



MEETING OF THE BOARD OF GOVERNORS  
Committee on University Governance

January 19, 2022 at 1:30 p.m.  
Via Videoconference and PBS North Carolina Live Stream  
University of North Carolina System  
Center for School Leadership Development, Room 128  
Chapel Hill, North Carolina

## AGENDA

### OPEN SESSION

- A-1. Approval of the Open Session Minutes of November 17, 2021 ..... David Powers
- A-2. University of North Carolina Press Board of Governors Appointments ..... David Powers
- A-3. Project Kitty Hawk..... Andrew Kelly and Andrew Tripp
  - a. Appointment of Project Kitty Hawk, Inc., Board of Directors
  - b. Approval of Associated Entity

### CLOSED SESSION

- A-4. Approval of the Closed Session Minutes of November 17, 2021 ..... David Powers
- A-5. Legal Affairs Report..... Andrew Tripp

### OPEN SESSION

- A-6. Adjourn

### Additional Information Available

UNC Policy Manual Technical Corrections

## Closed Session Motion

### Motion to go into closed session to:

- Prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
- Consult with our attorney to protect attorney-client privilege, including discussion of steps to manage legal risk; and

To consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action for the following cases:

- *Staton v. ECU*
- *Christopher Soderlund, et al. v. North Carolina School of the Arts, et al.*
- *UNC School of the Arts and University of North Carolina Tort Claims Affidavits*

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

**DRAFT OPEN MINUTES**

November 17, 2021  
Via Videoconference and PBS North Carolina Live Stream  
North Carolina State University  
Hunt Library, Duke Hall C

This meeting of the Committee on University Governance was presided over by Chair David Powers. The following committee members, constituting a quorum, were present: Pearl Burris-Floyd, N. Leo Daughtry, Mark Holton, and Terry Hutchens.

Chancellors participating in person were Wesley Burks, Karrie Dixon, and Philip Rogers.

Staff members present included Andrew Tripp, Meredith McCullen, and others from the UNC System Office.

Distinguished guests present were Chief Justice Paul Newby and Associate Justice Michael Morgan of the North Carolina Supreme Court.

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**1. Call to Order and Approval of OPEN Session Minutes (Item A-1)**

Chair David Powers called the meeting to order at 10:32 a.m., on Wednesday, November 17, 2021.

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

The chair next called for a motion to approve the open session minutes of September 15, 2021.

**MOTION:** Resolved, that the Committee on University Governance approve the open session minutes of September 15, 2021, as distributed.

**Motion:** N. Leo Daughtry  
**Motion carried**

**2. Free Speech and Free Expression Presentation (Item A-2)**

In November 2020, the committee began its series of presentations on free speech and free expression with an informative discussion on the state of free expression. For the third presentation of this series, the committee was joined by Chief Justice Paul Newby and Associate Justice Michael Morgan of the North Carolina Supreme Court. The discussion focused primarily around the virtue that free expression rests on the idea that we are better hearing ideas with which we may disagree.

### **3. Update on Completed Delegation Project (Item A-3)**

Due to time constraints, the committee was not able to receive an update on the completed delegation of authority project. This item was deferred until the meeting of the full Board on November 18, 2021.

### **4. UNC Health Care System Board of Directors Appointments (Item A-4)**

The chair provided background information to the committee on the nominees, as well as the process for the nominations, roles, responsibilities, and duties of the UNC Health Care System Board of Trustees.

**MOTION:** Resolved, that the Committee on University Governance approve Dr. Hayden P. Kirby and Dr. William “Bill” Winkenwerder, Jr., to the UNC Health Care Board of Directors and recommend the appointments to the full Board of Governors for a vote.

**Motion:** Terry Hutchens

**Motion carried**

### **5. North Carolina State University Board of Trustees Appointment (Item A-5)**

The chair called on Mr. Hutchens to provide a brief background regarding the partial vacancy on the North Carolina State University Board of Trustees.

**MOTION:** Resolved, that the Committee on University Governance approve Erik L. Dixon to the North Carolina State University Board of Trustees and recommend the appointment to the full Board of Governors for a vote.

**Motion:** Terry Hutchens

**Motion carried**

### **6. Closed Session**

Chair Powers called on Mr. Holton for the closed session motion. Mr. Holton moved that the committee go into closed session to prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 and § 131E-97.3 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes; to consult with our attorney to protect attorney-client privilege; and to consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action for the following cases: *Staton v. East Carolina University*, *Hwang v. UNC*, *et al.*, and *Soderlund v. NCSA*, *et al.*, and related proceedings. Pursuant to G.S. 143-318.11(a)(1) and (3).

**Motion:** Mark Holton

**Motion carried**

**THE MEETING MOVED INTO CLOSED SESSION AT 11:32 A.M.**  
(The complete minutes of the closed session are recorded separately.)

**THE MEETING RESUMED IN OPEN SESSION AT 11:48 A.M.**

**7. Adjourn**

There being no further business and without objection, the meeting adjourned at 11:49 a.m.

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Mark Holton, Secretary

**AGENDA ITEM**

A-2. University of North Carolina Press Board of Governors Appointments.....David Powers

**Situation:** UNC Press Board of Governors has two partial vacancies with one term ending June 30, 2024, and the other term ending June 30, 2026.

**Background:** The UNC Press Board of Governors has 15 elected members who serve five-year terms and may be reelected for successive terms up to a service limit of three full terms. Twelve of the current members actively hold an academic position at universities including Appalachian State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, University of North Carolina at Chapel Hill, and University of North Carolina at Greensboro.

According to its by-laws, the UNC Press Board of Governors creates a nominating committee and submits a slate to the chancellor of University of North Carolina at Chapel Hill who transmits it to the president of the UNC System, who presents it to the Board of Governors.

**Assessment:** Following the recommendation of UNC Press and UNC-Chapel Hill Chancellor Guskiewicz, President Hans nominates for appointment Osamudia James to fill the partial vacancy ending June 30, 2026, and Angela K. Miles to fill the partial vacancy ending June 30, 2024. Biographical information for the nominees is included in the materials.

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

**Osamudia James**

Osamudia James joined the UNC School of Law faculty in 2021. Her writing and teaching interests include education law, race and the law, administrative law, and torts. James is the author of numerous articles, book chapters, and popular press commentary exploring the interaction of law and identity in the context of public education. Her work has appeared in the New York University Law Review, the Michigan Law Review, and the Minnesota Law Review, among others, as well as in the pages of the New York Times and Washington Post.

James graduated with honors from the Georgetown University Law Center, and also earned an LL.M. from the University of Wisconsin where she was a William H. Hastie Fellow. She practiced law at King & Spalding in Washington, D.C., before joining the faculty at the University of Miami, where she taught for 13 years prior to joining Carolina Law. James was a 2014 co-recipient of the Derrick A. Bell, Jr. Award, a national award presented to a junior faculty member who makes an extraordinary contribution to legal education, the legal system, or social justice through activism, mentoring, teaching, and scholarship. She was awarded the Hausler Golden Apple Teaching Award from Miami Law in 2017, and was also selected as a University of Miami Public Voices Fellow in 2020.

**Angela K. Miles**

Angela K. Miles is an associate professor of Management and chair of the Department of Business Administration at North Carolina Central University School of Business. Prior to joining the faculty at NCCU in 2015, Miles held faculty positions at North Carolina Agricultural and Technical State University, Old Dominion University, University of Florida, and the University of North Carolina at Charlotte. In addition to an vast academic career skilled in talent management, strategic planning, and financial assessment, Miles has an extensive professional background as well. She has experience in financial planning and analysis, marketing operations, risk management and insurance, human resource and budget management, and education instruction in global telecommunications, consumer product, banking, and academic industries. Miles business experience includes having worked for Nortel Networks, Ford Motor Company, and Bank of America.

Miles holds a BA from the University of Virginia; an MBA from the University of Wisconsin-Madison; and a Ph.D., from Florida State University.

## AGENDA ITEM

A-3a. Appointment of Project Kitty Hawk, Inc., Board of Directors..... Andrew Kelly and Andrew Tripp

**Situation:** Project Kitty Hawk, Inc., has been established as directed by Section 8.24 of S.L. [2021-180](#). The law requires the Board of Governors to appoint seven of the nine members of the board of directors of the newly created entity.

**Background:** Project Kitty Hawk, Inc., a private North Carolina nonprofit corporation, has been established in accordance with the [2021 Appropriations Act](#) to support digital learning and career development programs offered by constituent institutions of the University of North Carolina system. The entity itself will be governed by a board of directors consisting of two ex-officio (voting) members and seven members appointed by the Board of Governors from certain categories specified by the enabling legislation.

The enabling legislation creates a nine-member board of directors to govern Project Kitty Hawk, Inc. Seven of the nine board members consist of three chancellors or chief academic officers of constituent institutions of the UNC System and four individuals with experience in higher education, business management or both. These seven individuals are appointed by the Board of Governors, in consultation with the president. Additionally, the chair of the UNC Board of Governors and the president serve as the two ex-officio (voting) members of the board.

**Assessment:** The committee is being presented with a slate of seven candidates according to the categories specified by the enabling legislation based on the recommendation of the president.

The proposed slate of candidates follows and biographical information is included in the materials. To provide continuity of corporate leadership, the inaugural appointment will provide for three candidates to be appointed to one-year terms, ending January 31, 2023, and four candidates be appointed to two-year terms ending January 31, 2024. Those marked with an asterisk will be appointed to one-year terms. Following the inaugural appointment, all future appointments will be two-year terms, with a term limit of three consecutive two-year terms.



<b>Three Chancellors or Chief Academic Officers</b>	<b>Four Individuals with Experience in Higher Education, Business Management, or Both</b>
1. Nancy Cable, Chancellor, UNC Asheville*	1. Ray Carey, CEO, Optimere*
2. Frank Gilliam, Jr., Chancellor, UNC Greensboro	2. Susan Cates, Managing Partner, Leeds Illuminate
3. Philip Rogers, Chancellor, ECU	3. John Comly, CEO, American Safety Council
	4. Courtney Crowder, Managing Director, APCO Worldwide*

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

**Dr. Nancy J. Cable****Chancellor, University of North Carolina Asheville**

The University of North Carolina Asheville's (UNC Asheville) eighth chancellor is Nancy J. Cable, a nationally recognized leader in higher education, educational access, financial aid and affordability, and liberal arts and sciences curricula. A native of Ohio with degrees in history from Marietta College, the University of Vermont and a Ph.D. from the University of Virginia, Dr. Cable assumed her duties at UNC Asheville in August of 2018.

Dr. Cable's former leadership positions in higher education were at Denison University where she was faculty member and dean. She served as dean at Guilford College in Greensboro and was the dean of admission and financial aid at Davidson College for 15 years. Dr. Cable was the vice president for development in the College of Engineering at the University of Virginia, her alma mater, and served as interim president at Bates College in Maine. Prior to her current work at UNC Asheville, Dr. Cable was president of the Arthur Vining Davis Foundations, a leading national philanthropy that provides grant funding to colleges and universities, to public television documentaries and children's television programs.

In 2012, Dr. Cable was selected as a Fulbright Senior Specialist on the higher education in China project. She has also served on numerous boards, including the Council of Independent Colleges, the National Merit Scholarship Corporation, the National Center for Family Philanthropy, and from 1995-2003 as a Trustee of the Asheville School. She currently serves on the boards of the National Trust for the Humanities, the National Humanities Center, the Association of American Colleges and Universities, and the Asheville Symphony.

**Dr. Franklin D. Gilliam Jr.****Chancellor, The University of North Carolina Greensboro**

Dr. Franklin D. Gilliam, Jr., began his tenure as the 11<sup>th</sup> chancellor of the University of North Carolina at Greensboro (UNCG) in September 2015. He is the first African-American chancellor to lead a non-HBCU in the UNC System. Chancellor Gilliam's career spans more than 35 years in higher education, including as dean of the UCLA Luskin School of Public Affairs as well as professor of public policy and political science at UCLA. Dr. Gilliam is a senior fellow with the FrameWorks Institute (winner of the 2015 MacArthur Award for Creative and Effective Institutions), where he has contributed to research and training on health care, racial equity, early child development, youth and rural issues, and criminal justice.

