

**TRANSMITTAL LETTER**
**Transmittal Number 144**
**April 20, 2022**

Policy Manual Number	Title	Action
<a href="#">200.6</a>	Policy on Delegation of Authority to the President	Amended 04/07/22 <i>Redline version attached</i>
<a href="#">600.1.6</a>	Policy on Millennial Campuses	Adopted 04/07/22
<a href="#">600.2.1</a>	Policy on Endowment Funds	Amended 04/07/22 <i>Redline version attached</i>
<a href="#">600.2.5.2[R]</a>	Regulation on Required Elements of University-Associated Entity Relationship	Amended 04/11/22 <i>Redline version attached</i>
<a href="#">600.3.4</a>	Policy on the Delegations of Authority and Granting of Management Flexibility on Human Resources Matters	Amended 04/07/22 <i>Redline version attached</i>
<a href="#">700.1.3</a>	Policy on Non-Resident Undergraduate Enrollment	Adopted 04/07/22 (Superseded)
<b><i>Repealed</i></b>		
<a href="#">600.2.2</a>	Endowment Fund of the University of North Carolina Center for Public Television	Repealed 04/07/22

The actions taken on the above policies and regulation were reviewed and approved by the Board and the president for inclusion in the UNC Policy Manual at the April 7, 2022, Board of Governors meetings. The entire UNC Policy Manual is accessible at:

[https://www.northcarolina.edu/apps/policy/index.php?tab=policy\\_manual#policy-tab](https://www.northcarolina.edu/apps/policy/index.php?tab=policy_manual#policy-tab)

The UNC Policy Manual  
200.6  
Adopted 11/13/06  
Amended 06/08/07  
Amended 04/08/11  
Amended 08/10/12  
Amended 10/11/12  
Amended 07/29/16  
Amended 10/14/16  
Amended 05/22/19  
Amended 11/19/20  
Amended 05/27/21  
Technical Corrections 09/22/21  
Technical Correction 01/13/22  
Amended 04/07/22

### 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 base salary adjustments, and~~ temporary 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, and salary adjustments 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~~ chief executive officer of 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 Board of Governors shall retain authority over non-promotional<sup>7</sup> salary increases for Tier I Senior Academic and Administrative Officers of the constituent institutions that both exceed 10 percent of the June 30 base salary as of the most recent fiscal year and exceed the 75<sup>th</sup> percentile of the applicable salary range.

(34) The president shall consult with the Board's Committee on University Personnel on appointments~~and~~, compensation, and salary adjustments 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.

(5) The president shall consult with the chair of the Committee on University Personnel and may then approve an emergency retention salary increase for a Tier I Senior Academic and Administrative Officer of the constituent institutions in lieu of any required pre-approval by the Committee as set forth in section I.A.1.C. of this policy when necessary to avoid loss of any key senior officer to an external offer of employment. The details of such an action shall be reported to the committee at its next regularly scheduled meeting.

d. Based on demonstrated institutional need and research activity, the president may authorize constituent institutions with special authority to directly create and/or modify EHRA non-faculty instructional, research, and information technology (IRIT) positions in accordance with UNC System Office classification procedures and guidelines. All such positions must fall within salary ranges established by the UNC System Office.

e. All other approvals for human resources actions are delegated to the President, who may further delegate actions to the boards of trustees for the constituent institutions or the boards of trustees may further delegate such actions to the chancellors as provided in Section 600.3.4 of the UNC Policy Manual.

2. Authority to approve all actions relating to the administration of the Optional Retirement Program<sup>8</sup> and the Phased Retirement Program.<sup>9</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>10</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>11</sup>
3. Authority to approve the political activities of employees of the UNC System who are candidates for or serving in public office.<sup>12</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>13</sup>

2. Authority to approve capital improvement projects funded entirely with non-General Fund money<sup>14</sup> that are projected to cost less than \$750,000.<sup>15</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>16</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).

[The use of "UNC Center for Public Media" in the statute refers to PBS North Carolina.](#)

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

[For the purposes of this policy, the term "non-promotional" means salary actions that do not relate to assuming an entirely new position but rather adjusting the salary of the existing position for reasons such as labor market, equity, retention, additional duties, reclassification, and other permitted miscellaneous reasons.](#)

<sup>8</sup>G.S.135-5.1

<sup>9</sup>Section 300.7.2 of the UNC Policy Manual.

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

<sup>11</sup>Section 200.5 of the UNC Policy Manual.

<sup>12</sup> Sections 300.5.1 and 300.5.2 of the UNC Policy Manual.

<sup>13</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>14</sup>This delegation shall be interpreted consistent with G.S. 143C-8-12.

<sup>15</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>16</sup>Sections 600.2.4 and 600.2.4.1 of the UNC Policy Manual.

### **Policy on Endowment Funds**

IA. ~~Purpose~~Authority. G.S. 116-36 provides the Board of Governors with authority to prescribe such terms and conditions under which each of the board of trustees of each constituent institution shall establish and maintain an endowment fund for the constituent institution. Pursuant to and consistent with its authority under the North Carolina General Statutes, including G.S. 116-36, the Board of Governors adopts the following policy regarding the establishment and maintenance of endowment funds.

#### II. ~~Regulations~~ Endowment Property Exclusively for the Benefit of One Constituent Institution

1A. Under the provisions of ~~N.C.~~G.S. ~~§~~116-36, ~~as amended by Chapter 506, 1977 Session Laws,~~ and pursuant to ~~these regulations~~this policy, uniformly applicable to all constituent institutions, the ~~b~~Board of ~~t~~Trustees of each constituent institution shall establish and maintain an endowment fund for the constituent institution.

B2. It is not the statutory intent underlying ~~these~~this policy ~~regulations~~ that the proceeds from any endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying ~~these~~this policy ~~regulations~~ that those proceeds shall supplement the state appropriations to the end that the constituent institution may improve and increase its functions, may enlarge its area of service, and may become more useful to a greater number of people.

C3. Pursuant to ~~these regulations~~this policy each ~~Board of Trustees~~board of trustees shall appoint an investment board to be known as the "Board of Trustees of the Endowment Fund of" \_\_\_\_\_ " (here shall be inserted the name of the constituent institution).

