Information**

<b>Metric</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
4-year Graduation Rate	See below		
6-year Graduation Rate			
Employment Placement Rate	Does not report – not required by accreditor		
Federal Financial Composite Score (3.0 is highest)	3.0	2.9	3.0
Three year cohort default rate	<b>Class of 2012</b>	<b>Class of 2013</b>	<b>Class of 2014</b>
	5.4%	6.1%	7.3%

Bellevue caters to transfer and nontraditional students, and so its cohorts of first-time, full-time, degree seeking students are very small. Therefore, its federally reported graduation rates may not meaningfully represent student outcomes. In its most recently reported data, it had only six students in that cohort. One of the six graduated, and four others transferred out. Other measurements of student outcomes include the school's retention rate, which for the most recent three years was 74%, 55%, and 63% respectively.

Bellevue is undergoing a Federal Student Aid (FSA) program review regarding whether some of its previous online instruction met the federal definition for "substantive interaction," allowing the students undergoing that instruction to have access to federal student loans and grants. The specific methods under review are no longer used by the university. If FSA determines that Bellevue's practices did not meet the definition of "substantive interaction," Bellevue may be required to repay all or part of the federal loans and grants it disbursed to the students who participated in that form of instruction. The program under review was a relatively small pilot program. Bellevue asserts, and based upon information provided by the school, staff concurs, that even an adverse finding by FSA would not present an existential financial problem for the school.

**Recommendation**

License Bellevue University to operate administrative offices in North Carolina.



**STAFF REPORT AND RECOMMENDATION  
FOR  
PLATT COLLEGE**

**Background**

Platt College, located in Tulsa, Oklahoma, seeks authorization to serve as the main campus for the Miller-Motte College campuses in Cary, NC; Fayetteville, NC; Jacksonville, NC; Raleigh, NC; and Wilmington, NC (Miller-Motte NC). The Miller-Motte NC campuses have been purchased by Platt College's parent corporation. The institution will not offer any degree programs or student services directly to Miller-Motte NC campuses and has no plans make academic changes to the NC campuses. Staff and a team of examiners conducted a review and site visit to Platt's main campus on June 11, 2018. The review focused primarily on the institution's organization and financial fitness post-acquisition of Miller-Motte NC. Staff believes that, because of the transaction, the Miller-Motte NC campuses are in a better financial position than before. Moreover, staff does not believe the Miller-Motte NC campuses' students will be harmed because of the transaction.

**Institutional Metrics and Consumer Protection Information**

Platt is a private, for-profit institution, nationally accredited by the Accrediting Commission of Career Schools and Colleges. Platt is owned by STVT-AAI Education, Inc., which in turn is owned by Ancora Intermediate Holdings, LLC, which is owned by Ancora Holdings, LLC (50%) and Ancora Acquisition, LLC (50%), both of which are owned by P Marblegate Ltd and Marblegate Special Opportunities Master Fund, L.P. (Ancora). Ancora acquired portions of Delta Career Education Corporation (Delta), including the Miller-Motte NC campuses, on January 18, 2018.

Ancora/Platt asserted that with respect to the composition of Miller-Motte NC's academic programs, its faculty, its senior leadership, its libraries, and its student services, there would be no substantive changes. Staff's review therefore focused on the financial viability of the institution, its governance, and its proposed student-facing materials such as advertisements and student handbooks. Staff also ensured Miller-Motte NC notified its students of the change in ownership and that records from Miller-Motte College Greenville, which was not part of the transaction and which closed, were transferred to the North Carolina State Archives.

Ancora provided financial statements for the years ending December 31, 2016, 2015, and 2014, and audited reports for the same three years. These reports expressed unqualified opinions that all financial statements presented fairly the institution's financial operations and cash flows. The audit for the year ended December 31, 2017 was not yet complete; however, a financial statement (Balance Sheet Only) and audit were also presented as of January 18, 2018 as part of Ancora's acquisition of Delta. The acquisition brought on a requirement by the Department of Education for Ancora to have a letter of credit for \$20 million. Ancora fulfilled this requirement.

	<b><u>Old Main Campus</u></b>	<b><u>Platt College</u></b>
<b>Financial Composite Score (FY 2016, scale of -1.0 to 3.0)</b>	-1.0	2.4
<b>90/10 Score (&gt; 90% endangers eligibility for FSA)</b>	85.60%	79.41%

**Recommendation**

License Platt College as the main campus for Miller-Motte NC branch campuses.

**STAFF REPORT AND RECOMMENDATION FOR EXPANSION OF PROGRAMS  
AT  
SOUTH COLLEGE**

**Background**

South College is an existing licensee seeking to expand program offerings. South College was founded in 1882 as a branch of Nashville Business College and subsequently was renamed Knoxville Business College. It was purchased by Stephen South in 1989 and organized as South College of Tennessee, Incorporated. A 2012 reorganization created South College of Tennessee, LLC, with Stephen South, President, and a separate corporation to conduct institutional property management business, South Development Corp, Inc. South College was initially accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) in 2000, with its most recent reaffirmation in 2015. The college currently operates programs at its Asheville campus, which was approved in 2016 to merge with the main campus in Knoxville. On October 24, 2014, the Board of Governors approved the designation of the Asheville facility as a branch campus of South College of Tennessee. The last site visit to South College took place in Asheville on July 11, 2017.

**SUMMARY OF PROGRAM SUBMITTED FOR LICENSURE:**

**Associate of Science in Health Science (Pre-Nursing)**

Program site: Asheville

Delivery mode: Hybrid

Projected enrollment: 10-15

Projected tuition: \$5,400 per quarter for eight quarters

The Associate of Science in Health Science (Pre-Nursing) program is designed to be the foundation for advanced programs like the Bachelor of Science in Nursing and BSN to MSN track. Students who do not go on to pursue a bachelor's degree will be qualified for a variety of entry-level positions in the biological, life, or health sciences. The program requires 88 quarter credit hours.

<b>Metric</b>	<b>AY 2014</b>	<b>AY 2015</b>	<b>AY 2016</b>
Student Retention Rate	68%	62%	71.4%
4-year Graduation Rate	49%	51%	62%
6-year Graduation Rate	42%	50%	56%
Employment Placement Rate	92.3%	90%	85%
Federal Financial Composite Score	2	1.6	1.6
Three year cohort default rate	<b>Class of 2012</b>	<b>Class of 2013</b>	<b>Class of 2014</b>
	18.9%	16.6%	16.8%

In its last yearly report and new program application, South College reported an upward trend in the retention and graduation rates over a three-year period, as well as an overall decline of the student loan default rate over the same period. The institution's Federal Financial Composite score, along with a review of its audited financial statements over the past three years and current line of credit, indicates that the institution is financially stable. The State Authorization Unit did not receive any complaints for South

## APPENDIX L

College during the 2016-2017 academic year, but the institution provided an internal student complaint log detailing the nature and the outcome of complaints that were handled at the institutional level.

### **RECOMMENDATION**

License South College to offer the Associate of Science in Health Science (Pre-Nursing) degree program at the Asheville Learning Site.



**RESOLUTION OF THE BOARD OF GOVERNORS OF  
THE UNIVERSITY OF NORTH CAROLINA  
AUTHORIZING SECURITY CLEARANCE**

**WHEREAS**, current Department of Defense Regulations contain a provision making it mandatory that the Chair of the Board and principal officers meet the personnel clearance requirements established for a contractor's facility clearance; and

**WHEREAS**, said Department of Defense Regulations permit the exclusion from the personnel clearance requirements of certain members of the Board of Governors and other officers, provided that this action is recorded in the corporate minutes.

**NOW THEREFORE BE IT DECLARED** that the Chair of the Board, the President of the University of North Carolina, Insider Threat Program Senior Official, and the University's Facility Security Officer and Assistant Facility Security Officer at the present time do possess, or will be processed for, the required security clearance; and

**BE IT RESOLVED** that in the future, when any individual enters upon any duties as Chair of the Board, the President of the University of North Carolina, Insider Threat Program Senior Official, or as the University's Facility Security Officer or Assistant Facility Security Officer, such individual shall immediately make application for the required security clearance; and

**BE IT RESOLVED FURTHER** that the following members of the Board of Governors and other officers shall not require, shall not have, and can be effectively excluded from access to **CLASSIFIED** information in the possession of the corporation and do not occupy positions that would enable them to affect adversely corporate policies or practices in the performance of classified contracts for the Department of Defense or the User Agencies of its Industrial Security Program.