During his tenure, UNCG has surpassed a record 20,000 students; grown its endowment, research enterprise, and overall facilities and campus infrastructure; significantly increased its fundraising; and elevated the presence, reputation, and real-world impact of the largest university in the North Carolina Triad region. Dr. Gilliam has not only led the campus to record growth, but has also helped build a solid foundation for a very bright future at the institution – from the development of a new \$105M Nursing and Instructional Building which opened January 2021; to establishing a Millennial Campus designation, creating the conditions that will drive growth in areas like health and wellness and the creative and performing arts on campus and in the broader community; to increasing diversity among faculty and administration; and working with leaders on this campus and beyond on innovative student success initiatives lauded by national foundations and press and earning UNCG distinction as the best school in North Carolina for social mobility.

**Dr. Philip G. Rogers****Chancellor, East Carolina University**

Dr. Philip G. Rogers became the 12<sup>th</sup> chancellor of East Carolina University (ECU) on March 15, 2021. Rogers was nominated by UNC System President Peter Hans and elected by the Board of Governors on December 17, 2020. Prior to his appointment as chancellor, Rogers was the senior vice president for learning and engagement at the American Council on Education. As senior vice president, Rogers helped institutions navigate complex challenges facing the global higher education landscape. He was responsible for ACE's academic, research and innovation strategy, overseeing five separate divisions including advancement and fundraising, education attainment and academic innovation, global engagement and internationalization, leadership and professional learning, and research.

The appointment as chancellor is a homecoming for Rogers, who first came to ECU as a policy analyst in 2007 and served as chief of staff from 2008-13. As chief of staff he was responsible for external relations for the university, including government relations, marketing and communications, public service, and policy development. Rogers earned a doctorate degree in higher education management with distinction from the University of Pennsylvania, a master's degree in public administration from the University of North Carolina at Chapel Hill, and a bachelor's degree in communications from Wake Forest University.

**Mr. Ray Carey****CEO of Optimere**

Ray Carey is the CEO of Optimere, the leading Digital Communication Compliance platform. Optimere provides social media and website compliance and records production software to over 6,000 public agencies, educational systems, and organizations ranging from the National Archives and the last two presidential administrations to large cities like New York and Chicago, and small towns, schools, and villages.

Optimere was founded in late 2021 through the combination of ArchiveSocial, where Mr. Carey served as the CEO and two-acquired technology companies, NextRequest and Monsido. Prior to ArchiveSocial, Mr. Carey successfully grew Astute Solutions, an AI-driven customer engagement platform for the world's largest brands also as their CEO. Prior to Astute, he was CEO of NeoNova, a spin-out of Nortel Networks that worked with hundreds of Cooperative & Mutual Telephone companies to expand broadband all across the rural United States. Prior to his operational roles, Mr. Carey spent a decade as a partner with Azure Capital, investing in early-stage companies. He began his professional career in the technology practices at Robertson Stephens and CreditSuisse raising public and private capital and advising on and mergers and acquisitions.

A graduate of Stanford University, Ray was an NCAA champion butterfly and represented the USA in the 1996 Olympic Games.

**Ms. Susan Cates****Co-Founder/Managing Partner of Leeds Illuminate**

Susan Cates is the co-founder and managing partner of Leeds Illuminate, a growth equity fund that invests in the education and workforce development sectors. She brings 23 years of experience in the sector, across operating executive, investing, and advisory roles.

Ms. Cates previously served as CEO of the Association of College and University Educators (ACUE), chief operating officer of 2U, president of UNC Executive Development, and founding executive director of

MBA@UNC. Prior to her operating roles, she was a partner and led global acquisitions at Best Associates, a private equity firm with investments primarily in the education sector. Ms. Cates was part of the founding team and principal of ThinkEquity Partners, an investment banking boutique, where she led the education investment banking practice. She previously worked in investment banking at Merrill Lynch and corporate banking at Wachovia Bank.

Ms. Cates earned her MBA from UNC Kenan-Flagler Business School and her BA from Duke University. She serves as a director on the boards of multiple portfolio companies in the education sector, in addition to the board of Primo Water Corporation (NYSE: PRMW) and the Board of Advisors for UNC Kenan-Flagler Business School.

**Mr. John Comly****President, CEO & Director of American Safety Holding Corporation**

John Comly has served as the president, CEO, and director of American Safety Holding Corporation (ASC) since 2017. During that time, he has led the company through a period of rapid growth and digital transformation that has resulted in a five-fold growth in earnings and a successful private equity-backed recapitalization with Ridgemont Equity Partners. ASC, through its family of companies, is a market leader in the development and delivery of online training and credentialing solutions for adult learners across variety of end-markets, including workplace safety, continuing vocational education, and traffic safety. The company supports nearly three million learners annually, providing critical safety training and certifications across a variety of regulated markets. Prior to joining ASC, Mr. Comly spent over six years at Red Ventures, a Charlotte-based technology company, most recently as president of several business units. Mr. Comly began his career as an investment banker before spending over a decade as a middle-market private equity investor. Mr. Comly is a member of YPO and serves on several non-profit boards including Charlotte Latin School and the Novant Health Presbyterian Medical Center Foundation. He is a graduate of Washington & Lee University where he served as executive committee president and played lacrosse.

**Mr. Courtney A. Crowder****Executive Director, South Hub APCO Worldwide**

A native of Southeast Raleigh, Courtney Crowder has over 20 years of experience in public affairs, marketing, and strategy. Courtney honed his skills in a range of public affairs and government relations positions. November 2019, he accepted the role of the Raleigh Managing Director for APCO Worldwide, an independent global public affairs and strategic communications consultancy. With more than 600 employees in 35 worldwide locations, it is also the largest independently owned PR firm in the United States. Prior to joining APCO, Mr. Crowder established Crowder Consulting Company in 2012, which followed his service as Legislative Director and senior adviser in the North Carolina Governor's Office. He counseled corporate, nonprofit, and governmental organizations while at Capstrat, North Carolina's premier strategic communications firm and served as the legislative liaison for the North Carolina Department of Insurance and special assistant to Commissioner. Mr. Crowder serves on the Boards of UNC Rex Healthcare, Delta Dental, Raleigh Chamber of Commerce, Southeast Raleigh Promise, and Advance Carolina. He is also the executive director of the North Carolina Black Alliance. He is a member of Alpha Phi Alpha Fraternity, Incorporated. Mr. Crowder holds degrees in English literature and French from North Carolina Central University and an MA in liberal studies from Duke University.

**AGENDA ITEM**

A-3b. Approval of Associated Entity..... Andrew Kelly and Andrew Tripp

**Situation:** Project Kitty Hawk, Inc., has been established as directed by Section 8.24 of S.L. [2021-180](#). The law directs the creation of an associated entity under G.S. 116-302 that will support digital learning and career development programs at the at constituent universities of the University of North Carolina System. Such entities must be approved in writing by the Board of Governors and the president.

**Background:** Project Kitty Hawk, Inc., a private North Carolina nonprofit corporation, has been established in accordance with the [2021 Appropriations Act](#) to support digital learning and career development programs offered by constituent institutions of the University of North Carolina System. Project Kitty Hawk, Inc., is intended to be an associated entity with the University of North Carolina System.

**Assessment:** Associated entities require the Board of Governors and president's written approvals. These approvals, if given, will allow the System Office to negotiate with Project Kitty Hawk, Inc., to enter in an associated entity agreement and other necessary agreements to allow Project Kitty Hawk, Inc., to launch consistently with the legislative directive contained in the 2021 Appropriations Act. These agreements ultimately will be executed by the senior vice president for Finance and Administration and chief financial officer pursuant to existing delegated authority from the president. The terms of the associated entity agreement will be negotiated in accord with the requirements of Section 600.2.5.2[R] of the UNC Policy Manual. The written approval of the Board of Governors will be obtained through adoption of the resolution included in the committee's materials. The committee today is being asked to recommend adoption of the resolution by the Board of Governors at its meeting on January 20, 2022.

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



Project Kitty Hawk

Update to the Board of Governors

January 19, 2022

## **I. Introduction: The Opportunity**

The state constitution calls on the University of North Carolina to “extend the benefits of public higher education to the people of North Carolina”—all of them. To truly fulfill the University’s constitutional duty, the System must more fully adapt to the needs of today’s learners and a changing labor market.

Accessing higher education and relevant training can be challenging for working adults. Barriers include time, money, a bewildering array of options, uncertain connections to a clear career path, and a hesitancy to step into the classroom after many years away.

The UNC System has not traditionally served these learners on a broad scale even though working adults across the state would benefit from the high-quality education UNC System universities provide. It is not simply a shortage of demand for postsecondary education from nontraditional students. In fact, data indicate that tens of thousands of North Carolinians choose to enroll online with out-of-state universities, presumably because they could not find an option that fits their goals, budget, and schedule closer to home.

The UNC System has an opportunity to develop new models and services that can fit into the busy lives of working adults and that directly align with careers in growing fields. Developing these models will not only help North Carolinians access better jobs; it will also help our institutions grow their digital offerings and serve a new and almost entirely untapped segment of the population that is far larger than the diminishing pool of 18-24-year-olds. Creating pathways for working adults will also benefit the state, driving economic growth by creating a more skilled workforce, extending our educational mission to more students in underserved areas, and diversifying revenue with new markets.

## **II. The Status Quo**

North Carolina has set an ambitious attainment goal that 2 million North Carolinians between the ages of 25 and 44 will have completed a postsecondary degree or credential by 2030. If current trends persist, the state will be more than 400,000 adults short of that target by the end of the decade. To reach the state’s goal, colleges and universities must extend the benefits of higher education to far more North Carolinians than just those between the ages of 18 and 24.

Re-engaging adults who started college but did not finish a degree is a particularly promising strategy, especially considering demographic shifts that will affect the UNC System over the next two decades. Census data indicate that in 2019, approximately 1.5 million North Carolina adults over the age of 25 had “some college, no degree,” 586,000 of whom were between the ages of 25 and 44.<sup>1</sup> Meanwhile, the state demographer projects that, after decades of growth, the number of North Carolinians between the ages of 18 and 24 is likely to level off by the end of the next decade due to declines in fertility rates—a trend that COVID-19 has exacerbated.<sup>2</sup>

Adult students are different from traditional-age undergraduates in several ways. They are more likely to enroll exclusively online and to attend part-time. They tend to value flexibility (in course delivery and academic calendar), structured and accelerated paths to a degree, and programs that are closely aligned

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<sup>1</sup> 2019 American Community Survey, One-year Estimates, Educational Attainment in North Carolina.

<sup>2</sup> Rebecca Tippet, “Early signs indicate pandemic baby bust,” Carolina Demography, June 15, 2021: <https://www.ncdemography.org/2021/06/15/early-signs-indicate-pandemic-baby-bust/>

to their career goals. Universities that serve working adults tend to accept substantial amounts of transfer credit, have degree programs that are closely aligned to the labor market, and feature year-round calendars with multiple start dates.

The UNC System and constituent universities have taken steps to re-engage “part-way home” students and build new pathways to a degree. Many of the constituent institutions have developed “completion degrees” designed to provide a streamlined pathway to complete a bachelor’s degree. The General Assembly included a one-time appropriation for a Part-Way Home Initiative in its 2016 short session budget, designed to learn more about the causes of stop-out and to understand what options are best suited to returning adults.<sup>3</sup> More recent efforts include re-engagement campaigns funded by the North Carolina Pandemic Recovery Office (NC-PRO) and the Lumina Foundation.

While these efforts have benefited students and the state, they represent a small fraction of the UNC System’s enrollment and the 1 million-plus working adults with some college but no degree. Just 10 percent of the System’s undergraduate full-time equivalent (FTE) enrollment is over the age of 25, and enrollment by adult students has declined during the past decade. About 13 percent of the UNC System’s 900 bachelor’s degree programs are available online, with three of those available exclusively online. Prior to COVID, 13 percent of UNC System undergraduates enrolled exclusively online.

In the absence of flexible online degree options in the public university system, many North Carolinians are looking out of state for more flexible options. In 2019, 63,000 North Carolinians were enrolled exclusively online with out-of-state universities, nearly the same number that were enrolled online at a North Carolina university. During COVID, that number grew to more than 74,000, nearly 28,000 of whom were enrolled in out-of-state for-profit colleges.<sup>4</sup>

### **III. Lessons Learned from Prior Efforts and Analysis**

The market for online learning and serving working adults has evolved quickly during the past decade, and traditional universities and university systems have chosen several different strategies to pursue in this market. Table 1 summarizes some of the common approaches, though these are not exhaustive.