D4. The ~~Board of Trustees~~board of trustees of the endowment fund shall consist of no fewer than six members and no more than nine members, as determined by the ~~Board of Trustees~~board of trustees of the constituent institution. One member of the ~~Board of Trustees~~board of trustees of the endowment fund shall be the chair~~man~~ of the ~~Board of Trustees~~board of trustees of the constituent institution, one member shall be the chancellor of the constituent institution, and a third ex officio member shall be designated by the ~~Board of Trustees~~board of trustees of the constituent institution from among the officers of that board or of the committees of that board. The remainder of the members may be (but need not be) members of the ~~Board of Trustees~~board of trustees of the constituent institution and shall be elected by the ~~Board of Trustees~~board of trustees of the constituent institution for overlapping terms of three years each. The terms of the three elected members of the ~~Board of Trustees~~board of trustees shall be initially for one, two, and three years each. All elections thereafter shall be for a regular term of three years, except that any person elected by the ~~Board of Trustees~~board of trustees to fill a vacancy created otherwise than by the expiration of a term shall be elected to serve the remainder of the term of the person whom he or she succeeds. The chair~~man~~ of the ~~Board of Trustees~~board of trustees of

the constituent institution shall be *ex officio* the chairman of the ~~Board of Trustees~~board of trustees of the endowment fund of that institution. The ~~Board of Trustees~~board of trustees of the endowment fund may establish procedures, consistent with ~~these regulations~~this policy, for executing business and shall at least establish a quorum and a necessary vote for the transaction of business and require the keeping of minutes for meetings of the endowment board.

~~E5.~~ The trustees of the endowment fund may receive and administer as part of the endowment fund gifts ~~and devises, devises, and bequests~~ and any other property of any kind that may come to them from the Board of Governors of the University of North Carolina or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the institution.

~~F6.~~ Any gift, ~~or devise, or bequest~~ of real or personal property to the constituent institution shall be presumed, nothing to the contrary appearing, a gift ~~or devise, devise, or bequest~~, as the case maybe, to the endowment fund of the constituent institution. This presumption shall not apply to property made available to the institution prior to June 8, 1977.

~~G7.~~ Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the chancellor of the institution through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the constituent institution for its endowment fund shall be presented by the chancellor to the trustees of the endowment fund as provided in this paragraph unless the chancellor finds that the property: (1) though presumptively made available to the institution for its endowment fund, was in fact made available to the institution for some other purpose; (2) has been made available to the institution under conditions which make its acceptance or use illegal; or (3) is unsuitable for use as property of the endowment fund.

~~H8.~~ The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

~~I9.~~ The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the ~~Advisory Budget Commission~~General Assembly by the ~~b~~Board of ~~t~~Trustees of the endowment fund through successive endorsements by the ~~B~~Board of ~~t~~Trustees of the institution and the Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from

the endowment fund shall be only upon direction of the ~~b~~Board of ~~t~~Trustees of the institution upon recommendation of the chancellor. Notwithstanding any other provision of this policy, any real property transaction or capital project that contemplates the use of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

~~10J.~~ The ~~b~~Board of ~~t~~Trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph ~~A.9.II.I.~~, to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the ~~Advisory Budget Commission~~General Assembly as other wise provided in paragraph ~~A.9II.I.~~ The ~~b~~Board of ~~t~~Trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

~~11K.~~ In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying ~~these endowment regulations~~this policy, the ~~b~~Board of ~~t~~Trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph ~~A.10II.J.~~ may expend or use interest and principal of gifts ~~and devises, devises, and bequests~~; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph ~~A.9II.I.~~

~~12L.~~ To realize the statutory intent underlying ~~these endowment regulations~~this policy, the ~~b~~Board of ~~t~~Trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the constituent institution; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the ~~b~~Board of ~~t~~Trustees of the institution and for the purpose identified by the ~~b~~Board of ~~t~~Trustees of the institution, upon recommendation of the chancellor.

~~13M.~~ Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the constituent institution or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the ~~b~~Board of ~~t~~Trustees of the endowment fund

~~14N.~~ The ~~Board of Trustees~~board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund through the ~~Board of Trustees~~board of trustees of the institution to the Board of Governors. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

~~15O.~~ The ~~Board of Trustees~~board of trustees of each constituent institution shall within a reasonable time establish an endowment fund as provided in ~~this policy~~these regulations.

~~16P.~~ After a constituent institution has established an endowment fund as provided in ~~these regulations~~this policy, the ~~Board of Trustees~~board of trustees of the institution shall direct that the chancellor inventory, consider, and present for placement in the endowment fund, as provided in paragraph ~~A.7II.G.~~, all property that reposes in any institutional endowment, trust, or



account as endowment property. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under ~~N.C.G.S. §-116-3.~~

~~17Q.~~ When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph ~~II.P A.16.~~, the provisions of the "Policy on Endowments" of April 11, 1974, of the Board of Governors and any resolution of the Board of Governors made in consequence of the "Policy on Endowments" shall be deemed inoperative with respect to the pertinent constituent institution; provided that, the transfer of title to any property by the Board of Governors to the endowment fund of the constituent institution shall be deemed to have continued in effect. ~~These regulations shall be effective upon their enactment by the Board of Governors.~~

~~BIII.~~ ~~Regulations~~-Endowment Property for the Benefit of the University of North Carolina (UNC) as a Whole or for the Benefit of Two or More Constituent Institutions

~~A1.~~ Under the provisions of ~~N.C.G.S. §-116-36, as amended by Chapter 506, 1977 Session Laws,~~ and pursuant to ~~these regulationsthis policy,~~ uniformly applicable to all constituent institutions, the UNC Board of Governors ~~of the University of North Carolina~~ hereby establishes an endowment fund for all endowment funds now held or hereafter acquired by the University of North Carolina ~~for the benefit of the University as a whole, or for the joint benefit of any two or more constituent institutions of the University.~~

~~B2.~~ It is not the statutory intent underlying ~~these regulationsthis policy~~ that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying ~~these regulationsthis policy~~ that those proceeds shall supplement the state appropriations to the end that ~~University-UNC~~ and its constituent institutions may improve and increase their functions, may enlarge their areas of service, and may become more useful to a greater number of people.