<b>NAME</b>	<b>TITLE</b>
Meredith Beaton Didier	Chief of Staff
Clinton Patrick Carter	Senior Vice President for Finance & Administration and Chief Financial Officer
Kimberly Philpot van Noort	Interim Senior Vice President for Academic Affairs
Vacant	Senior Vice President for External Affairs
Vacant	Senior Vice President and Chief Operating Officer
Thomas Cortland Shanahan	Senior Vice President for Governance, Legal and Risk & General Counsel
Andrew Patrick Kelly	Senior Vice President for Strategy & Policy

# APPENDIX M

NAME	TITLE
Darrell Timberlake Allison	Member
Winston Louis Bisette, Jr.	Member
Kellie Hunt Blue	Member
Robert Preston Bryan III	Member
Pearl Burris-Floyd	Member
Charles Philip Byers	Member
Carolyn Lloyd Coward	Member
Namon Leo Daughtry	Member
Walter Conaway Davenport	Member
Thomas Harrison Fetzer	Member
Thomas Cowart Goolsby	Member
Hiram Frank Grainger	Member
James Leroy Holmes, Jr.	Member
Joe Thomas Knott III	Member
William Marshall Kotis III	Member
Steven Brent Long	Member
Mary Ann Maxwell	Member
John Alexander Mitchell	Member
Wendy Floyd Murphy	Member
Anna Spangler Nelson	Member
Bettylenah Njaramba	Member, <i>ex officio</i>
Roderick Doyle Parrish	Member
David Murphy Powers	Member
Randall Clark Ramsey	Member
Robert Anthony Rucho	Member
Orris Temple Sloan III	Member
William Arthur Webb	Member
William Leighton Williford	Member

The foregoing Resolution was duly adopted by the Board at a regular meeting of the Board on the 10<sup>th</sup> day of October, 2018.

APPENDIX M

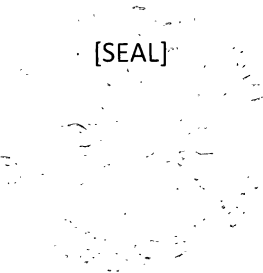
STATE OF NORTH CAROLINA    )  
  )  
COUNTY OF ORANGE            )

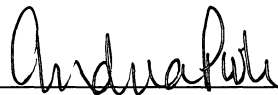
SS:

SECRETARY'S CERTIFICATE  
OF AUTHORIZATION

I, Andrea Poole, Secretary of the University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on October 10, 2018 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina held on October 10, 2018 was sent to each member of the Board, and (3) a quorum was present at the meeting on October 10, 2018 at which time the foregoing Resolution was adopted.

*WITNESS*, my hand and the seal of the University of North Carolina this 10<sup>th</sup> day of October 2018.



  
\_\_\_\_\_  
Andrea Poole, Secretary  
The University of North Carolina



**Committee Charter for the Board of Governors**  
**Committee on Audit, Risk Management, and Compliance**

**I. Background and Authority**

The Committee on Audit, Risk Management, and Compliance (CARMC) is a standing committee of the Board of Governors of the University of North Carolina (the Board) and provides independent oversight of the University's governance, risk management, compliance, and internal control practices. This charter sets out the authority of the committee to carry out the responsibilities established by the Board. In discharging its responsibilities, the committee will have unrestricted access to members of management, employees, and relevant information across the UNC System it considers necessary to discharge its duties. Related authoritative legislation and policies include:

- A. All constituent institutions, affiliated entities, and the University of North Carolina System Office (UNC System Office) are subject to audit by the North Carolina State Auditor under Article 5A of Chapter 147 of the North Carolina General Statutes (G.S.).
- B. Under the authority of G.S. 116-30.1, the Board of Governors may designate a special responsibility constituent institution, by expressly finding that each institution to be so designated has the management staff and internal financial controls that will enable it to administer competently and responsibly all additional management authority and discretion to be delegated to it. The Board, on recommendation of the president, shall adopt rules prescribing management staffing standards and internal financial controls and safeguards.
- C. A special responsibility constituent institution of the University of North Carolina is required by G.S. 116-30.8 to have an annual audit conducted by the North Carolina State Auditor.
- D. The University of North Carolina is required to establish a program of internal auditing pursuant to G.S. 143-746.
- E. Chapter 600 of the UNC Policy Manual establishes financial, reporting, and audit policies, regulations, and guidelines for the University of North Carolina, University-related private foundations, and associated entities.
- F. UNC Policy Manual 1400.2 assigns the responsibility for oversight of the UNC System Office's information security program to the standing committee with audit responsibility.

**II. Purpose**

The purpose of the Committee on Audit, Risk Management, and Compliance (CARMC) is to provide a structured, systematic oversight of the University of North Carolina System's governance, risk management, and internal control practices. The committee will assist the Board in performing its responsibilities and oversight related to:

- A. The integrity of financial statements.
- B. Governance, systems of internal control, values and ethics.
- C. The internal audit function, external auditors, firms, and other providers of assurance.
- D. Compliance with laws and policies.
- E. System-wide enterprise risk management and compliance processes.
- F. Designation of special responsibility constituent institutions.
- G. The required elements of University associated entities.



### III. Organization

The chair of the Board of Governors will select the committee chair, members, and determine the number of voting members. Continuance of committee members and their overall, collective competencies and skills will be reviewed annually. A quorum for the committee will be a majority of the voting members.

The CARMC members:

- A. Must be independent of the UNC System or associated entity management and free of any relationship that would impair the members' independence.
- B. May not receive consulting, advisory, or other fees from any of the constituent institutions, affiliated entities, associated entities, the UNC System Office, or outside contractors hired to perform special engagements.
- C. Should collectively possess sufficient knowledge of audit, finance, higher education, information technology, law, governance, risk, and control in order to respond to regulatory, economic, reporting, and other emerging developments and needs.
- D. Should adhere to the UNC System's code of conduct and values and ethics established by the UNC System. It is the responsibility of the committee members to disclose any conflict of interest or appearance of conflict of interest to the CARMC chair.
- E. Are obligated to prepare for and participate in committee meetings.

### IV. Meetings

The committee shall meet no fewer than four times a year. The committee will invite representatives of the constituent institutions, external and internal auditors, representatives of the Office of the State Auditor, legal counsel, and others to attend the meetings and provide pertinent information as required and requested. The committee will communicate its information requirements, including the nature, extent, and timing of information. The committee expects all communication with UNC management and staff as well as external assurance providers to be direct, open, and complete.

The committee chair will collaborate with senior management and the chief audit officer to establish a work plan that ensures the responsibilities of CARMC are properly scheduled and carried out. Meeting agendas and related materials will be prepared and provided in advance to members. Minutes will be prepared in accordance with applicable requirements.

### V. Duties and Responsibilities

It is the responsibility of CARMC to provide the Board with independent, objective advice on the adequacy of the University's governance processes, values and ethics, risk management, prevention and detection of fraud, compliance monitoring, and internal control practices. The committee will also review observations and conclusions of the internal auditor, external auditor, firms, or other regulatory agencies. The committee will regularly report to the Board a summary of the committee's significant activities and recommendations.

The following shall be the principal oversight duties and responsibilities of this committee:

- A. External Audit
  - 1. Receive an annual overview from the State Auditor or a designated representative regarding the annual audits (financial and compliance) of the constituent institutions. Review the results of the UNC System Office's independent audit, including any difficulties encountered and reportable issues.
  - 2. Review other significant audit-related communications from the Office of the State Auditor or other external audit groups or firms. Meet separately with the external auditors or firms to discuss sensitive and any other matters that the committee or auditor believes should be discussed privately.
  - 3. Review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

4. Be available to meet during the year with external auditors (the State Auditor, engaged CPA firm, or audit staff) for consultation purposes or to discuss the auditor's judgment about the quality, not just the acceptability, of any accounting principles and underlying estimates in the preparation of a financial statement and other matters required to be communicated to the committee under generally accepted auditing standards.
5. Request, as needed, that the State Auditor rotate the audit manager or that the engaged CPA firm rotate the partner assigned to a constituent institution, affiliated entity, or the UNC System Office financial statement audit.
6. Provide a direct channel of communication to the full Board of Governors for the State Auditor and the results of external audits and reviews.
7. In matters where the Board of Governors or the president authorize or request an external audit or other independent review, CARMC will receive and review the resulting reports.