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<sup>3</sup> The Part-Way Home Initiative’s survey of stopped out students found that 40 percent of survey respondents cited work commitments and the fact that they “didn’t see the value of a Bachelor’s degree” as the primary reasons for not being interested in completing a degree. When asked what delivery mode they would prefer if they were to re-enroll, a plurality (40 percent) said they would prefer to enroll exclusively online (as compared to the 21 percent who would prefer to enroll in-person. See “Report on Partway Home Initiative,” September 2017, <https://www.northcarolina.edu/apps/bog/doc.php?id=57874&code=bog>

<sup>4</sup> For data on “outgoing exclusively distance education enrollment,” see National Council for State Authorization Reciprocity Agreements (NC-SARA) data dashboards here: <https://nc-sara.org/data-dashboards>



Table 1: Examples of different approaches to expanding online learning

Approach	Pros	Cons	Examples
1. Build an online learning arm at an existing university	The university can build the online learning arm to fit its needs.	Expensive and uncertain, especially given an increasingly competitive market.	Arizona State Online, Southern New Hampshire University
2. Create a new, accredited online college or university	New organization can be designed and staffed around the needs of adult learners.	Costly and time-consuming to create a new university, including accreditation processes. The new university also competes with existing universities for students.	CalBright (California's online community college); University of Maryland Global Campus; University of Arkansas eVersity (now UA Grantham)
3. Acquire an existing online university	Enables traditional universities/systems to immediately expand digital offerings through acquiring platform, staff, programs and existing students.	Parent university inherits organizational structure, academic offerings, staffing model, and pricing. Acquisition can bring reputational risk.	Purdue University Global (Purdue acquires Kaplan); University of Arkansas-Grantham; University of Arizona Global Campus (UA acquires Ashford U); UMass Global (UMass acquires Brandman U)
4. Develop a centralized portal that provides access to online offerings across a university system	Enables public systems to bring online offerings together in one place and help streamline the process of enrollment and cross-registration for universities	Centralized portals typically serve as a clearinghouse for existing programs and courses available at universities in a given system but may provide limited support for universities to develop online programs and recruit and support online learners.	Cal State Online; Georgia On My Line; UNC Online
5. Develop a shared service at the System level that helps universities move online	Potentially more efficient and cost-effective than starting a new university or acquiring an existing one; capitalizes on existing universities' programs, faculty, and staff	Lack of a business model that enables the shared service to cover its costs can create a financial liability if public funding is non-recurring; Lack of incentives to partner with the shared service can limit university buy-in.	Missouri Online; University of Texas Institute for Transformational Learning
6. Partner with a private third party (Online Program Manager (OPM)) to develop online programs	Allows rapid entry into online market because the OPM provides the up-front investment in program development, marketing, recruitment in return for share of tuition revenue. Established business model.	OPM typically takes 55-60 percent of the tuition revenue from online programs. OPMs are also limited in the programs they want to offer, and usually target high-tuition graduate programs rather than undergraduate degrees.	2U partnerships with UCLA, University of Central Florida, Georgia Tech, Michigan State, UNC-Chapel Hill, and others; Academic Partnerships contracts with regional public universities.

Like most of traditional higher education, the UNC System has been working to identify a System-wide digital learning strategy, leading to multiple efforts over the past five years to identify a System-wide strategy in digital learning. Select recommendations from those efforts are included in Table 2.

Table 2: Prior UNC System efforts related to online learning

Initiative	Year	Select findings/recommendations
President's Task Force on the Future of Online Learning	2016	<p>42 different actions organized under 10 strategies, including:</p> <p>Strategy: "Provide sustainable and scalable shared service alternatives for online education System-wide"</p> <ul style="list-style-type: none"> <li>• Action: Develop opt-in, shared online program recruitment funnel and application system</li> <li>• Action: Create NCSU-DELTA-like organization within UNC GA, or contract out, to provide opt-in, shared services (as cost center or fee for service)</li> <li>• Action: Spin off UNC-affiliated, not-for-profit online program management (OPM) organization with which institutions could choose to partner</li> </ul>
Part-Way Home Initiative <sup>5</sup>	2017	<p>Five "Pillars":</p> <ul style="list-style-type: none"> <li>• Improving access to courses through flexible modalities</li> <li>• Leveraging "System-ness" to deliver services and resources at scale</li> <li>• Re-aligning services and policies to meet the needs of nontraditional learners</li> <li>• Implementing technology solutions to improve degree efficiency and student success</li> </ul> <p>Facilitating statewide, cross-sector conversations about postsecondary attainment in North Carolina</p>
Tyton Partners <sup>6</sup>	2018	<p>Six potential business models identified, including:</p> <p>18<sup>th</sup> University</p> <ul style="list-style-type: none"> <li>• UNC System Global: Create standalone 18<sup>th</sup> University with own brand and infrastructure</li> </ul> <p>Shared services</p> <ul style="list-style-type: none"> <li>• OPM to the UNC System: develop a unit that can serve as an internal UNC-only OPM provider, providing support to each institution within the system for online learning.</li> </ul> <p>Existing universities</p> <ul style="list-style-type: none"> <li>• Pick and invest: Determine areas of strength across the system and invest heavily in selected institutions.</li> </ul>

<sup>5</sup> <https://www.northcarolina.edu/apps/bog/doc.php?id=57874&code=bog>

<sup>6</sup> See pages 34 through 52 here: <https://www.northcarolina.edu/apps/bog/doc.php?id=61025&code=bog>

		<ul style="list-style-type: none"> <li>Free market, fix incentives: equip the institutions to achieve dramatic growth by allowing for tuition rate competition in DE, changing funding formulae for distance education, and augmenting tenure and promotion criteria to include digital teaching.</li> </ul>
UNC System Online Program Strategy: Strategic Recommendations for Online Programs <sup>7</sup>	2019	<p>Goal #1: Accelerate enrollment growth in high-quality, cost-effective fully online programs across the System</p> <ul style="list-style-type: none"> <li>Approach 4: Enhance centralized resources with a specific focus on supporting fully online programs, potentially including faculty development, project management, and a centrally negotiated marketing contract</li> </ul> <p>Goal #2: Serve underserved North Carolina learners, including military and adult learners (&gt;25)</p> <ul style="list-style-type: none"> <li>Approach 1: Offer planning money/launch fund for enhancement of existing programs and development of new programs offered by System institutions to expand availability of and ease of access to fully online degree completion and bachelor's level programs</li> </ul> <p>Goal #3: Enhance talent pipeline for North Carolina industry by aligning online programs with job opportunities</p> <ul style="list-style-type: none"> <li>Approach 1: Create centralized business development competency to develop industry and military partnerships</li> </ul> <p>Goal #4: Generate financial resources to support System initiatives</p> <ul style="list-style-type: none"> <li>Approach 1: Offer startup funding for centrally identified programs with significant market demand, in state and out of state, with the opportunity for return above costs</li> </ul>

#### IV. Project Kitty Hawk

Prior efforts to develop a System-wide strategy in online learning/innovation have tended to come to similar conclusions:

- effectively serving working adults will require a statewide, coordinated approach as well as investments in capabilities currently absent at most institutions; and
- building these capabilities 16 times over would be costly and inefficient.

Over the course of 2021, System Office staff consulted with outside experts to develop a model for a shared service entity that will help existing UNC universities build and deploy online degree and

<sup>7</sup> See pages 83-93 here: <https://www.northcarolina.edu/apps/bog/doc.php?id=62545&code=bog>

credential programs that can reach working adults. The model called for an initial, one-time investment of \$97 million based on financial modeling and benchmarking against similar strategies deployed by private sector companies and other states, with the expectation that the nonprofit organization will be self-sustaining by 2026.

In response, the 2021 state budget passed by the General Assembly and signed by the Governor appropriated \$97 million for the launch of Project Kitty Hawk, a nonprofit ed-tech startup that will partner with UNC System universities to serve adult learners. The nonprofit will leverage best practices from private sector firms, lessons from other state system initiatives, and proven strategies from leading online institutions such as Arizona State University and Southern New Hampshire University.

This new entity will provide end-to-end support to help universities rapidly design and take workforce-aligned programs online as well as attract, enroll, and support learners through graduation. Growing fields such as information technology, health care, and educator preparation would be areas of natural focus given the state's needs.

Developing a shared technology and service infrastructure to help UNC System institutions reach working adults will be less expensive than the traditional approach of more buildings, more personnel, and more programs. It will also be far more cost-effective for universities than working with existing private sector options or doing it themselves. And it will facilitate improved collaboration among schools, better connections with employers in the state, and improved success for nontraditional learners that are currently unserved or enrolled with out-of-state providers.

We envision a model that would be similar, in organizational structure and entrepreneurial mission, to UNC Health, which provides a public service to the state and is operated as a business. Like UNC Health, this ed-tech start-up would bring a private sector-like approach on behalf of a tremendous public good. "Clients" and beneficiaries would be the UNC System institutions that would provide world-class teaching and advising and award the degrees, and, of course, the adult learners who will benefit from access to high quality higher education.

## **V. How Project Kitty Hawk Will Work**

Project Kitty Hawk will operate akin to an internal online program manager (OPM), where the nonprofit organization provides a range of services to help UNC System institutions build online degree programs, recruit and enroll adult learners, and support those learners to completion. In exchange, participating constituent institutions will pay Project Kitty Hawk for those services, likely by providing a share of the tuition revenue generated by the degree programs created in partnership with Project Kitty Hawk.

UNC System constituent institution faculty and staff will deliver quality instruction, assess student learning, and award credentials to adult degree seekers. Those credentials will be identical to those awarded by the constituent institution to students in other degree programs.

Services that Project Kitty Hawk will offer are envisioned to include:

- **Validation of market demand:** Project Kitty Hawk will validate market demand for any new program it supports. Using the same strategies and practices used in the private sector, Project Kitty Hawk will ensure the proposed new program is highly market-

aligned. New program opportunities can originate from Project Kitty Hawk's own market intelligence function, emerge from the universities, or be solicited directly from employers and education benefit providers.

- **Program design:** Project Kitty Hawk will work with universities to design the programs and courses to fit the validated market demand. Project Kitty Hawk's group of technologists and instructional designers will collaborate with faculty at the partner constituent institution to design learner-centric programs that meet the unique needs of working adults.
- **Technology:** Success in the online learning market requires a market leading technology suite. Reaching adult learners requires technology that fits their busy lives and the competing demands of family, work, and education. Project Kitty Hawk will provide all the technology necessary to attract students in a competitive online market and ensure student success.
- **Marketing:** Reaching adult learners can be costly and require different marketing strategies and messaging than are typically used to reach traditional students. Project Kitty Hawk will handle all the marketing on behalf of constituent institutions and optimize marketing spend across the state to ensure minimal overlap and efficient cost of student acquisition.
- **Enrollment:** Most adult learners are lost between initial interest, application, and enrollment. Leveraging best practice methodologies from the private sector and large online universities, Project Kitty Hawk will provide high touch support from real people to shepherd learners through the entire admissions and enrollment process, with assistance available on-demand when learners need them.
- **Success support and coaching:** Navigating college is hard for any learner, but it is exceptionally difficult when you are working full time, rushing the kids to school, and taking care of an aging mom and dad. That is why industry-leading providers of adult education provide high-touch student success support delivered by trained professionals on top of traditional academic advising. Project Kitty Hawk will ensure every learner has a coach who is responsible to help them reach their goals.

Project Kitty Hawk has several advantages over existing for-profit OPMs. As a nonprofit organization, Project Kitty Hawk will be able to charge a lower share of tuition revenue than is common in the private sector. Likewise, because Project Kitty Hawk will operate on a break-even basis, the organization will have greater ability to help UNC constituent institutions offer programs in fields that are critical to the state's workforce (such as teaching, rural health care, and information technology), even if those programs do not generate significant net revenue for the organization. Lastly, because the UNC System is the sole shareholder of Project Kitty Hawk, the System will be in a position to ensure Project Kitty Hawk's operations and budget are aligned with the mission, goals, and objectives of the System.

UNC System constituent institutions will not be obligated to partner with Project Kitty Hawk on their digital learning offerings. Those that already have a significant presence in the adult student market can continue that good work on their own or in partnership with another third-party provider of online services. Each university will have the option to work with Project Kitty Hawk to expand their impact, enabling institutions that are farther along to reach even greater scale if they wish. Project Kitty Hawk

will be expected to earn the constituent institutions' business by delivering a quality service at a competitive price.