~~C3.~~ The Committee on Budget and Finance of the UNC Board of Governors~~of the University of North Carolina~~ shall constitute the ~~Board of Trustees~~board of trustees of all endowment funds now held or hereafter acquired by the University of North Carolina for the benefit of the University System as a whole or for the joint benefit of any two or more constituent institutions of the University, to be known as the "Board of Trustees of the Endowment Fund of the University of North Carolina." The ~~chairman~~chair of the Committee on Budget and Finance shall be *ex officio* the ~~chairman~~chair of the board of trustees of the endowment fund. Procedure for the conduct of business by the ~~Board of Trustees~~board of trustees of the endowment fund shall be consistent with Section 302C of ~~The Code of The University of North Carolina.~~

~~D4.~~ The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises, ~~devises, and bequests~~ and any other property of any kind that may come to them from the UNC Board of Governors~~of the University of North Carolina~~ or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the institution.

~~E5.~~ Any gift or devise, ~~devise, or bequest~~ of real or personal property to the University of North Carolina System shall be presumed, nothing to the contrary appearing, a gift or devise,

~~devise, or bequest~~, as the case may be to the endowment fund. This presumption shall not apply to property made available to the University of North Carolina prior to June 8, 1977.

~~F6.~~ Any gift ~~or devise, devise, or bequest~~ of real or personal property to the University of North Carolina for the benefit of the University as a whole or for the joint benefit of any two or more constituent institutions that reposes in any endowment, trust, or account as endowment property shall be inventoried, considered, and presented by the president for placement in the endowment fund as provided in paragraph ~~B-8.II.H~~. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under ~~N.C.G.S. § 116-3~~.

~~G7.~~ Any gift ~~or devise, devise, or bequest~~ of real or personal property jointly to two or more constituent institutions shall be presented through written description of the property by the chancellors of the beneficiary institutions to the president for his consideration and action as provided in paragraph ~~B-8.II.H~~. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under ~~N.C.G.S. § 116-3~~.

~~H8.~~ Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the endowment fund shall be presented by the president to the trustees of the endowment fund as provided in this paragraph unless the president finds that the property:

~~(1)1.~~ ~~I~~though presumptively made available to the University of North Carolina ~~System~~ for its endowment fund, was in fact made available to the University for some other purpose;

~~(2)2.~~ ~~H~~as been made available under conditions which make its acceptance or use illegal; or

~~(3)3.~~ ~~I~~s unsuitable for use as property of the endowment fund.

~~9I.~~ The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

~~10J.~~ The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, ~~143C~~, and 146 of the General Statutes, provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the ~~Advisory Budget Commission~~General Assembly by the ~~Board of Trustees~~board of trustees of the

endowment fund upon the endorsement of the Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the Board of Governors ~~of the University of North Carolina~~ upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project that contemplates the use of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

~~11K.~~ The ~~Board of Trustees~~board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph ~~B-10II.J.~~ relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the ~~Advisory Budget Commission~~General Assembly as otherwise provided in paragraph ~~B-10II.J.~~ The ~~Board of Trustees~~board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

~~12L.~~ In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying ~~these endowment regulationsthis policy,~~ the ~~Board of Trustees~~board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph ~~B-11II.K.~~ may expend or use interest and principal of gifts ~~and devises, devises, and bequests;~~ provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph ~~B-10II.J.~~

~~13M.~~ To realize the statutory intent underlying ~~these endowment regulationsthis policy,~~ the ~~Board of Trustees~~board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina or to constituent institutions provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer, and provided further that, such transfer be executed only by direction of the UNC Board of Governors of the ~~University of North Carolina~~ and for the purpose identified by the Board of Governors, upon recommendation of the president.

~~14N.~~ Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina, to a constituent institution, or to any other recipient, any instrument of transfer shall indicate that the donor, grant or, seller, lessor, lender, or transferor, as the case may be, is the ~~Board of Trustees~~board of trustees of the endowment fund.

~~15-O~~ The trustees of the endowment fund shall maintain discrete accounts for property received into the endowment fund identified as to those institutions made beneficiaries of the respective properties by their donors; and, upon distribution, the income and other proceeds from the various properties shall be provided only to those beneficiary institutions intended by the donor and in the proportion intended by the donor.

~~16P.~~ The ~~Board of Trustees~~board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the Board of Governors. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

~~17Q.~~ The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph ~~B-8II.H.~~, all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina as a whole or for the benefit of two or more constituent institutions. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under ~~N.C.G.S. §-116-3.~~

~~18R.~~ When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph ~~B-17II.Q.~~, the provisions of the "Policies on Endowments" of April 11, 1974, of the Board of Governors concerning endowment funds for the benefit of the University as a whole or for the joint benefit of any two or more constituent institutions shall be deemed inoperative.

~~19. — These regulations shall be effective upon their enactment by the Board of Governors.~~

€IVH. Endowment Property for the Benefit of The University of North Carolina Press-

~~1A.~~ Under the provisions of ~~N.C.G.S. §-116-36,~~ as amended by Chapter 506, 1977 Session Laws, and pursuant to ~~these regulationsthis policy~~, uniformly applicable to all constituent institutions, the UNC Board of Governors ~~of the University of North Carolina~~ hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press.

~~2B.~~ It is not the statutory intent underlying ~~these regulationsthis policy~~ that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying ~~these regulationsthis policy~~ that those proceeds shall supplement the state appropriations to the end that the University of North Carolina Press may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

~~3C.~~ The Board of Governors of the University of North Carolina Press shall constitute the ~~Board of Trustees~~board of trustees of all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press, to be known as "the Board of Trustees of the Endowment Fund of the University of North Carolina Press." The ~~chairman~~chair of the Board of Governors of the University of North Carolina Press shall be *ex officio* the ~~chairman~~chair of the ~~Board of Trustees~~board of trustees of the endowment fund. Procedures for the conduct of business by the ~~Board of Trustees~~board of trustees of the endowment fund shall be consistent with procedures for the conduct of business by the Board of Governors of the University of North Carolina Press, Incorporated.