#### B. Internal Audit

1. Review and approve an annual summary of the internal audit plans submitted by each constituent institution and the UNC System Office.
2. Review an annual summary of the internal audit activities overseen by the audit committee of each constituent institution's boards of trustees. This report will incorporate a summary of audits, reviews, investigations, or special assignments completed by the internal audit department of each constituent institution and the UNC System Office and will note material reportable conditions and the status of their resolution.
3. Serve as the audit committee for the UNC System Office's internal audit function. In this oversight capacity, the committee will:
  - a. Review and approve the Internal Audit Charter, ensuring it accurately reflects internal audit's purpose, authority, and responsibility.
  - b. Review and approve the annual risk-based internal audit plan and all significant changes to the plan. If necessary, provide input and make recommendations concerning the planned audit projects and the resources necessary to achieve the plan.
  - c. Confirm that internal audit coordinates with external auditors, firms, and regulators to provide optimal audit coverage, reduce duplication of work, and use audit resources effectively.
  - d. Review internal audit reports to management and periodic summaries of external and internal audit activities, including internal audit's performance relative to its annual plan.
  - e. Consider the scope and results of the internal audit activity and evaluate the adequacy of internal audit resources to ensure there are no budgetary or scope limitations that impede internal audit from executing its responsibilities. If necessary, review and approve proposals to outsource internal audit activities.
  - f. Review the organizational structure of the internal audit function to assure its independence and that no unjustified restrictions or limitations are placed upon the internal audit function.
  - g. Review reports on significant findings and recommendations, along with management's responses. Review and resolve any significant disagreement between management, external auditors, firms, or internal audit over audit related matters.
  - h. Review reports regarding the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.
  - i. Meet privately with the chief audit officer, as deemed necessary, to discuss sensitive or other matters that the committee or auditor believes should be discussed privately.
  - j. Monitor the effectiveness of the internal audit function, including adherence to The Institute of Internal Auditors' mandatory guidance, which includes the core principles for the profession, definition of internal auditing, code of ethics, and the *International Standards for the Professional Practice of Internal Auditing*. Ensure the chief audit officer complies with all reporting requirements of the NC Office of Internal Audit and UNC policies related to the internal audit function.

- k. Monitor to ensure the internal audit function has a quality assurance and improvement program and that the results of these periodic assessments are presented to the committee.
- l. Monitor to ensure the internal audit function has an independent external quality assurance review every five years. Review the results of this external quality assurance review and monitor the implementation of internal audit's action plans to address any recommendations. Advise the Board about any recommendations for continuous improvement of the internal audit function.
- m. Provide a direct channel of communication to the full Board of Governors regarding relevant internal audit activities. Report committee activities and forward with recommendations to the full Board significant management initiatives resulting from internal/external audit activities.
- n. In matters where the Board of Governors or the president authorize or request an internal audit or other independent review, CARMC will receive and review the resulting reports.

C. Enterprise Risk Management and Compliance

- 1. Support the efforts, establishment of, and collaboration among the risk management, ethics, and compliance programs at the constituent institutions, including recommending to the Board University-wide policies regarding internal audit, enterprise risk management, and compliance.
- 2. Monitor through regular reports from the UNC System Office's general counsel and senior officers the system-wide risk management and compliance processes.

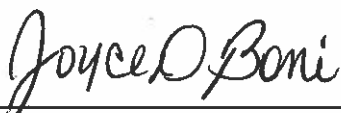
D. Other Responsibilities

- 1. Monitor the internal control and audit finding resolution requirements for special responsibility constituent institutions.
- 2. Review a summary of the annual financial audit reports of the University's major associated entities.
- 3. Review the required elements of a University-associated entity relationship.
- 4. Participate, when necessary, in training sessions related to system-wide internal controls, enterprise risk management and compliance, and internal/external audit issues.
- 5. Oversee the UNC System Office's information security program, including but not limited to: obtaining confirmation from the chief audit officer that the annual audit planning and risk assessment process addresses information security; periodically including emerging information security matters on the committee's meeting agenda; and receiving a report, at least annually, from the senior officer responsible for information security regarding the UNC System Office's information security program and information technology security controls.
- 6. Review the results from auditors, firms, or regulatory agencies and/or information from management. This includes recommendations and planned actions in order to assess the adequacy and effectiveness of the organization's internal control systems in response to risks as well as updates on information technology security processes and controls and the systems for monitoring compliance with laws and policies.
- 7. Receive briefings from management or internal audit regarding any significant complaints, internal control deficiencies, noncompliance, fraud, abuse, or misuse of State property in order to oversee the University's mechanisms for receiving, resolving, and retaining records of complaints regarding accounting, internal control, and operating matters.
- 8. Oversee management's procedures for the prevention and detection of fraud to ensure appropriate antifraud programs and controls are in place to identify potential fraud and to take appropriate action if fraud is detected.
- 9. Consult with the UNC System Office's general counsel to review any legal matters that may have a significant impact on a financial statement, overall financial performance, enterprise risk management, or compliance with applicable state, local, or federal laws and regulations. Review and provide advice on systems, practices, policies and standards of ethical conduct. Identify and manage any legal or ethical violations.
- 10. Take other actions, as necessary, to ensure that risk exposures are identified and properly managed to assure the integrity of the finances, operations, and controls of the University. These actions include reviewing the established governance processes and advising on related policies and procedures that should be in place.

The committee may modify or supplement these duties and responsibilities as needed.

The committee shall have the authority to engage independent counsel or other advisors as necessary to carry out its duties in accordance with state rules and regulations. The committee may also request a supplemental review or other audit procedures by internal audit, the State Auditor, or other advisors when the circumstances dictate that further review is required. The UNC System Office shall provide appropriate funding, as determined by the committee, for payment to advisors employed by the committee.

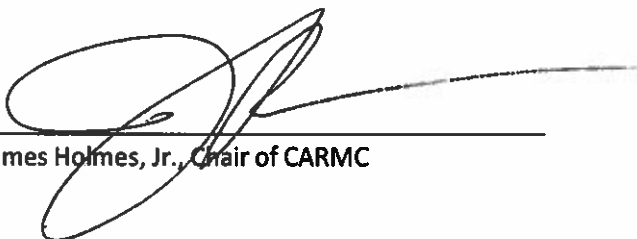
The committee shall annually review and assess the adequacy of the committee charter, with the assistance of staff at the UNC System Office. The committee chair will confirm annually that the relevant responsibilities in this charter have been carried out.



Joyce D. Boni, Chief Audit Officer



Date



James Holmes, Jr., Chair of CARMC



Date



Harry Smith, Jr., Chair of the Board of Governors



Date

*Last updated and approved October 2018*



ANNUAL REPORT TO THE BOARD OF GOVERNORS  
Committee on Audit, Risk Management, and Compliance  
July 1, 2017 through June 30, 2018

## DUTIES AND MEMBERSHIP

The Committee on Audit, Risk Management, and Compliance is responsible for recommending a committee charter for review and approval by the Board, addressing the University's internal audit, enterprise risk management, and compliance functions; recommending for approval University-wide policies regarding internal audit, enterprise risk management, and compliance; reviewing annual and other reports of the constituent institutions, UNC System Office, and affiliated entities; reviewing a summary of the internal audit plans and work of the audit committees of the constituent institutions; reviewing a summary of the annual financial audit reports and management letters on University Major Associated Entities; meeting with the state auditor annually; and taking such other actions as are necessary or appropriate to ensure that risks are identified and properly managed and to assure the integrity of the finances, operations, and controls of the University. This report summarizes the work of the Committee on Audit, Risk Management, and Compliance from July 2017 through June 2018.

The committee was composed of the following Board members: Ms. Kellie Hunt Blue, Ms. Carolyn Coward, Mr. Walter Davenport, Mr. James Holmes, Mr. Harry Smith, and Mr. William A. Webb. Mr. Smith served as chair, Mr. Holmes served as chair (beginning November 2017), Ms. Blue served as vice-chair, and Mr. Webb served as secretary.

Chancellor Mary Grant (UNCA), Chancellor Jose Sartarelli (UNCW), and Interim Chancellor Joseph Urgo (UNCA) also served on the Committee.

## ACTIONS

The Committee on Audit, Risk Management, and Compliance met in nine regular meetings between July 1, 2017 and June 30, 2018. The major actions of the committee are summarized as follows:

Summary of Approval Actions	Month Approved
Approval of the UNC System Office Internal Audit Plan for fiscal year 2017-18	September 2017
Approval of the Annual Report of the Committee on Audit, Risk Management, and Compliance	September 2017
Approval of the Information Security Policy, 1400.2	December 2017
Approval of the Information Technology Governance Policy, 1400.1	March 2018
Approval of the Identity and Access Control Policy, 1400.3	March 2018
Approval of the Updates to the Committee on Audit, Risk Management, and Compliance Charter and the UNC System Office Internal Audit Charter	May 2018



## DUTIES AND MEMBERSHIP

The Committee on Educational Planning, Policies, and Programs is one of four standing committees established by the Board of Governors on September 15, 1973. There are now six standing committees. The committee consists of seven members designated by the chair of the Board of Governors for one-year terms starting at the first meeting after July 1 of the year and continuing until their successors are appointed. As a matter of practice, the chair may also appoint additional members, and chancellors further staff the committee as ex-officio members. It is the duty of the committee to receive advice and recommendations of the president and in turn make recommendations to the Board of Governors in all areas pertaining to the development of a coordinated system of higher education in North Carolina, including:

- (a) the definition of mission and assignment of functions of each constituent institution;
- (b) the review of requests for the initiation of new degree programs and recommendations for the termination of existing programs; and
- (c) the provision of supportive services, facilities, and other resources for the instructional, research, and public service programs of the constituent institutions.