## **VI. Governance and Policy**

Section 8.24(c) of the Operations Appropriations Act of 2021, S.L. 2021-180, requires the Board of Governors to establish the Project Kitty Hawk nonprofit corporation to support digital learning and career development programs offered by UNC System constituent institutions. Project Kitty Hawk, Inc. will operate as a legal entity separate from the System, established pursuant to G.S. 116-30.20 as a private, North Carolina nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code and organized for the purpose of aiding and supporting educational and charitable purposes and lawful activities of the University of North Carolina.

*Board of Directors:* The nonprofit will be governed by a nine-member board of directors as outlined in Section 8.24, including two *ex officio* seats for the chair of the UNC System Board of Governors and the president of the UNC System. In consultation with the president, the Board of Governors will appoint the other seven members of the board of directors as outlined in Section 8.24:

- Three chancellors or chief academic officers of UNC System universities
- Four persons with experience in higher education, business management, or both.

The Board of Governors Committee on University Governance will consider appointments to the Project Kitty Hawk, Inc., Board of Directors in open session at its January 19 meeting; the biographies for proposed members are included in the board materials. To provide for continuity of corporate leadership, proposed appointments will be made on staggered terms.

*Legislative Reporting Requirements:* S.L. 2021-180 also outlines reporting requirements for Project Kitty Hawk. By March 1 each year, the board of directors will report to the General Assembly on its activities, corporate performance, and any other relevant matters pertaining to its corporate mission. The System Office will report to Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division regarding Project Kitty Hawk and the progress made toward reaching the State's digital learning attainment goals, including information on degree programs created, enrollments, tuition and fee rates and receipts, and other metrics of interest.

*Legislative changes to funding and tuition revenue:* The statute also includes two provisions related to funding and tuition:

- Section 8.24(e) states that student credit hours provided with the support of Project Kitty Hawk shall not be included in an enrollment change funding request. In other words, Project Kitty Hawk programs will be "off-model" and self-supporting, similar to how in-person summer courses have traditionally been treated in the System.
- Section 8.24(f) states that moneys received as tuition for Kitty Hawk-supported program shall be considered institutional trust funds under G.S. 116-36.1(g).

Like other self-supporting programs and credit hours (i.e., not funded with state appropriations), tuition rates for these programs will need to be differentiated from the prevailing per-credit tuition rates charged to resident undergraduate and graduate students. In its January 19 meeting, the Committee on

Budget and Finance will consider a revision to Section 1000.1.1 of the UNC Policy Manual to delegate authority to approve tuition for Project Kitty Hawk programs to the Project Kitty Hawk, Inc., Board of Directors with approval of the president.

*Board Policy on Associated Entities:* Pending approval of the Committee on University Governance and the full Board of Governors at the January meeting, Project Kitty Hawk, Inc., will be considered a Major Associated Entity under Section 600.2.5.2[R] of the UNC Policy Manual, *Regulation on Required Elements of University-Associated Entity Relationship*. Section 600.2.5[R] of the UNC Policy Manual provides for a series of accountability and transparency provisions and outlines the responsibilities, obligations, and reporting requirements for associated entities affiliated with UNC, including, but not limited to:

- The associated entity must report annually to the System a list of current members, portions of the entity's Form 990, and a copy of its financial audit report,
- UNC System will have oversight and control over the associated entity's name, marks, resources, and activities,
- The associated entity must agree, in writing, to comply with all applicable System policies,
- The associated entity's annual operational and capital budget must be submitted to the System, and the associated entity must consider any suggestions made by the president to ensure the budget is aligned with the mission, goals, and objectives of the System, and
- The associated entity must have a policy on whistleblower protection, conflict of interest and ethics, and records retention.

Project Kitty Hawk will also be subject to the terms of the association agreement that is established with the System Office. An example of such an association agreement is available in the Board materials, and will include provisions requiring the associated entity to:

- Represent and warrant that it shall comply with all applicable System policies,
- Provide annual certification of its compliance with identified financial matters,
- Maintain commercially reasonable directors and officers insurance, general liability insurance, property insurance, and other insurance as deemed necessary by the System,
- Indemnify the System for causes of action arising out of the associated entity's activities,
- Comply with corporate formalities (i.e., meeting minutes, meeting frequency, etc.) and have meeting minutes available to UNC upon request, and
- Notify the System of any audit, investigation, or threatened litigation.

## **VII. Next Steps**

Pending the Board of Governors' appointment of the Project Kitty Hawk Board of Directors and adoption of the resolution to approve the affiliated entity, the Project Kitty Hawk Board of Directors will meet to at least: (i) consider the hiring of a chief executive officer, (ii) adopt the organization's bylaws, (iii) approve the affiliation agreement with UNC, (iv) authorize Project Kitty Hawk, Inc., to enter into an operating agreement with the System Office governing the flow of appropriated funds and other service-level obligations of the parties, (v) adopt corporate policies related to conflicts of interest and ethics, whistleblower protection, and records retention, (vi) elect a chair of the corporate board of directors, and (vii) authorize the officers of the corporation to prepare and file an application for recognition of tax exemption with the Internal Revenue Service.

The president and CEO will then develop a strategic plan and an operational plan, along with an associated budget, that will be approved by the Project Kitty Hawk, Inc., board at its next meeting. As previously noted, if requested, the Project Kitty Hawk, Inc., annual operations and capital budget will be reviewed by the president where the president will have the opportunity to make appropriate suggestions.



**STATE OF NORTH CAROLINA**

**COUNTY OF ORANGE**

**ASSOCIATION AGREEMENT**

**The University of North Carolina System**

**and**

**Project Kitty Hawk, Inc.**

This Association Agreement (“Agreement”) is made and entered into as of January 12, 2022 (“Effective Date”) by and between the University of North Carolina System (“UNC System”) and Project Kitty Hawk, Inc. (“Associated Entity”) (“Party” or “Parties” collectively).

**WITNESSETH**

WHEREAS, the UNC System is an agency of the State of North Carolina, serving as a public, multicampus university dedicated to the service of North Carolina and its people; encompassing the 17 diverse constituent institutions and other educational, research, and public service organizations; and

WHEREAS, N.C.G.S. § 116-30.20 requires the Board of Governors of the University of North Carolina (the “Board”) to encourage the establishment of private, nonprofit corporations to support the constituent institutions of the University of North Carolina and the University System; and

WHEREAS, Associated Entity is a legal entity separate from the UNC System, established as a private, North Carolina nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code and organized for the purpose of aiding and supporting educational and charitable purposes and lawful activities of the UNC System as a Major Associated Entity as defined and governed by UNC Policy 600.2.5.2[R]; and

WHEREAS, if the UNC System recognizes as an entity as an Associated Entity (as that term is defined in UNC Policy 600.2.5.2[R]), the entity is able to provide a greater level of support to the UNC System and may receive certain administrative services from the UNC System; and

WHEREAS, in the best interest of the UNC System, the UNC System recognized Associated Entity as a Major Associated Entity by a resolution of the Board, signed by the President (Exhibit A); and

WHEREAS, Associated Entity has satisfied the standards and eligibility requirements of a Major Associated Entity; and

WHEREAS, the Parties desire to formalize the relationship between the UNC System and Associated Entity in compliance with the UNC Policy 600.2.5.2[R] by setting for the manner in

which the UNC System is to provide support to Associated Entity and in which Associated Entity is to provide support for the UNC System;

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## **TERMS**

### **1. Associated Entity Support of the UNC System.**

1.1. Associated Entity's sole purpose is to be organized and operated exclusively for the benefit of, to perform the UNC System, or to carry out the charitable, religious, testing for public safety, prevention of cruelty to children or animal, scientific, literary, or educational purposes of the UNC System, the activities for which include, but are not limited to the following:

1.1.1. Supporting digital learning and career development programs offered by constituent institutions of the UNC System; and

1.1.2. Engaging in any and all lawful activities incidental to the foregoing purposes or as may be deemed appropriate by the UNC System.

### **2. Use of the UNC System Name.**

2.1. Associated Entity may use the name of the UNC System as well as the UNC System logo, informal seal, and other symbols and marks of the UNC System, in connection with services rendered by it for the benefit of the UNC System in accordance with applicable trademark policies, regulations, rules, or other instruction of the UNC System. Any Associated Entity communication utilizing the UNC System's name and/or symbols must clearly indicate the communication originates from Associated Entity and not the UNC System. All uses of the UNC System's name and/or symbols shall be subject to the oversight and approval of the UNC System, which may withhold permission for particular uses or direct cease of Associated Entity's uses at anytime at its sole discretion.

2.2. Associated Entity shall not delegate the authority to use the UNC System's name and/or symbols to any person or entity without the prior written approval of the President of the University of North Carolina ("President") or the President's designee.

2.3. Associated Entity agrees to cease use of any the UNC System name and/or symbols in the event:

2.3.1. Associated Entity dissolves or its approved status is removed;

2.3.2. This Agreement is terminated as provided below;

2.3.3. Associated Entity ceases to be a nonprofit corporation under North Carolina law or ceases to be recognized by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code; or

2.3.4. The President otherwise revokes such authority in his or her sole discretion.

3. Relationship between Associated Entity and the UNC System.

- 3.1. The UNC System shall be the sole member of Associated Entity, as provided for in Associated Entity's governing documents, which shall define the rights, powers, privileges and duties of the UNC System as the sole member; however, the UNC System agrees to encourage and maintain the independent nature of Associated Entity and, at the same time, foster the cooperative relationship between the UNC System and Associated Entity.
- 3.2. The management, including control and management of Associated Entity assets, of Associated Entity shall be vested in Associated Entity's Board of Directors, which shall be comprised and selected in accordance Section 8.24(c) of the Current Operations Appropriates Act of 2021, S.L. 2021-180, as it may be amended from time to time.
- 3.3. Associated Entity and the UNC System shall enter into an operating agreement which contemplates the Parties' service level obligations to each other, including reimbursement to the UNC System for services provided to Associated Entity, and the disbursement of funds as provided for in Section 8.24(b) of the Current Operations Appropriates Act of 2021, S.L. 2021-180, as it may be amended from time to time. Notwithstanding anything to the contrary, the UNC System employees tasked with assisting in the operation of Associated Entity must be assigned (in writing) by the President or delegate; further, when UNC System personnel provide services to Associated Entity and there arises a conflict between the UNC System and Associated Entity, the employee must comply with UNC System policies, regulations, and directives.
- 3.4. Associated Entity agrees to cooperate with the President and/or the President's designee to allow the UNC System to monitor the relationship between the UNC System and Associated Entity.

4. Relationship between Associated Entity and UNC System constituent institutions.

- 4.1. In furtherance of its purpose as defined in Section 8.24 of the Current Operations Appropriates Act of 2021, S.L. 2021-180, and Section 1 of this Agreement, Associated Entity will provide digital learning and career development services to UNC System constituent institutions and receive services from UNC System constituent institutions in support of this purpose. Prior to the exchange of any services between Associated Entity and any UNC System constituent institution, Associated Entity shall enter into a written agreement with the UNC System constituent institution detailing Associated Entity's obligations and the UNC System constituent institution obligations.

5. Associated Entity Obligations.

- 5.1. Associated Entity agrees to act only in accordance with its purpose as defined in Section 1 of this Agreement. Associated Entity agrees that any proposed new business venture

undertaken by Associated Entity or substantial change in the nature, purpose, or scope of its activities must be approved by UNC System.