~~D4.~~ The trustees of the endowment fund may receive and administer as part of the endowment fund gifts ~~and devises, devises, and bequests~~ and any other property of any kind that may come to them from the UNC Board of Governors ~~of the University of North Carolina~~ or that may come to the trustees of the endowment fund from any other source, excepting always the

moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the University.

E5. Any gift ~~or devise, devise, or bequest~~ of real or personal property to the University of North Carolina Press shall be presumed, nothing to the contrary appearing, a gift ~~or devise, devise, or bequest~~, as the case may be, to the endowment fund of the University of North Carolina Press. This presumption shall not apply to property made available to the University of North Carolina Press prior to June 8, 1977.

F6. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president of the ~~University of North Carolina~~ UNC System through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the University of North Carolina Press for its endowment fund shall be presented by the president of the University of North Carolina to the trustees of the endowment fund as provided in this paragraph unless the president, in consultation with the ~~d~~Director of the University of North Carolina Press, finds that the property: (1) though presumptively made available to the University of North Carolina Press for its endowment fund, was in fact made available to the Press for some other purpose; (2) has been made available under conditions which make its acceptance or use illegal; or (3) is unsuitable for use as property of the endowment fund.

G7. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

H8. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging the credit of the State of North Carolina or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the ~~Advisory Budget Commission~~ General Assembly by the ~~Board of Trustees~~ board of trustees of the endowment fund upon the endorsement of the UNC Board of Governors ~~of the University of North Carolina~~; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the Board of Governors of the University of North Carolina Press upon recommendation of the president. Notwithstanding any other provision of this policy, any real property transaction or capital project that contemplates the use of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential

or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

19. The ~~Board of Trustees~~board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph ~~C-8-III.H.~~, relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the ~~Advisory Budget Commission~~General Assembly as otherwise provided in paragraph ~~C-8-III.H.~~ The ~~Board of Trustees~~board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

10J. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying ~~these endowment regulation~~this policy, the ~~Board of Trustees~~board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph ~~C-9-III.I.~~, may expend or use interest and principal of gifts ~~and devises, devises, and bequests~~; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph ~~C-8-III.H.~~

11K. To realize the statutory intent underlying these ~~endowment regulation~~this policy, the ~~Board of Trustees~~board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina Press; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the Board of Governors of the University of North Carolina Press and for the purpose identified by the Board of Governors of the University of North Carolina Press, upon recommendation of the president.

12L. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina Press or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transfer or, as the case may be, is the ~~Board of Trustees~~board of trustees of the endowment fund.

13M. The ~~Board of Trustees~~board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the UNC Board of Governors ~~of the University of North Carolina~~, through the president. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

14N. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph ~~C-6-III.F.~~, all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina Press. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under ~~N.C.G.S. §-116-3~~ or the University of North Carolina Press, Incorporated.

15O. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph ~~C-14-III.N.~~, the provisions of the ~~"Policies on Endowments"~~ of April 11, 1974, of the Board of Governors of the University of North Carolina concerning endowment funds for the benefit of the University of North Carolina Press shall be deemed inoperative.



~~16P.~~ When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph ~~C-14III.N.~~, the resolution of May 10, 1974, of the Board of Governors of the University of North Carolina concerning property held for the use and benefit of the University of North Carolina Press shall be deemed inoperative; provided that, the transfer of title to property under Section 1 of the resolution of May 10, 1974, to the Board of Governors of the University of North Carolina Press shall be deemed to have continued in effect.

~~17. — These regulations shall be effective upon their enactment by the Board of Governors of the University of North Carolina.~~

V. ~~Policy on Endowment Property for the Benefit of the University of North Carolina Center for Public Media~~

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the University of North Carolina Center for Public Media may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

C. The Board of Trustees of the University of North Carolina Center for Public Media shall constitute the board of trustees of all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media, to be known as “the Board of Trustees of the Endowment Fund of the University of North Carolina Center for Public Media.” The chair of the Board of Trustees of the University of North Carolina Center for Public Media shall be *ex officio* the chairman of the board of trustees of the endowment fund. Procedures for the conduct of business by the board of trustees of the endowment fund shall be consistent with procedures for the conduct of business by the Board of Trustees of the University of North Carolina Center for Public Media.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the University.

E. Any gift or devise of real or personal property to the University of North Carolina Center for Public Media shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the University of North Carolina Center for Public Media. This presumption shall not apply to property made available to the University of North Carolina Center for Public Media or its functional predecessor prior to May 28, 1979.

F. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president through written description of the property to the trustees of

the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the University of North Carolina Center for Public Media for its endowment fund shall be presented by the president to the trustees of the endowment fund as provided in this paragraph unless the president, in consultation with the director of the University of North Carolina Center for Public Media finds that the property:

1. Though presumptively made available to the University of North Carolina Center forPublic Media for its endowment fund, was in fact made available to the center for someother purpose;
2. Has been made available under conditions which make its acceptance or use illegal; or
3. Is unsuitable for use as property of the endowment fund.

G. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

H. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging the credit of the State of North Carolina or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the General Assembly by the board of trustees of the endowment fund upon the endorsement of the UNC Board of Governors –Systemand provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the board of trustees of the University of North Carolina Center for Public Media upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project that contemplates the use of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors’ approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

I. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph IV.H relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the General Assembly as otherwise provided in paragraph IV.H. The board of trustees of the



endowment fund may from time to time change its appointed fiscal agent or agents.

J. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph IV.I may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph IV.H.

K. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina Center for Public Media; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the board of trustees of the University of North Carolina Center for Public Media and for the purpose identified by the board of trustees of the University of North Carolina Center for Public Media upon recommendation of the president.

L. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina Center for Public Media or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.

M. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the UNC Board of Governors, through the president. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

N. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph IV.F, all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina Center for Public Media. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

#### IV. 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.

## **Regulation on Required Elements of University-Associated Entity Relationship**

### **I. Purpose**

A. Associated Entities. The University of North Carolina (UNC) System encourages the establishment of private organizations, known for purposes of this regulation as Associated Entities, to support the constituent institutions and other units of the University, consistent with G.S. 116-30.20. Associated Entities engage in activities that are critical to and aligned with the mission, goals, and objectives of the constituent institutions and institutional units with which they are associated. Activities undertaken by Associated Entities include fundraising, provision of services to students and campus organizations, research support, and collaborating with organizations outside the University System to promote and support initiatives and activities that are related to the University's mission of teaching, research, and service. Associated Entities and the constituent institutions and units of the University with which they are associated rely on the dedicated guidance, support, and leadership of Associated Entity directors, officers, donors, and volunteers to pursue shared goals and objectives.

B. Associated Entity Affiliation. Each Associated Entity becomes affiliated with either a constituent institution or the UNC System Office pursuant to the written approval of the chancellor and board of trustees (in the case of an entity associated with a constituent institution) or the president and Board of Governors (in the case of an entity associated with the UNC System Office). Associated Entities are in turn, subject to the direction of the applicable Associated Entity's governing body and provide funding and other support to the Approving Institution. In recognition of and to facilitate such support, Associated Entities are permitted, in accordance with this regulation and pursuant to written agreements with Approving Institution, to represent that they are affiliated with the University or a constituent institution. In addition, many Associated Entities benefit from resources of the constituent institution in carrying out their activities.

C. Framework. This regulation establishes a framework of cooperation and coordination within which the chancellor or the president of the Approving Institution is expected to structure the Approving Institution's engagement with its Associated Entities. The authority and responsibility for establishing and maintaining cooperative and mutually beneficial relationships between the Approving Institution and its Associated Entities rests with the chancellor or, as the case may be, the president, of the applicable Approving Institution. This regulation recognizes the independence of each Associated Entity as an organization that is separate from the Approving Institution, while ensuring the Approving Institution maintains essential oversight and control over the Approving Institution's name, marks, resources, and activities that could impact accreditation standards, and compliance responsibilities applicable to the Approving Institution. Further, these regulations recognize that funds raised by Associated Entities are to be used to support the Approving Institution consistent with donor intent and applicable law. Accordingly, this regulation articulates standards for governance and operations of Associated Entities in their support of and interaction with their Approving Institutions, and create pathways of

communication to ensure that the University and its constituent institutions are informed about the activities of their Associated Entities so that those activities remain aligned with the mission, goals, and objectives of the Approving Institution. The president adopts these regulations to apply to any University Associated Entity.

II. Definitions. As used in this regulation:

A. An “Associated Entity” means any foundation, association, corporation, limited liability company (LLC), partnership, or other nonprofit entity: (1) that was established by officers of the University; or (2) that is controlled by the University; or (3) that raises funds in the name of the University; or (4) that has a primary purpose of providing services or conducting activities in furtherance of the University’s mission pursuant to an agreement with the University; or (5) that has a tax-exempt status that is based on being a support organization for the University.

B. An “Athletically Related Associated Entity” means an Associated Entity that supports or conducts activities in furtherance of an Approving Institution’s intercollegiate athletics program, as determined by the chancellor of the Approving Institution.

C. “Approving Institution” means (1) a constituent institution of the University of North Carolina System that approves an Associated Entity, or (2) the UNC System Office for an Associated Entity approved by the president.

D. “UNC System Office” means the Office of the President and the affiliated programs of the University associated with the UNC System Office that are not centers or institutes of a constituent institution.

E. “Major Associated Entity” means an Associated Entity which has annual expenditures of \$100,000 or more.

F. “Minor Associated Entity” means an Associated Entity which has annual expenditures of less than \$100,000.

G. “Special Purpose Entity” means an Associated Entity (including any approved subsidiary or affiliate of an Associated Entity) that: (1) is established by an Approving Institution or is controlled by an Approving Institution; (2) undertakes a specified activity for the Approving Institution as its sole purpose (e.g., constructing or managing facilities, research development, or intellectual property management); and (3) does not engage in fundraising activities.

H. “State” means the State of North Carolina.

I. “University” means the University of North Carolina System (UNC System), including its constituent institutions.

J. When “president or chancellor” is used in these regulations, it means the chancellor if the Approving Institution is a constituent institution, and it means the president if the Approving Institution is the UNC System Office.

K. When “Board of Governors or board of trustees” is used in this regulation, it means the Board of Governors if the Approving Institution is the UNC System Office, and it means the board of trustees if the Approving Institution is a constituent institution.

### III. Creation and Approved Status of Associated Entities

A. Associated Entity Must be Approved. An Associated Entity (including any subsidiary or affiliate of an existing Associated Entity), seeking to be associated with a constituent institution must be approved in writing by the chancellor and the board of trustees of the constituent institution. An Associated Entity (including any subsidiary or affiliate of an existing Associated Entity), seeking to be associated with the UNC System Office must be approved in writing by the president and the Board of Governors. An Associated Entity must be approved in order to receive University-provided services or to be able to use any University names, logos, or marks.

B. Abide by Relevant University Policies; Alignment with Mission and Goals. In order to obtain and maintain approved status, the Associated Entity must agree, pursuant to a written agreement also described in subpart VII.A., to abide by the policies or regulations established by the University and by the Approving Institution, including the requirements of this regulation, and to assure that the activities of the Associated Entity align with the mission, goals, and standards of or applicable to the Approving Institution, including accreditation standards applicable to institution-related entities, and athletics conference standards applicable to intercollegiate athletics programs. Approving Institutions should make reasonable efforts to notify Associated Entities of the accreditation standards, athletic conference standards, and/or the institutional policies that may affect Associated Entities' operations.