The committee shall also advise and assist the president and the Board by maintaining close liaison with the NC State Board of Education, the NC Community College System, and the state's private colleges and universities. It shall further recommend to the Board procedures and guidelines for the licensing of non-public educational institutions. [Code, Sec. 301C]

In August 2017, the following persons were appointed or reappointed to the committee: Mr. Robert P Bryan, III; Mr. Thomas C. Goolsby; Mr. Joe T. Knott, III; and Mr. W. Marty Kotis, III. The Board chair subsequently appointed Ms. Anna S. Nelson as committee chair, James L. Holmes, Jr. as vice chair, and Mr. Darrell P. Allison as secretary. The ex-officio members on the committee were Chancellor Johnson Akinleye (NCCU), Chancellor Sheri Everts (Appalachian), Chancellor Frank Gilliam (UNCG), and Mr. Tyler Hardin (Association of Student Governments).

The committee met in eight regular meetings between July 1, 2017 and June 30, 2018, one of which was a joint meeting with the Committee on Strategic Initiatives. The major actions of the committee are summarized as follows:

### Academic Program Development

The committee recommended and the Board of Governors subsequently approved the establishment of the following new doctoral degree programs on the dates indicated:

# APPENDIX P

The committee recommended and the Board of Governors subsequently approved the establishment of the

	<b>Institution</b>	<b>Degree Level</b>	<b>Program Title</b>	<b>CIP #</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	WCU	Ph.D.	Doctor of Psychology in Health Services Psychology	42.2899	01/25/18	01/26/18
2.	ASU	Ph.D.	Doctor of Psychology	42.0101	01/25/18	01/26/18
3.	N.C. A&T	Ph.D.	Philosophy in Social Work	44.0701	05/22/18	05/25/18

following new baccalaureate and master's degree programs on the dates indicated:

	<b>Institution</b>	<b>Degree Level</b>	<b>Program Title</b>	<b>CIP #</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	UNCW	MS	Finance and Investment	52.1399	07/11/17	07/12/17
2.	UNCW	MS	Business Analytics	52.1399	07/11/17	07/12/17
3.	UNCC	MS	Architecture	04.0902	09/07/17	09/08/17
4.	ASU	MS	Athletic Training	51.0913	10/31/17	11/03/17
5.	UNCC	MS	Athletic Training	51.0913	10/31/17	11/03/17
6.	UNCP	MS	Athletic Training	51.0913	10/31/17	11/03/17
7.	UNCW	MS	Athletic Training	51.0913	10/31/17	11/03/17
8.	WCU	MS	Athletic Training	51.0913	10/31/17	11/03/17
9.	WCU	BS	Integrated Health Sciences	51.0000	10/31/17	11/03/17
10.	UNCG	MS	International Business	52.1101	10/31/17	11/03/17
11.	ECSU	BS	Digital Media Arts	50.0102	01/25/18	01/26/18
12.	ECU	MS	Arts in Hispanic Studies	16.0908	03/20/18	03/23/18
13.	UNC-CH	BS	Neuroscience	26.1501	03/20/18	03/23/18
14.	UNCW	MS	Film Studies	50.0601	03/20/18	03/23/18
15.	ECU	BS	Software Engineering	14.0903	05/22/18	05/25/18
16.	ECU	BS	Date Science	11.0701	05/22/18	05/25/18
17.	ECU	BS	Mechanical Engineering	14.0901	05/22/18	05/25/18
18.	UNCW	BS	Costal Engineering	14.9999	05/22/18	05/25/18
19.	UNCW	BA	Interdisciplinary Studies	30.9999	05/22/18	05/25/18

The committee recommended and the Board of Governors subsequently approved the discontinuation of the following baccalaureate and associate degree programs on the dates indicated:

	<b>Institution</b>	<b>Degree Level</b>	<b>Program Title</b>	<b>CIP #</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	ECU	BSBE	Business Education	13.1303	07/11/17	07/12/17
2.	ECU	BSBE	Information Technologies	52.0407	07/11/17	07/12/17
3.	ECU	BSBE	Business and Marketing Education	13.1303	07/11/17	07/12/17
4.	ECU	BS	Child Life	19.0706	07/11/17	07/12/17
5.	UNCG	BS	Fine Arts in Theatre Arts Education	13.1324	08/01/17	08/04/18
6.	UNCP	BA	English Education	13.1305	10/31/17	11/03/18
7.	UNCP	BS	Mathematics Education	13.1311	10/31/17	11/03/18
8.	NC State	BS	Criminology	45.0401	01/25/18	01/26/18
9.	NC State	BS	English	23.0101	01/25/18	01/26/18
10.	NC State	BS	Geology	40.0601	01/25/18	01/26/18
11.	UNCC	BS	Biology, Medical Technology	51.1005	01/25/18	01/26/18
12.	UNCC	BS	Athletic Training	51.0913	05/22/18	05/25/18
13.	ECU	BS	Athletic Training	51.0913	05/22/18	05/25/18

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
14.	ECU	BA	Computer Science	11.0701	05/22/18	05/25/18
15.	ECSU	BA	Social Work Curriculum	45.1101	05/22/18	05/25/18
16.	NCCU	BS	Athletic Training	51.0913	05/22/18	05/25/18
17.	UNCA	BA	Spanish	16.0905	05/22/18	05/25/18
18.	UNCA	BA	French	16.0901	05/22/18	05/25/18
19.	UNCA	BA	German	16.0501	05/22/18	05/25/18
20.	UNC-CH	BA	English and Comparative Literature	23.0101	05/22/18	05/25/18
21.	UNC-CH	BA	Comparative Literature	16.0104	05/22/18	05/25/18

The committee recommended and the Board of Governors subsequently approved the discontinuation of the following master's degree programs on the dates indicated:

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
1.	ECU	MAEd	Career and Technical Education	13.1399	07/11/17	07/12/17
2.	UNCG	MS	Drama	13.1324	08/01/17	08/04/17
3.	NC State	MS	Human Resources Development	13.0403	01/25/18	01/26/18
4.	UNCC	MS	Business Administration in Sport Marketing & Management	52.0201	01/25/18	01/26/18
5.	UNC-CH	MPH	Public Health	51.2201	03/20/18	03/23/18
6.	UNC-CH	MPH	Biostatistics	26.1102	03/20/18	03/23/18
7.	UNC-CH	MPH	Environmental Sciences and Engineering	30.0104	03/20/18	03/23/18
8.	UNC-CH	MPH	Epidemiology	26.1309	03/20/18	03/23/18
9.	UNC-CH	MPH	Health Behavior	51.2207	03/20/18	03/23/18
10.	UNC-CH	MPH	Health Policy and Management	51.0701	03/20/18	03/23/18
11.	UNC-CH	MPH	Maternal and Child Health	51.2209	03/20/18	03/23/18
12.	UNC-CH	MPH	Health in Nutrition	30.1901	03/20/18	03/23/18
13.	NC State	MS	Veterinary Public Health	51.2501	05/22/18	05/25/18

The committee recommended and the Board of Governors subsequently approved the discontinuation of the following doctoral degree programs on the dates indicated: (**THE COMMITTEE DID NOT APPROVE ANY**)

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved

There were a total 22 programs for establishment and 34 programs approved for discontinuation or consolidation for the year July 1, 2017 through June 30, 2018.