- 5.2. Associated Entity represents and warrants that it is in compliance with the Board of Governors' Required Elements of University-Associated Entity Relationship, adopted November 16, 2005, and as revised May 11, 2021 (attached and incorporated hereto as Exhibit B) and acknowledges that continued compliance with Exhibit B, as it may be updated from time to time, is a condition for Associated Entity's continued use of the UNC System name and/or symbols and UNC System resources. Further Associated Entity agrees and acknowledges that any violation or deviation from Exhibit B may result in the UNC System's unilateral termination of this Agreement and revocation of Associated Entity's Major Associated Entity Status. Further, Associated Entity agrees that UNC Policy on Removal of Associated Entity Approved Status will apply to Associated Entity (see UNC Policy 600.2.5[R] Section III.C.).
- 5.3. Associated Entity will use sound fiscal and business principles, ensure that a sound internal control structure is in place, and follow generally accepted accounting principles. In furtherance of this, and in addition to the other reporting requirements found in this Agreement, Associated Entity agrees to provide the UNC System an annual financial compliance certification in a form provided by the UNC System. A copy of the current form is attached hereto as Exhibit C.
- 5.4. Associated Entity shall obtain, operate, and maintain its accounting, development activities, and other information on UNC System-compatible data processing equipment, peripheral hardware and software. Associated Entity shall maintain custody and control of all records, and any UNC System employee, officer or agent shall have access to such records only for the purpose of providing service and support to Associated Entity. Associated Entity shall maintain ownership, custody, and control to any information it collects which constitutes a trade secret under N.C.G.S. § 66.152 or is otherwise proprietary or confidential under state or federal law. Any assigned UNC System employees, officer, or agent having access to such records shall keep any Associated Entity's confidential and proprietary information secret and not disclose the records to any third party, except with consent or as required or authorized by law. Associated Entity agrees that it will develop and comprehensive records retention and disposition policy consistent with any applicable UNC policy that governs the retention and destruction of Associated Entity documents, including electronic files. This policy shall prohibit destruction of documents subject to any litigation hold, investigation, or audit that is anticipated or underway.
- 5.5. Associated Entity agrees to abide by all laws, regulations, and UNC policies applicable to its operations and to the administrative services it receives from the UNC System. Associated Entity shall assure that its activities align with the mission, goals, and standard of UNC or a constituent institution. Associated Entity further agrees to refrain from any action that would constitute a violation of any UNC or constituent institution accreditation standards or other UNC or constituent institution governing body standards or regulations, including any applicable athletics conference standards.

- 5.6. Associated Entity agrees not to make any payments or to provide any non-salary or deferred compensation to any UNC System employee, except approved expense reimbursements, without prior written approval by an authorized UNC System representative and Associated Entity agrees to comply with UNC Policy 300.1.1 (Policy on Senior Academic and Administrative Officers).
- 5.7. Associated Entity's governing documents must include indemnification provisions protecting Associated Entity's officers and directors to the fullest extent permitted by North Carolina Law.
- 5.8. Associated Entity shall maintain with commercial reasonable coverage limits and terms satisfactory to UNC System: (a) directors and officers insurance, (b) commercial general liability insurance, (c) property insurance if Associated Entity owns real property, (d) other insurance deemed necessary by the UNC System given Associated Entity's mission and activities. Associated Entity may procure and maintain other insurance, as deemed appropriate.
- 5.9. Associated Entity officer and employees who have check signing authority to who handle cash or negotiable instruments must be bonded in an amount determined to be reasonable by Associated Entity board and the UNC System.
- 5.10. Associated Entity shall retain legal counsel services, either through in-house attorney employed by Associated Entity or through an engagement letter with a law firm.
- 5.11. Associated Entity shall maintain adequate capitalization in relation to its business operations and risks.
- 5.12. Fundraising and development activities of Associated Entity shall be conducted subject to the policies and regulations of the UNC System and coordinated with the UNC System's development office. Absent prior approval from the UNC System, Associated Entity may not engage in fundraising or development activities that impose obligations on the UNC System, or receive gifts that impose obligations on the UNC System.
- 5.13. Associated Entity shall comply with corporate formalities, including, without limitation, meeting frequency, election of board members and officers, and keeping accurate reports of all minutes. Upon request, Associated Entity shall provide the UNC System a copy of the minutes of any of Associated Entity's regular or executive session meetings, provided that such minutes may contain reasonable redactions of privileged, proprietary, or confidential information.
- 5.14. Associated Entity shall promptly notify the UNC System in the event of: (a) any audit of Associated Entity's federal or state tax returns or reports by any governmental entity; (b) any audit or investigation conducted by any governmental entity, regulatory agency, or governing body into Associated Entity's activities or services; or (c) any potential, threatened, or actual litigation involving Associated Entity.

5.15. Associated Entity may not acquire debt in excess of \$500,000 that is not to be publicly traded without first notifying the President and consulting with the vice president for finance of the UNC System. In determining the level of scrutiny to give to the proposed transaction, the vice president shall take into account the amount of the debt in relationship to Associated Entity's assets and income and the extent of experience of Associated Entity in entering into similar debt transactions.

5.16. All transfers of funds from Associated Entity to the UNC System must be documented in writing or electronically in a form that has a retrievable transaction trail.

## 6. Associated Entity Budgets, Audits and Reporting

6.1. Associated Entity agrees to create and adopt an annual operations budget and an annual capital budget, through its regular participation in the annual general fund process or as such annual budgets may be otherwise duly created and adopted. Upon request, Associated Entity shall meet with the President (or designee) to review Associated Entity's proposed annual operations and capital budget, and any subsequent proposed material changes to such annual operations and capital budget. In setting its budget, Associated Entity shall consider in good faith all suggestions offered by the President (or designee) regarding the proposed budget of Associated Entity and how the budget might be better aligned with the mission, goals, and objectives of the UNC System.

6.2. Associated Entity's bylaws must provide for a standing audit committee or other committee with an audit of the UNC System. The audit committee must receive the report of the individual of firm that conducts Associated Entity's annual audit and relevant tax forms to be submitted by Associated Entity. Associated Entity, and any single-member subsidiaries (LLCs or corporations) must be audited on an annual basis by an independent CPA firm in good standing with the North Carolina Board of CPA Examiners and with substantial experience in performing audits for organizations of similar scope and complexity to Associated Entity. A CPA firm providing an audit for Associated Entity may not provide nonauditing services to Associated Entity other than tax preparation services that are preapproved by the audit committee. Within ninety (90) days of the issuance of an audit report with audit findings, Associated Entity must demonstrate to the President and to the vice president for finance that satisfactory progress has been made to implement a corrective action plan. Failure of Associated Entity to revive an unqualified audit opinion, to comply with reporting requirements as provided herein and in UNC Policy 600.2.5.2[R], or to satisfactorily implement a corrective action plan in response to an audit finding may result in Associated Entity losing its approved status.

6.3. Associated Entity must file annual reports with the President covering the following items: (a) a list of all members of Associated Entity's governing body; (b) a copy of the publicly disclosed portion of Associated Entity's form 990, or other series 990 form or other similar information return; and (c) a copy of Associated Entity's CPA audit report and related management letters and responses to management letters. In addition, at the request of the President, or Chair of the Board, Associated Entity must meet with the requesting person,

or designee, or the internal auditor of the UNC System and allow that person to inspect any information requested.

## 7. Conflicts of Interest

- 7.1. Associated Entity will establish and maintain conflict of interest and ethics policies, which must be approved by the UNC System, pertaining to its relationship with the UNC System, members of the governing board of Associated Entity, and persons doing business with Associated Entity and establishing required ethical standards for the members of the governing board of Associated Entity. Such policies shall provide: (a) all transactions (other than expense reimbursements set for in Section 5.6 of this Agreement) between Associated Entity and an officer, director, or employee of Associated Entity must be approved by Associated Entity board; and (b) no Associated Entity officer, director, or employee having a private business interest in an Associated Entity business transaction may be involved in the decision with respect to whether Associated Entity should enter into such transaction. These policies shall be review and updated from time to time, and at all times be consistent with the requirements of UNC Policy 600.2.5.2[R].

## 8. Compliance with UNC policies and regulations and Associated Entity Bylaws.

- 8.1. The Parties agree to comply with the policies and regulations and procedures of the UNC System pertaining to Associated Entities, including amendments thereto. The UNC System shall provide Associated Entity with changes or amendments to policies and regulations as soon as practicable to allow Associated Entity the opportunity to make required changes to ensure continued adherence to said policies and regulations. Associated Entity agrees to provide the UNC System with a copy of its Articles of Incorporation and Bylaws and shall provide any proposed amendments as soon as possible and in no event later than thirty (30) days prior to the meeting of Associated Entity at which such amendments will be considered for adoption.

## 9. Effect of Agreement; Modification; Survival

- 9.1. This Agreement contains the entire understanding of the Parties and shall not be altered, amended or modified, except by an agreement in writing executed by the duly authorized officials of both Parties. Any invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity of any other of its provisions. The provisions in this Agreement that by their sense and context are intended to survive the completion of performance and termination of this Agreement shall so survive the completion of performance and termination of this Agreement.

## 10. Confidentiality

- 10.1. Neither Associated Entity nor the UNC System shall disclose or use any private, confidential, or trade secret provided from one to the other except as require in and by the terms of this Agreement or as required by law. Associated Entity shall maintain ownership

of any control access to any records it collects that constitute a trade secret under N.C.G.S. § 66-152.

#### 11. Indemnification

- 11.1. Associated Entity shall indemnify, defend, and hold harmless, the UNC System, its Board, officers, employees, and agents, and the UNC System constituent institutions, their board of trustees, officers, employees, and agents, in their official and individual capacities, from and against any and all claims, damages, liability, injury, expense, demands, and judgments, including court costs and attorney's fees, arising out of Associated Entity's performance under this Agreement or Associated Entity's performance under any agreement with a UNC System constituent institution. This provision shall continue beyond the termination or expiration of this Agreement.

#### 12. Term and Termination.

- 12.1. The initial term of this Agreement shall be three (3) of years from the Effective Date and shall be automatically renewed for successive one (1) year terms, unless and until either Party gives ninety (90) days written notice to the other Party of its intent not to renew for a new term. Either Party shall have the continuing right to terminate this Agreement at any time without cause upon ninety (90) days written notice to the other Party. If the UNC System removes the approved status of Associated Entity, Associated Entity must dissolve as soon as practicable, and this Agreement shall terminate in accordance with applicable policy.

#### 13. Dissolution.

- 13.1. It is the intent of the Parties that Associated Entity have perpetual existence. However, in the event of dissolution of Associated Entity, including removal of Associated Entity's approved status as governed by UNC Policy 600.2.5[R] III.C., all Associated Entity's assets, unless otherwise designated by the donor of any assets requires otherwise, will revert to the UNC System. This dissolution provision must be contained in Associated Entity's governing documents.

#### 14. Whistleblower Protection.

- 14.1. Associated Entity must have a confidential and anonymous mechanism to encourage individuals to report any inappropriateness within the entity's financial management and must prohibit punishment of or retaliation against any employee for reporting problems.

#### 15. Compliance with Applicable Law and Non-discrimination.

- 15.1. Associated Entity agrees to comply with all applicable federal, state, and local rules, regulations, and laws, as currently in effect and as may be amended from time to time. Associated Entity further agrees not to discriminate in any manner on the basis of sex,



race, creed, age, color, national origin, religious belief, disability, status as a disabled veteran or veteran of the Vietnam era, sexual orientation, gender identity, or genetic information, and to comply with all non-discriminatory laws and policies that the UNC System promulgates and to which the UNC System is subject.

16. Governing Law; Venue

- 16.1. This Agreement shall be construed, governed, and enforced by and in accordance with the internal laws of the State of North Carolina. Each party expressly consents to the jurisdiction of the Superior Court of the State of North Carolina should litigation arise between the parties.

IN WITNESS WHEREOF, and intending to be bound hereby, authorized representative of each of the parties hereto have caused this Agreement to be duly executed and delivered.