C. Removal of Approved Status. The head of the Approving Institution may adopt policies or provide in written agreements with any Associated Entity that an Associated Entity's approved status shall be removed only upon advance written notice specifying material noncompliance with or breach of: (1) these regulations; (2) the applicable policies of the University and the Approving Institution; or (3) the written agreement required by section III.B., or VII.A. The advance written-notice period, if any, required by a written agreement or policy shall not exceed 60 days, during which time the Approving Institution may consider and accept or reject a corrective action plan submitted by the Associated Entity. The head of the Approving Institution may neither remove the approved status of an Associated Entity of that Approving Institution, nor decline to extend such approved status beyond the expiration of the Associated Entity's then-current term, without advance written approval of the Board of Governors and the president, or board of trustees of the Approving Institution and the president, depending on whether the Approving Institution is the UNC System Office or a constituent institution. When any request for permission to remove or discontinue an Associated Entity's approved status is submitted to the Board of Governors or board of trustees of the Approving Institution and the president, notice of the request and the grounds for such request shall be simultaneously submitted in writing to the Associated Entity.

D. Recusal of Board Members. When the Board of Governors or a board of trustees considers or votes whether to approve an Associated Entity, to remove an Associated Entity's approved status, or to allow an Associated Entity's approved status to expire, any member of the Board of Governors or board of trustees who also serves as a member of the governing body of the relevant Associated Entity shall recuse himself or herself from any such consideration or vote.

E. Compliance with Policies, Regulations, and Agreements. The head of the Approving Institution (chancellor or president) shall be responsible for taking reasonable steps to ensure that the Approving Institution and its Associated Entities operate in accordance with all requirements of this regulation, the applicable policies of the University and the Approving Institution, and the written approvals and agreements between the Approving Institution and each Associated Entity.

#### IV. Organizational Requirements of an Associated Entity

A. Purpose to Benefit University. The Associated Entity must be organized for the primary purpose of (1) supporting the University or one or more of its constituent institutions or programs, and/or (2) conducting activities that are in furtherance of the mission of the University or of one or more of its constituent institutions or programs.

B. State Nonprofit Entity. The Associated Entity must be organized on a nonprofit basis as a separate legal entity recognized under and in compliance with North Carolina law. If a constituent institution proposes to establish or approve an Associated Entity on a for-profit basis, it must receive prior approval from the Board of Governors.

C. Tax-Exempt Status. Except as provided in paragraph IV.B. (concerning Associated Entities established on a for-profit basis), an Associated Entity must either (1) apply for, receive, and maintain both federal and state tax-exempt status; or (2) be eligible to utilize the tax-exempt status of one or more constituent institutions or tax-exempt Associated Entities.

D. Dissolution of Associated Entity. The Associated Entity's governing documents, including but not limited to the articles of incorporation or by-laws if a corporation and the articles of organization or operating agreement if a limited liability company, must address dissolution and provide that, upon dissolution of the Associated Entity, unless otherwise designated by the donor of an asset, all of its assets will revert to (1) the Associated Entity's Approving Institution, (2) another Associated Entity named in the governing documents of the dissolving Associated Entity, which Associated Entity shall be approved by the same Approving Institution as the dissolving Associated Entity, and/or (3) some combination of the above.

E. Requirements for Members of Associated Entity Governing Body; Board Members for Athletically Related Associated Entities

1. All Associated Entities. At least one senior academic or administrative officer (SAAO) of the Approving Institution or a designee of the president or the chancellor of the Approving Institution must sit as an ex-officio (either voting or nonvoting) or regular member of the Associated Entity's governing body.

2. Athletically Related Associated Entities. Prior to appointing members to serve on the governing body of an Athletically Related Associated Entity, the president or chair of the Athletically Related Associated Entity's governing body shall consult with the chancellor of the Approving Institution concerning such appointment.

F. Audit Committee Required

1. A Major Associated Entity's by-laws must provide for a standing audit committee or other committee with an audit function. The audit committee must receive the report of the individual or firm that conducts the Associated Entity's annual audit and relevant tax forms to be submitted by the Associated Entity.

2. A Minor Associated Entity's by-laws must provide for a committee which has these audit functions.

3. No employee of the Associated Entity may serve on an audit committee or a committee with an audit function. If practical, each audit committee or committee with an audit function should have a financial expert as a member.

4. A Special Purpose Entity is not required to have an audit committee provided that it is subject to independent audit at the request of one or more designated trustees, sureties, insurers, certificate holders or bondholders, or is audited during the Approving Institution's audit.

5. A single-member LLC is not required to have an audit committee provided its operations are audited in connection with the audit of the member.

V. Financial and Accounting Controls

A. Sound Accounting and Business Principles. An Associated Entity must use sound fiscal and business principles, ensure that a sound internal control structure is in place, and follow generally accepted accounting procedures.

B. Annual CPA Audit. A Major Associated Entity and its 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 the Major Associated Entity. A Minor Associated Entity must have an annual audit conducted either by the Approving Institution's internal auditor, another University internal auditor, or an independent CPA firm. A Special Purpose Entity must be audited every two years. A Special Purpose Entity which has annual expenditures of \$100,000 or more must be audited by an independent CPA firm. A CPA firm providing an audit for a Major Associated Entity may not provide nonauditing services to the Associated Entity other than tax preparation services that are preapproved by the audit committee.

1. An Associated Entity of a constituent institution must provide copies of the audit report, management letters, and responses to management letters to the chancellor of the Approving Institution, through the chancellor to the governing board of the Approving Institution and the president, and through the president to the Board of Governors.

2. An Associated Entity of the UNC System Office must provide copies of the audit report, management letters, and responses to management letters to the president, and through the president to the Board of Governors.

C. Annual Budgets. Each Associated Entity must create an annual operations and capital budget. If requested to do so, an Associated Entity shall meet with the head of the Approving Institution (or designee) to review the Associated Entity's proposed annual operations and capital budget, and any subsequent proposed material changes to such annual operations and capital budget. Each Associated Entity in setting its budget shall consider in good faith all suggestions offered by the head of the Approving Institution (or designee) regarding the proposed budget of the Associated Entity and how the budget might be better aligned with the mission, goals, and objectives of the Approving Institution.

D. Officer and Employee Compensation. All salary and nonsalary compensation provided by the Associated Entity to its officers or employees must be approved by the Associated Entity's

governing board. The Associated Entity must comply with Section 300.1.1 of the UNC Policy Manual, concerning the prohibition of payments to specified University employees. This requirement does not prohibit the Associated Entity from reimbursing its officers or employees for expenditures made on behalf of the Associated Entity. Each Athletically Related Associated Entity shall, if requested, make available for inspection information detailing the salary and nonsalary compensation and reimbursements provided to each officer and each employee of the Associated Entity and each employee of the University assigned to the Associated Entity for the prior year.