### **Reports Received and Adopted**

The committee and the Board of Governors approved the following reports:



# APPENDIX P

	<b>Reports</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	NCCU Bachelor of Science in Nursing Improvement Plan	09/07/17	09/08/17
2.	Biennial Program Productivity Report	11/02/17	11/03/17
3.	AHEC Annual Report on Primary Care Physicians	11/02/17	11/03/17
4.	Theatre Articulation Agreement	01/25/18	01/26/18
5.	Proposed Changes to Licensure Process	01/25/18	01/26/18
6.	Articulation Agreement in Birth-Kindergarten and Early Childhood Education	03/20/18	03/23/18
7.	Study to Establish School of Health Sciences and Health Care at UNCP	03/20/18	03/23/18
8.	Studies to Establish a Physician Assistant, Chiropractic Medicine Program, and pilot program for Basic Law Enforcement Training at WSSU	03/20/18	03/23/18
10.	ECU Innovation Early College High School	03/20/18	03/23/18
11.	UTeach Feasibility Study	03/20/18	03/23/18
12.	Uniform Articulation Agreement in Music Programs	05/22/18	05/25/18
13.	2018 Primary Care Education Plans Report	05/23/18	05/25/18

The committee also received and discussed the following reports / topics:

	<b>Reports / Topics</b>	<b>Presented to Committee</b>
1.	UNC System Report on the Part-Way Home Initiative	09/07/17
2.	Annual Report on Community Activity: July 2016 – June 2017	09/07/17
3.	Report Deregulation – Updates to the UNC Policy Manual	09/07/17
4.	Comprehensive Articulation Agreement Report (CAA)	11/02/17
5.	Early College High School Graduates Report (ECHS)	11/02/17
6.	Actualizing Innovations Meant to Scale (AIMS) Presentation	11/02/17
7.	Review of Licensure Process	11/02/17
8.	Laboratory Schools Update	11/02/17
9.	Princeton's James Madison Program	11/02/17
10.	Online Learning Update	11/02/17
11.	Educator Preparation Program Review Report	01/25/18
12.	Report on the Health Professions Community Precepting Working Group	01/25/18
13.	Medical Education Outcomes Report: The Workforce Outcomes of Physicians Completing Residency Programs in NC; Workforce Outcomes of NC Medical School Graduates: A Report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee	01/25/18
14.	Early College High School Application Renewals	03/20/18
15.	North Carolina Central University Nursing Program Update	03/20/18
16.	Establishment of a School of Rural Public Health at ECU	05/23/18
17.	Annual Reporting: President's Report on Research and Sponsored Programs; Fall 2017 Enrollment Report; Faculty Teaching Workload Report; UNC Intercollegiate Athletics Report	05/23/18

## Others Board Actions:

	Topics	Presented to Committee	Board of Governors
1.	Proposed Policy on Involvement of Centers and Institutes in Legal Actions	07/11/17	08/04/17
2.	Revised Policy on Credit Hour Requirements for Four-year Baccalaureate Degrees	12/15/17	01/26/18
3.	UNC System Policy on Auditing Courses for Persons Who are At Least 65 Years Old	03/20/18	05/25/18
4.	North Carolina A&T Vision and Mission Statement Revisions	03/20/18	03/23/18
5.	Revised Policy on Military Student Success	05/23/18	07/27/18
6.	Regular licensure of <u>South College</u> to offer six degree programs in Asheville.	09/07/17	09/08/17
7.	<u>Western Governors University</u> requested authorization to open a physical administrative office in North Carolina on October 1, 2017.	09/07/17	09/08/17
8.	<u>Johnson &amp; Wales University</u> applied for a license to offer one new bachelor's degree program in Charlotte.	09/07/17	09/08/17
9.	<u>Harrison College – The Chef's Academy</u> applied for the license to offer two new diploma programs in Morrisville.	09/07/17	09/08/17
15.	The <u>University of Southern California</u> applied for a license to offer three online degree programs to North Carolina residents.	01/25/18	01/26/18
16.	<u>Mount Eagle University</u> in Winston-Salem NC was issued a two-year interim permit to offer two online degree programs in 2014. The university has applied for full license to offer associate and bachelor of health science degree programs online.	03/20/18	03/23/18
17.	<u>South College</u> applied for a license to offer a Bachelor of Business Administration in Project Management at the Asheville, NC learning site	03/20/18	03/23/18
18.	<u>Leslie University</u> in Cambridge, Massachusetts applied for a license to offer a Master of Arts in Clinical Mental Health Counseling with concentrations in expressive arts therapy, art therapy, dance/movement therapy, and music therapy.	03/20/18	03/23/18
19.	The <u>University of Sydney</u> of Sydney, Australia, requested a limited license to offer a practicum for one student at UNC Medical School over the summer 2018. This situation requires licensure because foreign institutions are ineligible to participate in SARA.	05/22/18	05/25/18
20.	<u>Samuel Merritt University</u> of Oakland, CA, requested a limited license to offer a practicum for one Doctor of Nursing Practice student. This situation requires licensure because institutions located in California are ineligible to participate in SARA.	05/22/18	05/25/18
19.	<u>Daoist Traditions College of Chinese Medical Arts</u> of Asheville, NC, seeks a license to expand its course offerings to include a professional Doctorate in Chinese Medicine. Daoist Traditions currently offers a master's degree in acupuncture and oriental medicine.	05/22/18	05/25/18

200.8

Adopted 04/10/15

Amended 10/10/18

### **Policy on Chancellor Searches and Elections**

The Board of Governors adopts the following policy regarding the chancellor search and election process.

I. Purpose. The search for and election of a new chancellor of a constituent institution of the University of North Carolina requires the participation, involvement, and collaboration of the board of trustees of the constituent institution, the chancellor search committee, the president, and the Board of Governors, each of which performs distinct roles and functions. Within the University, chancellors report to the president. The president therefore has the primary responsibility for ensuring there is a thorough and reliable process for chancellor searches, culminating in the election of the chancellor by the Board of Governors.

Consistent with the statutory responsibilities of the board of trustees, president, and Board of Governors, this policy establishes requirements for the chancellor search and election process, and describes the resources that shall be provided through the UNC System Office and the constituent institutions during each search.

#### **II. Search Process**

A. President. As further described in this policy, the president shall have the overall responsibility for overseeing System Office staff with responsibility for managing and supporting chancellor searches, helping determine search committee membership, charging the search committee, developing chancellor leadership competencies, interviewing chancellor finalists, participating in the reference checking process, negotiating the terms of employment for a chancellor-elect consistent with state law and Board policy, and offering a chancellor-elect for final consideration by the Board of Governors.

B. Board of Trustees. As further described in this policy, members of the boards of trustees shall serve as members of the search committee, shall consider candidates proposed by the search committee as potential finalists, and shall refer a final slate of candidates to the president for additional vetting and consideration.

C. Board of Governors. As further described in this policy, selected members of the Board of Governors shall provide input and advice to the president on a slate of finalists and the governors both in committee and then as the full body shall consider and vote on a proposed chancellor-elect.

#### **D. Search Committee**

1. The search committee shall be composed of representatives of the board of trustees, the faculty, the student body, the staff, the alumni, the local community, and other campus constituencies as may be deemed appropriate, which can ordinarily be achieved with a committee of no more than 20 members.

2. No member of the Board of the Governors may serve as a member of the search committee.

3. The chair of the board of trustees in consultation with the president shall identify a chair of the search committee; the chair of the board of trustees may also serve as chair of the search committee with the agreement of the president.

4. As further described in this policy, the search committee shall work on behalf of the board of trustees and the president to receive the input of institutional stakeholders and community members, to develop a leadership statement that describes the desired qualities for the new chancellor, to conduct interviews and consider the qualifications of candidates, and to propose a slate of finalists for consideration of the board of trustees, who recommends the slate to the president.

E. Budget and Staff. Upon the establishment of the search committee, the chair of the board of trustees, in consultation with the president, shall establish a budget and identify staff for the committee. With the exception of assigned System Office professional staff and their direct expenses, the costs for a chancellor search are the responsibility of the constituent institution. This shall include the fees and expenses of any engaged outside professional search and/or background investigation firms.

F. UNC System Office. The UNC System Office shall provide the necessary resources and support to effectively carry out a chancellor search, including but not limited to qualified human resources staff with expertise in executive search, logistical and administrative support to the chair of the search committee, and training materials which shall serve to orient trustees and search committee members with respect to their roles and responsibilities in the search process. The System Office may also obtain the support of the constituent institution in providing local logistical support to the operations of the search committee.

G. Search Status. Members of the Board of Governors may elect to receive public notices of search committee meetings and chancellor search open forums. The chair of the board of trustees shall ensure that the president receives periodic updates concerning the status of the search and the projected schedule for concluding interviews and delivering recommendations of three (3) candidates to the president.

H. Engagement of Key Stakeholders

1. The chair of the search committee shall assure that the search process engages a broad cross-section of institutional stakeholders to obtain well-rounded input on candidates. At the discretion of the search committee chair, such engagement could involve students, faculty, staff, alumni, and community members.

2. The search committee chair is encouraged to engage selected members of the Board of Governors who may live within proximity to the institution or otherwise have a particular interest in or knowledge of the institution and its mission to attend constituent forums, candidate receptions, or other events at which candidates are present.

3. All individuals provided the opportunity to meet with chancellor candidates on campus will be expected to sign confidentiality agreements equivalent to that signed by members of the search committee.

I. Confidential Searches and Confidentiality

1. Consistent with state law protecting the identity of applicants, searches for chancellors of the University of North Carolina shall be conducted as “confidential searches,” which shall mean the identity of candidates, semi-finalists, or finalists shall not be disclosed to the general public. Conducting confidential searches is intended to maximize the quality of the candidate pool by not discouraging the interest of individuals who would not otherwise apply in the event of a publicly disclosed candidate pool.