[INSERT SIGNATURE PAGE]

**EXHIBIT A**

BOARD OF GOVERNORS RESOLUTION  
APPROVING PROJECT KITTY HAWK AS A MAJOR ASSOCIATED ENTITY

DRAFT

**EXHIBIT B**

UNC Policy 600.2.5.2[R]

DRAFT

## EXHIBIT C

### REQUIRED ELEMENTS OF UNIVERSITY-ASSOCIATED ENTITY RELATIONSHIP CERTIFICATION OF FINANCIAL AND OPERATIONAL ISSUES FOR FYE 2021

Yes	No	Overview
		1. We acknowledge that we have read and are in compliance with the <u>Required Elements of University-Associated Entity Relationship</u> in The UNC Policy Manual 600.2.5.2[R], adopted 11/16/05 and amended 06/25/14, 06/08/15 and 05/11/21. Note: Requirements can be found on the UNC System Office website at:  <a href="https://www.northcarolina.edu/apps/policy/index.php">https://www.northcarolina.edu/apps/policy/index.php</a> Further, we understand that non-compliance with these requirements on a timely basis could result in removal of our entity's approved status.
		2. Has there been a change in the primary purpose or mission of the Associated Entity from the originally approved primary purpose and mission? If so, please briefly describe.
		3. To the best of your knowledge, is the Associated Entity still in good standing as a tax-exempt entity of the IRS and have all required filings been made with respect to such tax exemption?
		4. We certify that there is an indemnification provision in Associated Entity bylaws or operating agreement protecting officers and directors to the fullest extent allowed by NC law.
		5. We certify that any proposed new business venture or substantial change in nature, purpose or scope of Associated Entity activities was approved by the UNC System. Please attach approval, if applicable.
		6. We certify that all UNC System employees tasked with assisting in the operation of Associated Entity were assigned (in writing) by the President or delegate. (GS § 116-30.20)
		7. We certify that we notified the UNC System of any audit of our federal or state tax returns or reports by any governmental entity, or there was none.
		8. We certify that we notified the UNC System of any potential, threatened, or actual litigation involving the Associated Entity, or there was none.
		9. We certify that we notified the UNC System of any investigation conducted by any governmental entity, regulatory agency, or governing body into Associated Entity's activities or services.
		10. We agree that upon request, we will provide the UNC System all minutes of regular and executive session meetings of our governing board, with permitted redactions.
		11. We certify that we have either retained an in-house attorney or have executed an engagement letter with a law firm for legal counsel services.

		12. We certify that we have maintained adequate capitalization and complied with all corporate formalities.
		13. We certify that we have planned and conducted all fundraising activities in close cooperation with the UNC System to ensure proper coordination, or there was no fundraising activity.
		14. We certify that we have registered and provided a copy of our annual charitable solicitation registration in all required states.
		15. We certify that a list of all members of our entity's governing body is separately enclosed with this certification.
		16. We certify that, if applicable, a copy of the publicly-disclosed portion of our entity's Form 990, other series 990 forms, or other similar information return are enclosed with this certification or will be provided upon completion.
		17. We certify that a copy of our entity's audit report, management letters, and responses to management letters are enclosed with this certification statement. We understand these items will be routed through the President, to the Board of Governors.
		18. Were there any significant or material weaknesses identified on management letter from the auditors?
		19. If applicable, we certify that our response to the management letter was forwarded to the President within 90 days of issuance of our report and management letter.
		20. We certify that an annual financial audit was performed by an independent CPA firm in good standing with the NC Board of CPA Examiners and with substantial, relevant experience.
		21. We certify that within 90 days of the issuance of an audit report with audit findings, we will demonstrate that satisfactory progress has been made to implement a corrective action plan. We understand it is our responsibility to share documentation regarding this progress with the UNC System.
		22. We understand that failure to receive an unmodified audit opinion, to comply with these reporting requirements, or to satisfactorily implement a corrective action plan in response to an audit finding may result in removal of our entity's approved status.
		23. If applicable, we certify that contractual agreements for auditing services adhere to the <u>Auditing Services Rules</u> as provided by the State Auditor.
		24. We certify that our by-laws provide for a standing audit committee or other committee with an audit the UNC System.
		25. We certify that employees of our entity do not serve on the audit committee or a committee with an audit the UNC System.
		26. We certify that where practical our entity's audit committee or committee with an audit UNC System has a financial expert as a member.
		27. We certify that (i) our entity creates an annual operations and capital budget; and (ii) if requested, our entity will meet with the President (or designee) to review the proposed budgets and consider in good faith all suggestions offered.
		28. We certify that our entity uses sound fiscal and business principles and practices, ensures that a sound internal control structure is in place, and follows generally accepted accounting principles.

		29. We certify that officers and employees who have check signing authority or who handle cash or negotiable instruments are bonded in an amount determined to be reasonable by the UNC System.
		30. We certify that our entity maintains (a) directors and officers insurance, (b) commercial general liability insurance, (c) property insurance if the Foundation owns real property, and (d) other insurance deemed necessary by the UNC System given the Associated Entity's mission and activities.
		31. We certify that all transfers of funds from our entity to the UNC System are documented in writing or documented in an electronic form that has a retrievable transaction trail.
		32. We certify that our entity has not acquired debt above the policy threshold without first notifying the President or his or her designee and consulting with the Vice President for Finance.
		33. We certify that all salary and non-salary compensation provided by our entity to its officers or employees have been approved by our governing board.
		34. We certify that our entity is in compliance with UNC Policy Section 300.1.1 concerning the prohibition of payments to specified University employees. This requirement does not prohibit an entity from reimbursing its officers or employees for expenditures made on behalf of the entity.
		35. We certify that we have not made personal loans to trustees or executive officers regardless of the funding source.
		36. We certify that loans to other employees are from funds restricted for that purpose by donors. If loans have been made to other employees, a list of those loans is attached.
		37. We certify that we provide to the UNC System information required for tax reporting on the W-2 forms of the UNC System employees for salary and non-salary compensation.

**NAME OF ASSOCIATED ENTITY:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
**SIGNATURE**  
*(must be signed by President or Finance Officer)*

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**PRINTED NAME**

\_\_\_\_\_  
**TITLE**



THE BOARD OF GOVERNORS OF  
THE UNIVERSITY OF NORTH CAROLINA SYSTEM

*RESOLUTION TO APPROVE ASSOCIATED ENTITY*  
*January 20, 2022*

**WHEREAS**, G.S. 116-30.20 requires the UNC Board of Governors (the "Board") to encourage the establishment of private, nonprofit corporations to support the constituent institutions of the University of North Carolina ("UNC") System;

**WHEREAS**, Section 8.24(c) of Operations Appropriates Act of 2021, S.L. 2021-180, requires the Board to establish the Project Kitty Hawk nonprofit corporation in accordance with G.S. 116-30.20 to support digital learning and career development programs offered by UNC System constituent institutions;

**WHEREAS**, Project Kitty Hawk, Inc., is a legal entity separate from UNC, established pursuant to G.S. 116-30.20 as a private, North Carolina nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code and organized for the purpose of aiding and supporting educational and charitable purposes and lawful activities of the University of North Carolina System; and

**WHEREAS**, it is the desire of the Board and the UNC president to approve Project Kitty Hawk, Inc., as a Major Associated Entity, as provided in the Section 600.2.5.2[R] of the UNC Policy Manual, *Regulation on Required Elements of University-Associated Entity Relationship*;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board adopts the following resolution for the University of North Carolina System:

*As provided in the Section 600.2.5.2[R] of the UNC Policy Manual, Regulation on Required Elements of University-Associated Entity Relationship, the UNC Board of Governors and the UNC president hereby approve the Major Associated Entity status of Project Kitty Hawk, Inc., and direct UNC System staff to negotiate and execute, pursuant to existing delegated authority, such written agreements as may be necessary to facilitate the establishment and maintenance of Project Kitty Hawk, Inc., and where Project Kitty Hawk, Inc., agrees to abide by the policies and regulations established by the UNC System .*

The foregoing resolution was duly adopted by the Board of Governors at a regular meeting of the Board on the 20<sup>TH</sup> day January 2022.

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Randall C. Ramsey, Chair

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Meredith R. McCullen, Secretary



## Report on Technical Corrections to *The Code* UNC Policy Manual

<i>The Code</i> /UNC Policy Manual	UNC Policy Manual - Chapter	Policy/ Regulation/ Guideline	Section(s)	Technical Correction(s)	Effective Date (Posted to Webpage)
UNC Policy Manual	Chapter 300, Personnel Policies	Policy	Section 300.2.1	Updates naming convention of title (adds "Policy on" to the beginning of title).	1/6/2022
			Corrections made throughout Section 300.2.1	Updates certain references to "University" or "UNC" and all references to "UNC General Administration" to "UNC System" or "UNC System Office."	1/6/2022
			Corrections made throughout Section 300.2.1	Updates paragraph outline structure and indention (I.A.1.a., etc.).	1/6/2022
			Corrections made throughout Section 300.2.1	Updates references to "State Personnel Act" to "North Carolina Human Resources Act."	1/6/2022
			Corrections made throughout Section 300.2.1	Updates references to general statutes with a standard format ("G.S.").	1/6/2022
			Corrections made throughout Section 300.2.1	Updates use of "section" and replaces with "paragraph" throughout.	1/6/2022
			Corrections made throughout Section 300.2.1	Updates use of "policies," "these policies," or "these regulations" and changes references to "policy" or "this policy."	1/6/2022
			Corrections made throughout Section 300.2.1	Updates standard format for citing sections of the UNC Policy Manual.	1/6/2022
			Corrections made throughout Section 300.2.1	Updates each paragraph title for standard format for capitalization.	1/6/2022
			Corrections made throughout Section 300.2.1	Updates capitalization consistency to lower-case for uses of "president" and "board of trustees."	1/6/2022
			Section 300.2.1 Paragraph I.A. and related endnotes	Updates list of employment categories covered by the policy to include "information technology professionals, commissioned police officers, finance professionals and business officers, and audit professionals" to align with statutory provisions that added these employment categories (Cf. S.L. 2017-57 Section 35.18C., S.L. 2020-56 Section 7, and S.L. 2021-80 Section 1.	1/6/2022

## Report on Technical Corrections to *The Code* UNC Policy Manual

<i>The Code</i> /UNC Policy Manual	UNC Policy Manual - Chapter	Policy/ Regulation/ Guideline	Section(s)	Technical Correction(s)	Effective Date (Posted to Webpage)
			Section 300.2.1 Paragraph II.B.	Adds "or in a commissioned police officer role subject to disciplinary and discharge procedures as provided in this policy" to align with statutory requirements (Cf. 2020-56 Section 7).	1/6/2022
			Section 300.2.1 Paragraphs III.A. and III.D.	Adds "(excluding positions covered in paragraph III.E.)" to align with statutory requirements for commissioned police officers (Cf. 2020-56 Section 7).	1/6/2022
			Section 300.2.1 Paragraphs III.A., III.B. and III.D.	Adds "above" or "below" to internal paragraph references for clarity.	1/6/2022
			Section 300.2.1 Paragraphs III.C.	Adds a comma after "...bona fide institutional financial exigency."	1/6/2022
			Section 300.2.1 Paragraph IV.	Removes an outdated section of the policy on institutional discontinuation policies in effect before September 1, 2009.	1/6/2022
			Section 300.2.1 Paragraph VI.	Adds "(excluding positions covered in III.E.)" to align with statutory requirements for commissioned police officers (Cf. 2020-56 Section 7).	1/6/2022
			Section 300.2.1 Paragraph VII.B.1.	Adds a preceding "0" to cited decimals "(0.50-0.99 FTE)".	1/6/2022
			Section 300.2.1 Paragraph VII.C.	Adds "Paid Parental Leave" to list of available leave programs (Cf. Section 300.2.20[R] of the UNC Policy Manual).	1/6/2022
			Section 300.2.1 Paragraph VII.C.	Changes "twelve month" to "12-month."	1/6/2022
			Section 300.2.1 Paragraph VIII.A.	Adds a comma after "...G.S. 126 entitled,."	1/6/2022
			Section 300.2.1 Paragraph X	Add standard policy language.	1/6/2022
			Section 300.2.1 Endnotes	Updates for new endnotes adding for statutory references, updates use of "EPA" to "EHRA," and updates format for reference to Section 200.6 of the UNC Policy Manual.	1/6/2022
UNC Policy Manual	Chapter 200, Board of Governors Affairs	Policy	Endnote 11	Corrected to properly reference Sections 300.5.1 <b>and 300.5.2.</b>	1/13/2022

**Policy on Employees Exempt from the ~~State Personnel~~—North Carolina Human Resources Act**

**I. Scope and Applicability of Employment Covered by ~~These Policies~~this Policy**

**A. Scope of ~~category~~Category.** Employment positions with constituent institutions of the University System that are covered by ~~these policies~~this policy (hereinafter “covered positions”), are those positions that are not subject to the ~~State Personnel~~—North Carolina Human Resources Act (N.C. ~~G.S. Chapter~~Gen. Stat. 126 ~~–~~}[hereinafter G.S.]) and are not otherwise categorized. This category does not include: (1) faculty positions subject to institutional tenure regulations; (2) positions within administrative categories of employment subject to ~~N.C.~~G.S. §116-11(4), ~~N.C.~~G.S. §116-11(5), or ~~N.C.~~G.S. §116-14; (3) positions within the “physicians or dentists” category under ~~N.C.~~G.S. §126-5 with faculty appointments; and (4) University students who are employed incident to their status as students, as in graduate teaching assistantships, or work-study positions. Those areas of institutional activity (as identified in the Uniform Chart of Accounts) that may include covered positions are:

1. Instruction
2. Organized Research
3. Agricultural ~~Research~~Agricultural Research and Agricultural Extension  
ServicePublic Service Public Service
4. Academic Support
5. Student Services
6. Student Health Service Physicians (without faculty appointments)
7. Institutional Support
8. Area Health Education Centers
9. Library
10. Information Technology Professionals<sup>1</sup>
11. Commissioned Police Officers<sup>2</sup>
12. Finance Professionals and Business Officers<sup>3</sup>
13. Audit Professionals<sup>2</sup>

**A.B. Applicability of ~~Policies. These policies apply~~Policy. This policy applies** to all permanent covered positions.