E. Indemnification of University. The Approving Institution may require an Associated Entity to indemnify and hold the Approving Institution and the University harmless from any damages or liabilities that the Approving Institution or the University incurs as a result of the Associated Entity's actions.

F. University-Associated Entity Monetary Transfers. All transfers of funds from the Associated Entity to the University or to the Approving Institution must be documented in writing or electronically in a form that has a retrievable transaction trail. Each Athletically Related Associated Entity shall, if requested by the chancellor of the Approving Institution, submit an annual report summarizing transfers of funds from the Associated Entity to the Approving Institution or to third parties for the benefit of the Approving Institution for the prior year.

G. Whistleblower Protection. An 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.

H. Chief Executive Officer. The chief financial officer of the Approving Institution may not be the chief executive officer of an Associated Entity.

I. Acquisition of Debt. A Minor Associated Entity may not acquire debt in excess of \$100,000 that is not to be publicly traded without first notifying the president or the chancellor or designee of the Approving Institution and consulting with the vice president for finance of the University. A Major Associated Entity may not acquire debt in excess of \$500,000 that is not to be publicly traded without first notifying the president or the chancellor or designee of the Approving Institution and consulting with the vice president for finance of the University. 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 the Associated Entity's assets and income and the extent of experience of the Associated Entity in entering into similar debt transactions. A Special Purpose Entity that issues debt to construct facilities for the University must provide a financial or construction audit to the vice president for finance of the University at the vice president's request or to the governing board of the Approving Institution at the request of the chair of the governing board.

J. Property Transactions and Capital Projects. Unless approved by the Board of Governors, an Associated Entity may not buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or acquire real property or engage in a capital improvement project that materially alters the value or functionality of any state property. Further, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade



secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

~~JK.~~ Audit Findings. Within 90 days of the issuance of an audit report with audit findings, the Associated Entity must demonstrate to the president or the chancellor of the Approving Institution and to the vice president for finance that satisfactory progress has been made to implement a corrective action plan. Failure of an Associated Entity to receive an unqualified audit opinion, to comply with the reporting requirements of this regulation, or to satisfactorily implement a corrective action plan in response to an audit finding may result in the Associated Entity's losing its approved status.

VI. Insurance and Bonding

A. Bonding Required. Officers and employees of Major Associated Entities who have check-signing authority or who handle cash or negotiable instruments must be bonded in an amount determined to be reasonable by the Associated Entity's governing body, in collaboration with the Approving Institution. The governing body of a Minor Associated Entity should consider requiring bonding of appropriate employees.

B. Insurance. The governing body of an Associated Entity, working in collaboration with the Approving Institution's insurance and risk management personnel, should evaluate the potential risks arising from the operation of the Associated Entity and obtain commercially reasonable amounts of general liability and directors'/officers' insurance.

VII. Provision of Administrative and Other Services by University for Associated Entity

A. Written Agreement Required. The Associated Entity must enter into a written agreement with the Approving Institution in which the Associated Entity agrees to abide by the policies and regulations established by the University and by the Approving Institution. An Associated Entity may only use University or constituent institution assets, facilities, and personnel pursuant to the terms of the written agreement.

B. Reimbursement of Costs. Any reimbursement to the Approving Institution or the University for services the Approving Institution or the University provides to the Associated Entity must be made pursuant to a written agreement between the University or the Approving Institution and the Associated Entity entered into before the service is provided.

C. Control of University Personnel. When University personnel provide services for the Associated Entity and there arises a conflict between the University and the Associated Entity, the University's employee must comply with the policies, regulations, and directives of the University.

VIII. Acceptance of Gifts by Associated Entity

A. Direction and Control of Fundraising and Development Activities. The fundraising and development activities of the Associated Entity shall be conducted subject to the policies and regulations of the Approving Institution and the University and coordinated with the Approving Institution's development office. Absent prior approval from the Approving Institution, the Associated Entity may not engage in fundraising or development activities that impose obligations on the Approving Institution, or receive gifts that impose obligations on the Approving Institution.



B. Restricted or Conditional Gifts that Require University Approval. An Associated Entity may not accept any restricted or conditional gifts that impose an obligation on the University or the Approving Institution or the state to expend resources in addition to the gift or that impose an obligation on the University's or the Approving Institution's operations without the Approving Institution's prior approval. In addition, an Associated Entity may not accept a gift which has any restriction that is unlawful.

C. Notification to Donors of Restricted Gift Policies. An Associated Entity must advise prospective donors of all restricted or conditional gifts to the Associated Entity if acceptance of the gift is conditioned upon the Approving Institution's approval.

IX. Conflict of Interest and Ethics Policies

A. Policies Required. The Associated Entity must have in place conflict of interest and ethics policies, as approved by the Approving Institution, pertaining to relationships between the Approving Institution, the Associated Entity, members of the governing body of the Associated Entity and persons doing business with the Associated Entity, and establishing required ethical standards for the members of the governing body and employees of the Associated Entity.

B. Transactions Between Associated Entity and its Employees. All transactions (other than reimbursements as provided in section V.D.), between the Associated Entity and an individual member, manager, officer, director, or employee of the Associated Entity must be approved by the Associated Entity's governing body. For the avoidance of doubt, only an individual designated as a member pursuant to state law shall be considered a "member" for purposes of this section.

C. Recusal from Business Decisions. No Associated Entity individual member, manager, 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 the Associated Entity should enter into such transaction.

D. Associated Entity Scholarships. No Associated Entity scholarship or fellowship award may be made to an individual member, manager, officer, director, or employee of the Associated Entity or to a family member of such person unless the recipient of the award is determined by an independent awards committee or is overseen by the Approving Institution's Financial Aid and Scholarship Office. For the avoidance of doubt, only an individual designated as a member pursuant to state law shall be considered a "member" for purposes of this section.