2. Any individual involved in the search process, including but not limited to members of the Board of Governors, the search committee, the board of trustees, and staff, shall keep confidential all search-related records and information that are required by law to be kept confidential. Confidential information includes, but is not limited to, personnel records and information of candidates, attorney-client communications, and closed session deliberations and information.

III. Search Philosophy and Candidates for Chancellor

A. Each chancellor search committee and the boards of trustees for constituent institutions shall make every effort to recruit and consider a pool of exceptionally well-qualified individuals for chancellor vacancies and to consider candidates with both traditional academic experience as well as candidates with alternative backgrounds in business, industry, government, the military, and the not-for-profit sector.

B. The president shall undertake reasonable efforts to develop an internal pipeline of talent within the University of North Carolina that shall serve to benefit future applicant pools for the position of chancellor.

C. The president shall assure that opportunities for chancellor vacancies shall be promoted in a manner that encourages interest from well qualified candidates who are current residents of the State of North Carolina.

D. In keeping with Board policy in order to avoid actual or potential conflicts of interests, no presently serving member of the Board of Governors or a board of trustees shall be eligible to be appointed as an acting or interim chancellor or to be considered for the position of chancellor unless they first resign their position on said body.

IV. Board of Trustees Recommendations to the President. The institutional search committee shall recommend an unranked slate of three candidates to the board of trustees for consideration. The board of trustees, following receipt of the report of the search committee, shall recommend the unranked slate of three candidates for consideration by the president in designating a nominee for the chancellorship, or return the slate to the search committee for further action.

V. Consideration by the President. Once the slate of candidates is received from the board of trustees, the president may choose to interview one (1) or more of the candidates and may include members of his or her senior staff in the interviews, as deemed appropriate. The president may also consider asking the appointed officers of the Board of Governors and the chair and vice chair of the Committee on Personnel and Tenure to participate in these interviews to advise on the suitability of the candidates and to build support for a selected finalist before advancing to the next stage of the search process.

VI. Review of Candidate Qualifications and Background Investigation

A. Timing. The president shall initiate a detailed background investigation on one or more of the candidates received from the board of trustees for determining their suitability for election as chancellor.

B. Scope. Any candidate presented to the Board of Governors for election as chancellor must have had a completed background investigation that includes, but is not limited to verification of prior work history and educational credentials, confirmation of most recent total compensation, reference checks, criminal background check, credit check, civil litigation check, and scans of relevant social media and news media references applicable to the candidate. This investigation may address any other issues deemed of relevance to the president to confirm the candidate's suitability to serve as a chancellor.

C. Review of Results. The final results of this background investigation shall be reviewed by the president, appropriate members of the president's senior staff, the officers of the Board of Governors, and the chair and vice chair of the Committee on Personnel and Tenure. This information may be shared with other members of the Board of Governors only with the direct authorization of the chair and the president when deemed necessary for the proper conduct of a search.

VII. Nomination to the Board of Governors. Following interviews and successful completion of an appropriate background investigation, the president may either identify one (1) of the three (3) candidates for nomination to the Board of Governors, or return the slate to the board of trustees with instructions for further action.

VIII. Negotiation of Terms and Conditions of Appointment. The president shall consult with the Board of Governors officers and the chair of the Committee on Personnel and Tenure about the president's proposed nomination and negotiation of conditional terms and conditions of appointment. The negotiated terms and conditions may include: compensation (including base salary, consistent with the Board of Governors approved market salary ranges), retirement plan participation; deferred compensation incentive and retention plans; stipends, and allowances; and written contract provisions, including length of appointment and retreat rights.

IX. Election of the Chancellor

A. The Board of Governors shall vote on the president's nominee and the proposed terms of appointment.

B. All the members of the Board shall have no less than seven (7) calendar days to review written materials for the proposed candidate for chancellor-elect prior to being asked to vote on said nomination.

C. Prior to being considered by the full Board of Governors, the Committee on Personnel and Tenure shall convene to consider and make a recommendation concerning the president's nomination and the proposed terms and conditions of appointment, including the elements of any employment contract. The Committee on Personnel and Tenure meeting shall be scheduled so as to reasonably accommodate participation by Board of Governors members in person or by telephone.

D. Any Board of Governors member who shall have a concern regarding the veracity or accuracy of any element of a candidate's background for chancellor shall address such concern directly to the president. The president shall have the responsibility to investigate and follow-up on such concerns with the Board of Governors in a timely manner.

E. The chancellor-elect shall not be physically present at any board meeting at which such vote shall be undertaken.

X. Other Matters

A. Effective Date. The requirements of this policy shall be effective for chancellor searches that are initiated on or after the date of adoption of this policy by the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern or relate to chancellor searches.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.



## ANNUAL REPORT TO THE UNC BOARD OF GOVERNORS

Committee on Personnel and Tenure

July 1, 2017 through June 30, 2018

## DUTIES AND MEMBERSHIP

The major responsibilities of the Committee on Personnel and Tenure are: (1) to make recommendations to the Board of Governors of the University of North Carolina System on all personnel actions under the jurisdiction of the Board; (2) to review *The Code* and institutional policies and regulations regarding tenure and dismissal; (3) to review appeals from faculty members that involve tenure denial, non-reappointment, or a serious sanction (suspension, demotion, or discharge); (4) to act on compensation matters that exceed prescribed thresholds; (5) to act on compensation matters for the president's direct reports, including chancellors and the CEO of UNC Health Care System; and (6) to act on new or modified policy considerations regarding human resources-related matters.

The UNC Board of Governors members who served on the committee during the fiscal year July 1, 2017, through June 30, 2018 were Doyle Parrish, Wendy Murphy, Pearl Burris-Floyd, Leo Daughtry, Alexander Mitchell, and Michael Williford. The committee officers were Mr. Parrish as chair, Ms. Murphy as vice chair, and Ms. Burris-Floyd as secretary. Chancellors M. Lindsay Bierman, Thomas Conway, Jr. (until May 2018), and Randy Woodson also served on the committee.

## ACTIONS

The committee met in eleven (11) regular or special meetings between July 1, 2017 and June 30, 2018. The major actions of the committee and matters presented to the committee are summarized below.

### Human Resources Actions

Salary Pre-Authorizations: The committee reviewed and pre-authorized 29 EHRA salary requests.

Delegated Salary Actions: The committee received reports on 73 EHRA Faculty and 100 EHRA Non-Faculty salary requests approved by UNC System Office.

Salary and Position Consultation Actions: Section 35.24 of the Current Operations Appropriations Act of 2017 (S.L. 2017-57) established a requirement that, as of July 1, 2017, the UNC Board of Governors monitor certain human resource transactions and be consulted prior to actions taking effect. It was decided by Board of Governors leadership that the monitoring and consultation with the Board would consist of a regular report shared electronically with the chair of the UNC Board of Governors and the chair of the Committee on Personnel and Tenure, which is also copied to the president. The results of their review and consultation were reported in detail to the committee at each Board meeting, and summarized in a report for the full Board. As of the date of this report, the Board consultations are now accomplished with the chair and vice chair of the committee, instead of the committee chair and board chair. The committee received reports on 434 EHRA Faculty, 289 EHRA Non-Faculty, and 25 SHRA salary requests that required legislatively mandated consultation with the chair of the Board and the chair of the committee.



Annual Raise Process: The president operationalized a \$1,000 legislative increase for SHRA employees, as well as an Annual Raise Process for EHRA faculty and non-faculty employees. The EHRA annual raise process focused on increases for merit and retention, with some consideration given to market concerns, and capped at no more than 4.99%.

Chancellor Searches (Western Carolina University and University of North Carolina at Asheville): The committee was periodically apprised of the chancellor search processes for WCU and UNCA. Final voting on the president's nominees for both positions were handled by the committee as closed session matters, and were then recommended to the full Board of Governors for review and approval.

Chancellor Search Process: The committee requested that UNC System Office staff complete a thorough beginning-to-end review of the chancellor search process to identify opportunities for improvement and that the president use that review to propose revisions to the chancellor search policy. The results of this review and recommendations for possible policy changes will be presented to the committee at its September 2018 meeting.

Employee Engagement Survey: The committee has been previously updated on the system-wide Employee Engagement Survey, an effort that resulted from the UNC System strategic plan. Participation rates averaged 51% across the System, and positive responses to survey questions averaged 63%. Detailed results will be presented to the committee at its October 2018 meeting.