**II. Appointments to Covered Positions**

A. Every appointment to a covered position within a constituent institution shall be made by the chancellor by means of a letter of appointment that fulfills the requirements of this ~~Section~~ Section.<sup>4</sup>

B. Every letter of appointment to a covered position shall include: (1) the title of the position; (2) the initial salary; (3) provision for periodic review of compensation;<sup>5</sup>; (4) provision consistent with ~~Sections~~paragraphs II.C. and II.D., below, if contingencies based on availability of funding are applicable; (5) the annual leave entitlement of the employee; (6) notice that the employment conferred is either for a stated definite term ~~or~~ is an “employment at will” subject to continuation of discontinuation at the discretion of the chancellor, or in a commissioned police officer role subject to disciplinary and discharge procedures as provided in this policy; and (7) notice that the employment is subject to these policies (viz., institutional policies adopted pursuant to ~~Section~~paragraph IX of ~~these policies~~this policy), as originally adopted and as they may be periodically revised from time to time, and a copy of the institutional policies shall be attached to the letter of appointment.

C. When a covered position is funded in whole or substantial part from sources other than continuing state budget funds or permanent trust accounts, the letter of appointment shall state that continuation of the employee’s service in that position is contingent upon the continuing availability of funds from such other sources to support that position, shall specify the source of such funds, and shall state that the effect of such contingency may apply without the additional notice otherwise required by sections III.A., III.B., and III.C.; provided, that the affected employee shall be informed at the earliest practicable date of the occurrence of such a funding contingency.

1. When an employee is to serve simultaneously in both a covered position and a position of University employment not covered by these policies, with the result that two different prescriptions may appear to obtain with respect to a particular condition of employment or a right or responsibility of the employee, one position shall be designated the base position to determine the conditions of employment and the rights and responsibilities of the employee. If appointment to a covered position occurs subsequent to appointment to a position not covered by these policies, the letter of appointment to the covered position shall embody the required designation of base employment; conversely, if appointment to a covered position precedes appointment to the other category of University employment, the letter of appointment or contract establishing the second employment shall embody the required designation of base employment. In either case, the designation of base employment shall specifically describe the different rights, duties, and compensation for each position and the relationship, if any, between the two positions.

2. Any funding contingency of the type referred to in ~~Section~~paragraph II.C., shall be set forth separately for the covered position and for the other position, since the operation of any such contingencies may be independent.

3. When an appointment to a covered position is to be accompanied by appointment to a faculty position that is intended to be nominal or honorary, or to create a faculty affiliation not entailing significant duties or compensation, the term “adjunct,” or similar nomenclature, shall be used to identify the faculty appointment.

### III. Discontinuations of Employment in Covered Positions

A. Discontinuation of ~~appointment~~Appointment with ~~notice~~Notice or ~~severance pay~~Severance Pay. Employment within a covered position (excluding positions covered in paragraph III.E.) that is established by the letter of appointment to be an employment at will is subject to discontinuation at any time at the discretion of the chancellor; provided, that such a discontinuation (as distinguished from discharge for cause, ~~Section-paragraph~~ III.D., ~~below~~), shall be subject to advance timely notice of discontinuation or the payment of severance pay, in calendar days, as follows: (1) during the first year of service, not less than 30 days' notice prior to discontinuation of employment or the payment of severance pay for 30 days; (2) during the second and third years of service, not less than 60 days' notice prior to discontinuation of employment or the payment of severance pay for 60 days; and (3) during the fourth and all subsequent years of continuous service, not less than 90 days' notice prior to discontinuation of employment or the payment of severance pay for 90 days.

The determination of whether the employee shall receive notice of discontinuation of the appointment or severance pay shall be in the sole discretion of the respective chancellor or the president.

B. Expiration of ~~term appointment~~Term Appointment. Employment within a covered position that is established by the letter of appointment to be for a stated definite term expires automatically at the conclusion of the stated term; such an appointment may be renewed or extended at the option of the employer, by written notice satisfying the requirements of ~~section-paragraph~~ II-., above. If the employer intends not to renew or extend the term contract, (1) with respect to a term of one year or less, no notice of intent not to renew shall be required; (2) with respect to a term of more than one year but less than four years, notice of intent not to renew shall be transmitted in writing at least 60 days prior to this expiration date of the term; (3) with respect to a term of four years or more, notice of intent not to renew shall be transmitted in writing at least 90 days prior to the expiration date of the term. Failure to provide written notice as required in subsections (2) and (3) shall result in the automatic extension of employment for a period, respectively, of either 60 days or 90 days, beyond the scheduled expiration date of the term.

C. Termination of ~~employment because~~Employment Because of ~~financial exigency~~Financial Exigency or ~~program curtailment~~Program Curtailment or ~~elimination~~Elimination. Employment within a covered position that is established by the letter of appointment to be for a stated definite term may be terminated prior to expiration of the stated term because of (1) demonstrable, bona fide institutional financial exigency, or (2) major curtailment or elimination of a program. "Financial exigency" is defined to mean a significant decline in financial resources of the University that compels a reduction in the institution's budget. The determination of whether a condition of financial exigency exists or whether there shall be a major curtailment or an elimination of a program shall be made by the chancellor, with advance notice to and approval by the ~~President~~president and the Board of Governors. If the financial exigency or curtailment or elimination of a program is such that the contractual obligation to an employee within a covered position cannot be met, the employment of the individual may be terminated, subject to the following notice requirements: (1) during the first year of service, not less than 30 days' notice prior to termination; (2) during the second and third years of employment, not less than 60 days' notice prior to termination; and (3) during the fourth and all subsequent years of service, not less than 90 days' notice prior to termination.

[THIS SUBSECTION IS EFFECTIVE UNTIL SEPTEMBER 1, 2009]

D. Discharge for cause

Any employee occupying a covered position may be discharged for stated cause. Discharge for cause is to be distinguished from discontinuation with notice (Section III.A.), automatic expiration of term (Section III.B.) and termination (Section III.C.). Stated causes for discharge shall include, but not necessarily be limited to, incompetence, unsatisfactory performance, neglect of duty, or misconduct that interferes with the capacity of the employee to perform effectively the requirements of his or her employment. Discharge for cause is to be preceded by written notice of intent to discharge and is subject to invocation by the affected employee of the grievance procedures of Section IV. of these policies. When an employee occupying a covered position has been notified of the intention to discharge him for cause, the chancellor may suspend his employment at any time and continue the suspension until a final decision concerning discharge has been reached by the procedures prescribed herein; the power to suspend shall be invoked only in exceptional circumstances and such suspension shall be with full pay.

[THIS SUBSECTION IS EFFECTIVE FOR PERSONNEL ACTIONS TAKEN ON AND AFTER SEPTEMBER 1, 2009]

D. Discharge for ~~cause~~. Cause. Any employee occupying a covered position (excluding positions covered in paragraph III.E.) may be discharged for stated cause. Discharge for cause is to be distinguished from discontinuation with notice (Section-paragraph III.A.), automatic expiration of term (Section-paragraph III.B.) and termination (Section-paragraph III.C.). Stated causes for discharge shall include, but not necessarily be limited to, incompetence, unsatisfactory performance, neglect of duty, or misconduct that interferes with the capacity of the employee to perform effectively the requirements of his or her employment. Discharge for cause is to be preceded by written notice of intent to discharge and is subject to invocation by the affected employee of the review procedures of Section-paragraph IV., of these policies below. When an employee occupying a covered position has been notified of the intention to discharge him or her for cause, the president or chancellor may suspend the employment at any time and continue the suspension until the president or chancellor, as applicable, makes a decision concerning discharge; any suspension shall be with full pay. -If the final presidential or chancellor decision is to discharge the employee, then the employee may be discharged without further pay without regard to whether there is an appeal to a Board of Trustees or the Board of Governors in accordance with Section 611 of *The Code*. No provision of this Policy 300.2.1 policy shall be interpreted to extend an employee's right to pay beyond the expiration of the employee's term of appointment while an appeal is pending under this Policy policy.

[THIS SECTION IS EFFECTIVE UNTIL SEPTEMBER 1, 2009]

#### IV. Review of Employment Decisions and Grievances

Each constituent institution shall adopt and publicize procedures under which employees in covered positions may secure review of decisions concerning discharge for cause or other disciplinary action, or of grievances concerning the interpretation and application of any provision of these policies; provided, however, that grievances concerning discontinuations or terminations of employment with notice, pursuant to Sections III.A., III.B., or III.C., may be brought only upon allegations of violations of applicable notice requirements or violations of any provision of Section V. or VI. of these policies. Decisions reached pursuant to such grievance procedures concerning the discontinuation or termination of employment may be had in accordance with the provisions of Section 609 C of *The Code*.

[THIS SECTION IS EFFECTIVE FOR PERSONNEL ACTIONS TAKEN ON AND AFTER SEPTEMBER 1, 2009]

E. Disciplinary Action and Grievance Procedures for Commissioned Police Officers. Any employee occupying a covered commissioned police officer position shall be subject to the disciplinary and grievance procedures as prescribed in Article 8 of G.S. 126 for employees subject to the North Carolina Human Resources Act.

#### IV. Reviews

A. Each constituent institution and ~~General Administration~~ the UNC System Office shall adopt and publicize procedures under which employees in covered positions may secure review of decisions concerning discharge for cause or other disciplinary action, or review concerning the interpretation and application of any provision of this policy; provided, however, that reviews concerning discontinuations, expiration of term appointments, or terminations of employment with notice, pursuant to Sections-paragraphs III.A., III.B., or III.C., below, may be brought only upon allegations of violations of applicable notice requirements or violations of any provision of Section-paragraphs V. or VI. of ~~these policies~~ this policy.

B. Decisions reached pursuant to such review procedures concerning the discontinuation, expiration of term appointment, or termination of employment may be had in accordance with the provisions of Section 611 of *The Code*.

V. Equal Employment Opportunity. It is the policy and intention of the University of North Carolina that there be equal employment opportunity and freedom from unlawful discrimination in all employment within the University, as set out in Section 103 of *The Code*.<sup>6</sup> Employment in covered positions shall be conducted in accordance with all provisions of state or federal law or regulation prohibiting any such discrimination, and in accordance with applicable affirmative action plans.

VI. Protected Activity. Employment in covered positions (excluding positions covered in III.E.) shall not be adversely affected by the exercise of rights guaranteed by the First Amendment to the United States Constitution or by Article I of the North Carolina Constitution; provided, that employees in covered positions shall be subject to any limitations on political activity established by Article 5 of ~~N.C.G.S. Chapter~~ 126. The Board of Governors' policies concerning political activity, Section 300.5 of the UNC Policy §300.5.1, et seq.,—Manual as they may be revised from time to time, shall apply to positions covered by those policies.

#### VII. Holiday and Leave Entitlement



A. Holidays. Employees in covered positions shall be subject to the same state-prescribed holidays given employees subject to the ~~State Personnel~~ North Carolina Human Resources Act.

B. Annual Leave<sup>7</sup>

1. Basic ~~Leave Policy~~ leave policy. The amount of annual leave to which a permanent full-time employee (1.00 FTE) in a position covered by these regulations shall be entitled to accrue is 24 workdays per year. Annual leave is accrued at a monthly rate and is adjusted proportionately for permanent part-time employees who work halftime or more ~~(.50 - .99 FTE)~~. The monthly earnings amount is equal to one-twelfth of the annual rate for each month the employee works or is on approved leave with pay. Monthly leave is earned when an employee works or is on approved leave with pay at least half the working days of a month. An employing institution shall define a year as either "fiscal year" (July 1 - June 30) or "calendar year" (January 1 - December 31). ~~(Note: Employing institutions that have previously defined a year as "contract year" may continue to do so.)~~ The scheduling of an employee's annual leave shall be subject to the approval of the employee's supervisor. With respect to an incumbent employee who is earning more than 24 days per year as of the date this policy becomes effective, such employee shall be entitled to continue to earn leave at the current rate.