Equal Opportunity, Diversity & Inclusion Study: Section 10.13 of the Current Operations Appropriations Act of 2017 (S.L. 2017-57) set forth requirements for a UNC system-wide study on equal opportunity, diversity, and inclusion. Conduent Human Resources (now Buck), a consulting firm, was engaged to assist with the study and provided the committee with a detailed report on equal opportunity, diversity and inclusion staffing, policies, programs, and budget of the constituent institutions. The full report was presented to the committee at its January 25, 2018 meeting which was then recommended for approval by the full Board. As part of its review and approval, the Board also decided to appoint a special subcommittee of the committee on personnel and tenure to further review and make recommendations with respect to the consultant's report. Following this approval, the consultant's report was transmitted to the General Assembly noting the additional actions that were being undertaken by the special subcommittee. The report of the subcommittee was presented to the committee at its May 23, 2018 meeting which was subsequently accepted by both the committee and the full Board. The subcommittee's report and recommendations were also transmitted to the General Assembly. UNC System Office staff are now working on implementing the subcommittee's final recommendations which include developing a system-wide policy on diversity and inclusion for Board approval.

ORP Changes: In September 2018, acting on the committee's recommendation, the Board voted to make technical corrections to the Optional Retirement Plan ("ORP") to lower investment fees by adopting a Collective Investment Trust with Vanguard, and to authorize the president or her staff to execute any documents or agreements related to that change.

Report Deregulation: The Division of Human Resources updated the committee on the elimination and consolidation of certain HR-related reporting requirements in September 2017. This was part of a larger Board initiative on report deregulation. Changes were made, specifically, to Section 600.3.4 of the UNC Policy Manual ("Granting of Management Flexibility to Appoint and Fix Compensation") and Section 300.2.1 of the UNC Policy Manual ("Employees Exempt from the State Personnel Act").

Salary Structure Analysis for UNC System Leadership and Chancellors: The Division of Human Resources engaged Conduent Human Resources Consulting (now Buck) to review and recommend revisions to the salary ranges for the

president, chancellors, and certain UNC System senior leadership positions which had last been updated in 2015. This effort produced a recommendation from Conduent for the University to implement a 3.46% blended increase to these salary ranges. The committee voted unanimously to recommend these ranges to the full Board for approval. Additionally, following a closed session discussion, the committee voted to recommend increases for the chancellors retroactive to July 1, 2017. These increases were designed to continue to align performance with compensation.

UNC-CH Deferred Compensation Arrangement: The committee voted to approve a deferred compensation agreement proposed by Chancellor Folt and the UNC-Chapel Hill Board of Trustees a senior administrator. The President and UNC System Office staff was authorized to take appropriate steps and execute necessary documents to implement this arrangement.

Tutorials: Periodic tutorials were provided covering matters such as faculty appeals, athletic contracts, Carnegie classifications, and employee compensation.

### **Academic Affairs Actions**

Department Chair Survey: Dr. Junius Gonzales updated the committee on the department chair survey, which provided potential ideas for training and professional development opportunities.

Excellence in Teaching Awards: The committee is responsible for annually coordinating the UNC Board of Governors' Excellence in Teaching Awards program. Dr. Kimberly van Noort presented the Annual "Use of Funds" report for the awards program in September 2017.

Faculty Recruitment and Retention Fund: This fund was established by the General Assembly in 2006 to be used to recruit and retain key tenured and tenure-track faculty. Dr. Junius Gonzales reported that the Faculty Recruitment and Retention Fund received \$1 million in non-recurring funding this fiscal year. At committee meetings throughout the year, Dr. Gonzales, senior vice president of academic affairs, and Dr. Kimberly van Noort, interim senior vice president of academic affairs, apprised committee members on the state of the Fund. The annual "Use of Funds Report" was presented to the committee at the end of the fiscal year.

Tenure Conferrals: Academic Affairs reported on 30 tenure conferrals or promotions from campuses without management flexibility.

Faculty Appeals: Subcommittees were convened for additional meetings to receive, review, and make recommendations on five (5) faculty appeals from constituent institutions for the committee's consideration and recommendation to the full Board.



ANNUAL REPORT TO THE BOARD OF GOVERNORS  
Committee on University Governance  
July 1, 2017 through June 30, 2018

## DUTIES AND MEMBERSHIP

The Committee on University Governance is responsible for reviewing and making recommendations for proposed changes to *The Code* and the Delegations of Duty and Authority involving University governance; for nominating individuals for election to the seventeen institutional boards of trustees and other University-related boards; for authorizing the initiation and settlement of litigation and pending litigation in circumstances where that authority has not otherwise been delegated; and for appellate review of certain campus actions and decisions involving students. This report summarizes the work of the committee from July 2017 through June 2018.

The committee was composed of the following Board members: Philip Byers, Frank Grainger, Steve Long, Ann Maxwell, David Powers, Randy Ramsey, and Bill Webb. Mr. Long served as chair, Mr. Grainger served as vice-chair, and Ms. Maxwell served as secretary.

Chancellor David Belcher (July 2017-December 2017, WCU), Chancellor Robin Cummings (UNCP), Interim Chancellor Alison Morrison-Shetlar (January 2018-June 2018, WCU), and Chancellor Todd Roberts (NCSSM) also served on the committee.

## ACTIONS

Between July 1, 2017 and June 30, 2018, the Committee on University Governance met in seven regularly-scheduled meetings and one specially-called meeting. The major actions of the committee are summarized as follows:

### Appointments to Boards for Affiliated Entities

Pursuant to the committee's recommendations for affiliated entities to the University, the Board of Governors made the following appointments or confirmations:

Name of Board	Member	Term Ending
NC Arboretum Board of Directors	Cheryl McMurry Kaynard	June 30, 2019
NC Arboretum Board of Directors	Alison Morrison-Shetlar	June 30, 2019
NC Teaching Fellows Commission	Ebonie Brownlee	July 1, 2019
NC Teaching Fellows Commission	Mary Ann Danowitz	July 1, 2019
NC Teaching Fellows Commission	Thomas Luckadoo	July 1, 2019
NC Teaching Fellows Commission	Barbara Parker	July 1, 2019
NC Teaching Fellows Commission	Lawrence Somers	July 1, 2019
NC Teaching Fellows Commission	Melba Spooner	July 1, 2019
NC Teaching Fellows Commission	Mary Webb	July 1, 2019
Vidant Medical Center Board of Trustees	Carlester T. Crumpler	March 1, 2022
Vidant Medical Center Board of Trustees	Mary J. Raab	March 1, 2022

## APPENDIX S

Vidant Medical Center Board of Trustees	Mary Pauline Johnson	March 1, 2023
UNC Health Care	Gregory J. Wessling	October 31, 2021
UNC Press Board of Governors	Claude Clegg	June 30, 2023
UNC Press Board of Governors	Lisa Levenstein	June 30, 2023
UNC Press Board of Governors	Timothy J. Smith	June 30, 2023
UNC Television	Teresa Artis Neal	June 30, 2018
The University of North Carolina at Pembroke	Karen Sampson	June 30, 2021
Winston-Salem State University	David Smith	June 30, 2021

### **Campus Liaison Assignments**

Each constituent institution and selected affiliated entities were assigned a “liaison” from the Board. The 2017-18 campus liaisons were:

Mr. Allison:	North Carolina Central University	Mrs. Blue:	The University of North Carolina at Pembroke
Mr. Bryan:	University of North Carolina at Charlotte	Ms. Burris-Floyd:	North Carolina A&T University
Mr. Byers:	Appalachian State University Winston-Salem State University	Mrs. Coward:	NC Arboretum
Mr. Grainger:	North Carolina State University	Mr. Knott:	University of North Carolina at Greensboro
Mr. Kotis:	UNC School of the Arts	Mr. Long:	East Carolina University Other Appointments
Ms. Maxwell:	University of North Carolina at Chapel Hill	Mr. Mitchell:	North Carolina School of Science and Mathematics
Mrs. Murphy:	University of North Carolina Wilmington	Mr. Parrish:	UNC Healthcare System
Mr. Powers:	Fayetteville State University Western Carolina University	Mr. Ramsey:	University of North Carolina Center for Public Television
Mr. Smith:	Elizabeth City State University	Mr. Webb:	University of North Carolina at Asheville

### **Review of *The Code*, UNC Policy Manual (Policies, Regulations and Guidelines)**

Throughout the year, the committee held ongoing discussions in areas of the UNC Policy Manual that needed to be added, updated, amended or reviewed. The committee voted to adopt the following revisions.

#### **1. *The Code***

- a. **Section 302 B.** Section 302 B of *The Code* authorizes the chair of the Board to designate a chair, vice chair, and secretary of each of the Board’s standing committees for one-year

terms starting at the first meeting after July 1 of the year and continuing until their successors are appointed. The amendment to Section 302 B of *The Code* clarifies that members serving as the chair or vice chair of a standing committee may not serve as the chair or vice chair of another standing committee during the same term.

- b. **Section 502 B(1).** Section 502 B(1) of *The Code* describes the responsibilities of a constituent institution's chancellor to the Board and the president and includes the creation and delivery of an annual statutorily required report on the operation of the institution for the preceding year, but does not provide detail about the content of the report. The amendment to Section 502 B(1) of *The Code* removes the reporting requirement and to deliver operationally useful information to the president that will help the System Office staff evaluate the implementation of the University's Strategic Plan.
- c. **Section 502 C(2).** Section 502 C(2) of *The Code* describes the responsibilities of a constituent institution's chancellor to the board of trustees and includes the creation and delivery of an annual statutorily required report on the operation of the institution for the preceding year, but does not provide detail about the content of the report. The amendment to Section 502 C(2) of *The Code* removes the reporting requirement and to deliver operationally useful information to the president that will help the System Office staff evaluate the implementation of the University's Strategic Plan.
- d. **Section 502 D.** Section 502 D of *The Code* describes the duty of the chancellor to exercise full authority in the regulation of student affairs and student conduct and discipline. The amendment to Section 502 D of *The Code* streamlines appeal rights, such that student appeals of conduct matters end at the board of trustees' level.

## 2. UNC Policy Manual

- a. **Section 200.1 (5)(d)(ii).** This section of the UNC Policy Manual establishes the Board's restrictions regarding dual membership on governing boards and prohibitions on conflicts of interest. The president and chancellors of the constituent institutions are required to review contracts between the University and a business entity, determine whether the contract is permissible or impermissible based upon established criteria, and to make final determination in writing, to be reported to a Board committee annually and the president quarterly. The amendment to Section 200.1 (5)(d)(ii) removes the reporting requirement and replaces it with a regularly maintained list of all approvals by the president or chancellors for the past three years.
- b. **Section 200.2.** This section of the UNC Policy Manual (last amended in June 2013) provides a schedule of election-related activities that corresponds to the Board's prior practice of holding monthly meetings. The amendments to Section 200.2 simplify the nomination and election processes so that they occur entirely during the Board's last regular meeting before July 1 in each even numbered year and are consistent with Robert's Rules of Order.
- c. **Section 200.5 (V).** This section of the UNC Policy Manual authorizes the initiation and settlement of potential and pending litigation by the University. The Board has delegated to chancellors the authority to approve settlements of potential or pending litigation for solely monetary relief of amounts less than \$75,000, as well as nonmonetary settlements that

affect only parties named or reasonably anticipated to be named in litigation. The amendment to this section clarifies that settlements approved by the president or the Committee on University Governance must be reported to the committee and the full Board during the Board's meeting that immediately follows the finalization of the settlement. Chancellors would be required to maintain a record of all settlements approved through their delegated authority pursuant to this policy. The record of settlements would be available for inspection upon request. The requirement to maintain a record of settlements available for review would be catalogued within a list of requirements maintained by the president.

- d. **Section 700.4.1.** This section of the UNC Policy Manual establishes legally supportable, fair, effective, and efficient procedures for student disciplinary proceedings. The amendment to Section 700.4.1 of the UNC Policy Manual streamline appeal rights, such that student appeals of conduct matters end at the board of trustees level.
- e. **Section 1300.6.** This section of the UNC Policy Manual establishes the University's commitment to identify and implement efficiencies within its core mission of teaching, research, and public service; and mandates a report by the president to the Board at least annually on the progress of efficiency initiatives and associated metrics. The amendment to Section 1300.6 removes the reporting requirement.
- f. **Section 1300.8.** The North Carolina General Assembly passed legislation requiring the Board to develop and adopt a policy on free speech and free expression that incorporates the relevant statutory provisions. Each constituent institution must provide information about its free expression policies to incoming first-year students. The Board also developed a policy that requires each constituent institution to designate an officer, office, or department with responsibilities for ensuring compliance with the law and Board policy and for answering any related questions or concerns.
- g. **Section 1300.9.** This newly created section of the UNC Policy Manual results from a recommendation from the UNC Campus Security Initiative that boards of trustees and the Board should receive information at least annually concerning campus safety and security – related efforts and resources.

### **Boards of Trustees Workshop**

The committee organized and led a day-long workshop on November 1, 2017 for boards of trustees' members. This day-long workshop allowed the boards of trustees' members to learn about projects and issues facing the UNC System, giving the members an opportunity to orient themselves, engage with the issues, and learn from Board members, chancellors, and UNC System Office staff.

### **Department of Defense Classified Research**

The committee passed a resolution on Clearance Requirements, which is an annual requirement related to Department of Defense contracts. The Department of Defense requires the UNC System to maintain Facility Security Clearance. Department of Defense regulations permit the exclusion from the personnel clearance requirements of certain members of the Board and other officers, provided that this action is

recorded in the corporate minutes. This resolution was included in the Friday, September 8, 2017 Consent Agenda.

#### **Duties and Authorities of the Boards of Trustees**

In November 2017, the committee began discussion on the duties and authorities of the boards of trustees. By statute, each constituent institution of the University has a board of trustees that serves both as an advisor to the Board on matters pertaining to its institution and as advisor to the chancellor concerning the management and development of the institution. The powers and duties of the boards of trustees are defined and delegated by the Board of Governors, consistent with state law. These delegations are codified in *The Code*, including Appendix I, and throughout the UNC Policy Manual.

As a result, the committee surveyed the constituent boards of trustees about what duties and authorities they thought the Board of Governors could delegate to the boards of trustees. In May 2018, the committee heard the results of that survey along with information about the governance structures of other public university systems. A number of the suggestions are items that are in the jurisdiction of other committees and were shared with committees for continued work.

#### **Litigation Requests/Settlements**

The committee considered and approved a range of requests to initiate or settle legal matters and heard updates on pending disputes from its counsel.

#### **Subcommittee on Free Speech and Free Expression**

In September 2017, the committee discussed free speech policy and the current policies that were in place across the UNC System, as well as what steps the committee and Board should take moving forward on setting a system-wide policy. This resulted in the committee forming the Subcommittee on Free Speech and Free Expression--comprised of Mr. Hardin, Mr. Long, Mr. Powers, and Mr. Webb--to review initial recommendations from staff at the UNC System Office and members of our constituent institutions. The subcommittee submitted their recommendations for board policy on free speech to the committee for a vote in November 2017 and it was passed by the Board at its meeting on December 15, 2017.



ANNUAL REPORT TO THE BOARD OF GOVERNORS  
Committee on Audit, Risk Management, and Compliance  
July 1, 2017 through June 30, 2018

## DUTIES AND MEMBERSHIP

The Committee on Audit, Risk Management, and Compliance is responsible for recommending a committee charter for review and approval by the Board, addressing the University's internal audit, enterprise risk management, and compliance functions; recommending for approval University-wide policies regarding internal audit, enterprise risk management, and compliance; reviewing annual and other reports of the constituent institutions, UNC System Office, and affiliated entities; reviewing a summary of the internal audit plans and work of the audit committees of the constituent institutions; reviewing a summary of the annual financial audit reports and management letters on University Major Associated Entities; meeting with the state auditor annually; and taking such other actions as are necessary or appropriate to ensure that risks are identified and properly managed and to assure the integrity of the finances, operations, and controls of the University. This report summarizes the work of the Committee on Audit, Risk Management, and Compliance from July 2017 through June 2018.

The committee was composed of the following Board members: Ms. Kellie Hunt Blue, Ms. Carolyn Coward, Mr. Walter Davenport, Mr. James Holmes, Mr. Harry Smith, and Mr. William A. Webb. Mr. Smith served as chair, Mr. Holmes served as chair (beginning November 2017), Ms. Blue served as vice-chair, and Mr. Webb served as secretary.

Chancellor Mary Grant (UNCA), Chancellor Jose Sartarelli (UNCW), and Interim Chancellor Joseph Urgo (UNCA) also served on the Committee.

## ACTIONS

The Committee on Audit, Risk Management, and Compliance met in nine regular meetings between July 1, 2017 and June 30, 2018. The major actions of the committee are summarized as follows:

Summary of Approval Actions	Month Approved
Approval of the UNC System Office Internal Audit Plan for fiscal year 2017-18	September 2017
Approval of the Annual Report of the Committee on Audit, Risk Management, and Compliance	September 2017
Approval of the Information Security Policy, 1400.2	December 2017
Approval of the Information Technology Governance Policy, 1400.1	March 2018
Approval of the Identity and Access Control Policy, 1400.3	March 2018
Approval of the Updates to the Committee on Audit, Risk Management, and Compliance Charter and the UNC System Office Internal Audit Charter	May 2018