The maximum number of unused days of annual leave that may be carried forward from one year to the next shall be 30 workdays. Annual leave in excess of 30 days will be automatically converted to sick leave at the end of the year.

2. Transfer of ~~Accrued Annual Leave~~ accrued annual leave. An employing institution must establish campus-wide uniform guidelines regarding the transfer of accrued annual leave from a UNC System constituent institution or state or local governmental agency whose leave is currently transferable in accordance with the policy prescribed for employees subject to the ~~State Personnel Act (See State Personnel Manual, Section 5-1)~~ North Carolina Human Resources Act. Upon discontinuation of employment from the employing institution, the employee may either elect a payout of accrued annual leave ~~{(see (4) below)}~~ or transfer the remaining balance of any unused annual leave to another state or local governmental agency, subject to the receiving agency's approval.

3. Advancement of ~~Annual Leave~~ annual leave. Subject to institutional policy and approval by the employee's supervisor, an employee may be advanced the amount of leave that can be accrued during the remainder of the year or during a ~~twelve~~ 12-month period. If an employee separates from the employing institution and has taken more annual leave than has been accrued, the employing institution must determine the amount of leave that the employee must repay to the institution and make deductions from the employee's final salary check accordingly.

4. Payout of ~~Accrued Annual Leave~~ accrued annual leave. An employee in a position covered by ~~these regulations~~ this policy who has accrued unused annual leave upon discontinuation of employment from the employing institution and who either does not elect or is not eligible to transfer such accrued leave to another state or local governmental agency, shall be paid for such unused annual leave. The amount paid to an employee who has been employed an aggregate of 24 months or less by one or more state or local governmental agencies is equal to one day for each month worked less the number of days



of annual leave taken during the employment period. An employee who has been employed for more than 24 months shall be paid subject to a maximum of 30 such days. Each institution shall establish guidelines for payout of leave if a change in employment status occurs and such employee is no longer covered by this policy.

C. Sick Leave, Family and Medical Leave, Paid Parental Leave, Family Illness Leave, Civil Leave, Military Leave, ~~and~~ Community Service Leave, and Special Annual Leave Bonus

. Employees in positions covered by ~~these regulations~~this policy shall be subject to the same policies concerning sick leave, family and medical leave, paid parental leave, family illness leave, civil leave, military leave, community service leave, and special annual leave bonus ~~(awarded to employees in leave-earning status on 9/30/02 )~~ as may be prescribed for employees subject to the ~~State Personnel—North Carolina Human Resources~~ Act. However, with respect to sick leave, subject to institutional policy and approval by the employee's supervisor, an employee may be advanced the amount of sick leave that can be accrued during the remainder of the year or during a ~~twelve~~12-month period.

D. Leave of Absence Without Pay. Employees in positions covered by ~~these regulations~~this policy may request a leave of absence without pay, subject to approval of such leave by the ~~President~~president or by the chancellor, as applicable.

E. Voluntary Shared Leave. Employees in positions covered by ~~these regulations~~this policy shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the ~~State Personnel—North Carolina Human Resources~~ Act with the exception that the donation and acceptance of such leave shall be computed on the basis of days rather than hours.

F. Educational Leave. Employees in covered positions are entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by Section 1000.2.2 of the UNC Policy ~~1000.2.2—Manual~~.

## VIII. Statutory and Other Rules of Employment

A. Privacy of Personnel Records. Employees in covered positions enjoy the protections of and are subject to the provisions of Article 7 of ~~N.C.~~G.S. 126 entitled, "The Privacy of State Employee Personnel Records."

B. Employment preference for veterans. Employees in covered positions enjoy the protections of and are subject to the provisions of ~~N.C.~~G.S. ~~§§~~ 128-15, which provide for preference in employment for veterans of United States military service and their spouses and widows or widowers.

C. Employment of Related Persons. Employees in covered positions are subject to the policy concerning employment of related persons as adopted by the Board of Governors on April 13, 1973, and as it may be revised from time to time.

D. Retirement. Employees in covered positions may retire in accordance with the provisions of ~~Chapter 135 of the North Carolina General Statutes~~G.S. 135.

IX. Implementation. The ~~Board~~board of ~~Trustees~~trustees of each constituent institution shall adopt for the institution personnel policies for covered positions within the institution that are consistent with all provisions of these policies. Any proposed provision in an institutional policy statement that in any manner adds to or modifies the provisions of these policies must be submitted for review and approved by the ~~President~~president prior to its adoption and implementation.

~~X. Effective Date. The effective date of institutional policies adopted pursuant to Section IX shall be September 1, 1981.~~

X. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy of the Board of Governors.

B. Relation to State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement and does not purport to supplant or modify, those statutory enactments which may govern or related to the subject matter of this policy.

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

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<sup>1</sup>Pursuant to G.S. 126-5(c1)(8). Cf. S.L. 2017-57 Section 35.18C.

<sup>2</sup>Pursuant to G.S. 126-5(c16). Cf. S.L. 2020-56 Section 7.

<sup>3</sup>Pursuant to G.S. 126-5(c1)(8). Cf. S.L. 2021-80 Section 1.

<sup>4</sup>Pursuant to ~~NCGS §~~G.S. 116-11(13), and notwithstanding *The Code* or any other Board of Governors policy, the Board of Governors has delegated the appointment of ~~EPA- EHRA~~ employees serving within the ~~General Administration UNC System Office~~ to the ~~President~~president. See Section 200.6 of the ~~University. See UNC~~ Policy ~~200.6, Delegation Authority to the President of the University, adopted 11/13/06~~ Manual.

<sup>5</sup>Subject to any compensation policies adopted by the Board of Governors or the ~~Board~~board of ~~Trustees~~trustees.

<sup>6</sup>Bona fide occupational qualifications or other exceptions to those general prohibitions, specifically provided for by ~~State~~state or ~~Federal~~federal law, may be applied to covered positions.

<sup>7</sup>Effective July 1, 2001.

### Policy on Delegation of Authority to the President

I. Pursuant to N.C.G.S. § 116-11(13) (G.S.), and other North Carolina law as referenced herein, and notwithstanding *The Code* or any other Board of Governors policy,<sup>1</sup> the Board of Governors delegates the following authorities to the president of the University of North Carolina (UNC) System:

A. Human Resources

1. Authority to establish and administer a human resources program for employees exempt from the North Carolina Human Resources Act.<sup>2</sup>

a. "Human resources program" shall include such personnel actions related to the establishment of positions and the administration of salary ranges; recruitment, appointments, salaries, and salary adjustments; promotion and tenure; leave programs; performance management; non-faculty discontinuation, discipline, and discharge; and non-faculty grievance and appeals processes.<sup>3</sup>

b. The president may approve management flexibility plans for special responsibility constituent institutions and may delegate limited authority for human resources actions to constituent institutions that are not authorized as special responsibility constituent institutions.<sup>4</sup>

c. Notwithstanding the above provisions, unless otherwise delegated:

(1) The Board of Governors shall retain authority over the appointments and compensation for the president, for the chancellors of the constituent institutions except as provided in paragraph F., of this policy, for the chief executive officer of the UNC Health Care System, and for the UNC Center for Public Media director.<sup>5</sup>

(2) The Board of Governors shall retain authority over certain contract terms for athletic directors and head coaches of the constituent institutions.<sup>6</sup>

(3) The president shall consult with the Board's Committee on University Personnel on appointments and compensation for the senior officers of the UNC System Office who report directly to the president.

(4) The Board of Governors shall retain authority over adjustments to base salary for permanent faculty and for employees exempt from the State Human Resources Act when the proposed amount (1) exceeds the established salary range or (2) exceeds 25 percent and twenty-five thousand dollars (\$25,000) of the compensation in effect at the end of the last fiscal year.

2. Authority to approve all actions relating to the administration of the Optional Retirement Program<sup>7</sup> and the Phased Retirement Program.<sup>8</sup>

3. The president shall report in writing on actions taken under the authority of these delegations to the appropriate committee of the Board of Governors no less than annually, or as otherwise requested by the chair of the Board of Governors or the chair of the Committee on University Personnel.

B. Governance

1. The authority to approve the initiation of a lawsuit in the name of the University if the action is for monetary relief and the amount in controversy is less than \$250,000.<sup>9</sup>

2. The authority to settle potential or pending litigation by or against a constituent institution or the University of North Carolina System, if the settlement is solely for monetary relief and the amount the University is to pay pursuant to the settlement is less than \$250,000 or, if the University is to receive a payment, the amount the University claimed is less than \$250,000.<sup>10</sup>

3. Authority to approve the political activities of employees of the UNC System who are candidates for or serving in public office.<sup>11</sup>

C. Reports. The authority to approve and submit any report the UNC System or the Board of Governors is required to submit to the General Assembly, the State Board of Education, or any other state or federal agency or officer.

D. Real Property

1. The power to authorize acquisition or disposition of the following interests in real property without obtaining approval of the Board of Governors, subject to any necessary approvals from state officials and agencies:

a. Any interest in real property, other than a leasehold, with a value less than \$750,000; and

b. A leasehold interest in real property with annual value less than \$750,000 and a term of not more than 10 years.

The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.<sup>12</sup>

2. Authority to approve capital improvement projects funded entirely with non-General Fund money<sup>13</sup> that are projected to cost less than \$750,000.<sup>14</sup>

3. Authority to approve advance planning of capital improvement projects, where the advance planning effort is to be funded entirely with non-General Fund money.

E. Institutional Trust Funds. Authority to delegate to the chancellors management of institutional trust funds.<sup>15</sup>

F. Chancellors' Incentive Compensation Program

1. Authority to establish and implement an incentive compensation program to provide the president an opportunity to award performance-based compensation to the chancellors.

2. Authority to grant performance-based compensation awards to the chancellors as provided under the incentive compensation program. Awards granted under this authority shall be one-time payments per year, cannot exceed 20 percent of the chancellor's base salary, and are the responsibility of the constituent institution to fund.

3. Authority to modify the incentive compensation program as necessary to maintain alignment between performance goals established by the Board of Governors for the president and those established by the president for the chancellors.

II. The president will report all actions taken under the authority of the delegations in sections I.B., through I.F., above, to the appropriate committee of the Board of Governors either in writing before the next regular meeting of the Board of Governors or at the next regular meeting of the Board of Governors.

III. These delegations will remain in effect unless and until the Board of Governors rescinds them in whole or in part.

IV. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy by the Board of Governors.

B. Relation to State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

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

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<sup>1</sup>The secretary of the University is authorized to annotate the referenced policies and regulations to cross-reference these delegations.

<sup>2</sup>G.S., Chapter 126.

<sup>3</sup>Sections 300.1.1, 300.1.2, and 300.2 of the UNC Policy Manual.

<sup>4</sup>Section 600.3.4 of the UNC Policy Manual.

<sup>5</sup>Section 500 of *The Code*; Sections 300.1.1 and 1200.1 of the UNC Policy Manual; and G.S. 116-37(c) and 37.1(c).

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<sup>6</sup>Section 1100.3 of the UNC Policy Manual.

<sup>7</sup>G.S.135-5.1

<sup>8</sup>Section 300.7.2 of the UNC Policy Manual.

<sup>9</sup>Section 200.5 of the UNC Policy Manual.

<sup>10</sup>Section 200.5 of the UNC Policy Manual.

<sup>11</sup> Sections 300.5.1 and 300.5.2 of the UNC Policy Manual.

<sup>12</sup>The Board of Governors may delegate additional authority to the president or boards of trustees for real property transactions consistent with Sections 600.1.3 and 600.1.3[R] of the UNC Policy Manual.

<sup>13</sup>This delegation shall be interpreted consistent with G.S. 143C-8-12.

<sup>14</sup>The Board of Governors may delegate additional authority to the president or boards of trustees for approval of capital improvement projects consistent with Section 600.1.1 of the UNC Policy Manual.

<sup>15</sup>Sections 600.2.4 and 600.2.4.1 of the UNC Policy Manual.