X. Reports Required to be Submitted by Associated Entity to University

A. The Associated Entity must file annual reports with the president or chancellor of Approving Institution, which shall be submitted to the Board of Governors through the president, covering the following items:

1. A list of all members of the Associated Entity's governing body;

2. A copy of the publicly disclosed portion of the Associated Entity's Form 990, or other series 990 form or other similar information return; ~~and~~

3. A copy of the Associated Entity's CPA audit report and related management letters and responses to management letters;~~2~~

4. A list of current real estate holdings and current funding commitments for capital projects; and

5. A report of all real property activity and completed and ongoing capital projects since the last reporting period.

B. At the request of the chancellor, president, or the chair of governing body of the Approving Institution, the Associated Entity must meet with the requesting person, his or her designee, or the internal auditor of the Approving Institution and allow that person to inspect any information requested.

#### XI. Miscellaneous Requirements

A. Associated Entity Communications. An Associated Entity must conduct business in its own name, and all correspondence, advertisements, and other communications by the Associated Entity must clearly indicate that the communication is from the Associated Entity and not from the Approving Institution or the University.

B. Lobbying and Political Activities. An Associated Entity must comply with all provisions of the Internal Revenue Code and all state laws regarding lobbying and political activity.

C. Associated Entity Courses and Seminars. An Associated Entity may not offer any course or seminar in which the University's name is used without first obtaining the permission of the institution(s) whose name(s) will be used.

D. Record Retention Schedule. An Associated Entity must have a policy governing retention and destruction of documents, including electronic files, and which prohibits destruction of documents if an audit other than in the ordinary course, investigation into wrongdoing, or litigation is anticipated or underway.

XII. Waiver. If the application of any of the requirements of these regulations to a particular Associated Entity in specific circumstances is of limited benefit and is unduly burdensome, the president may waive that requirement as to that specific Associated Entity under circumstances that are set out in writing and supported by the Approving Institution.

#### XIII. Other Matters

A. Effective Date. The requirements of this regulation shall be effective upon the date of adoption of this regulation by the president.

B. Relation to Federal and State Laws and Policies. The foregoing regulation as adopted by the president is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern or relate to the subject matter of this regulation.

**Policy on the Delegations of Authority and Granting of Management Flexibility ~~to Appoint and Fix Compensation~~ on Human Resources Matters**

I. Purpose

A. Pursuant to N.C.G.S. 116-11(13) (G.S.), and other North Carolina law as referenced herein, and in an effort to enhance the administrative efficiency of the University, the Board of Governors has delegated to the president the authority to establish a human resources program and to approve management flexibility plans at constituent institutions for faculty and EHRA non-faculty (those employees exempt from various provisions within Chapter 126 of the North Carolina General Statutes).<sup>1</sup>

B. In accordance with this authority, the president may further delegate authority for approving human resources matters ~~within the UNC System Office. Section II of this policy describes authorities that may be delegated by the president for human resources actions to the boards of trustees of all the constituent institutions. Section III delineates such delegations that are reserved solely for institutions with management flexibility (special responsibility constituent institutions as per UNC Policy Manual 600.3.1).~~

~~C. Also in accordance with this authority, the president hereby further delegates the authority to administer certain human resources actions as described in section II of this policy to the boards of trustees for all constituent institutions.~~

~~D. Also in accordance with this authority, the president hereby further delegates additional authority to administer certain human resources actions as described in section III of this policy to the boards of trustees for institutions with management flexibility (special responsibility constituent institutions).~~

~~EC.~~ The authority granted by the Board of Governors through the president is subject to *The Code* of the University of North Carolina (*The Code*), policies of the Board of Governors, and all applicable federal and state laws, policies, regulations, and rules.<sup>2</sup> Along with any other rules and regulations the Board of Governors and/or the president adopt, this policy requires each constituent institution to comply with all rules and regulations concerning equal employment opportunity; to act in recognition of funding availability and constraints within each institution's budget; and to take into account the actions of the Governor, the Office of State Budget and Management, and the North Carolina General Assembly.

II. Authority Delegated to All Constituent Institutions (With or Without Management Flexibility)

A. The president delegates to the ~~board~~ boards of trustees for ~~each~~ all constituent ~~institution~~ institutions the authority to execute the following personnel actions for ~~faculty and EHRA non-faculty instructional, research, and public service (IRPS) EHRA~~ employees:

1. Permanent and temporary appointments<sup>3</sup> ~~and salaries~~ within the salary ranges established by the UNC System Office, excluding Tier I Senior Academic and Administrative Officers (Tier I SAAOs).

~~2. Promotion, including faculty rank changes but excluding tenure.~~

~~3. Permanent and temporary salary increases or stipends.~~

2. Permanent non-promotional<sup>4</sup> salary adjustments within the salary ranges established by the UNC System Office for all EHRA non-faculty employees excluding Tier I and Tier II SAAOs and head coaches, associate coaches, and assistant coaches for which delegations are otherwise specified herein.

3. Permanent non-promotional salary adjustments within the salary ranges established by the UNC System Office for Tier II SAAOs up to a new base salary of \$125,000 and that do not exceed 10 percent of the June 30 base salary as of the most recent fiscal year or that do not exceed the 75<sup>th</sup> percentile of the salary range regardless of amount of increase.

4. Non-promotional salary increases for head coaches, associate coaches, and assistant coaches that do not exceed 25 percent of the June 30 base salary as of the most recent fiscal year and do not exceed \$25,000.

5. Temporary salary actions for the duration of an appointment as an academic department chair or academic department head not greater than \$50,000 annually above the total compensation in effect at the end of the last fiscal year. For clinical department chair, clinical department head, or clinical division head appointments within a School of Medicine or Dentistry, this delegated authority is not greater than \$75,000 annually for the duration of such appointment.

6. All other temporary salary adjustments related to interim, acting, or other time-limited assignments or appointments with a duration of up to 36 months or up to \$50,000 annually above the base salary in effect at the end of the last fiscal year, excluding such actions for Tier I SAAOs. This delegated authority does not permit exceeding the relevant salary range established by the UNC System Office for the position in which an individual is serving in an interim or acting capacity.

7. Faculty rank promotions but excluding conferral of tenure. All such faculty rank promotions must fall within the established salary range for the role.

B. The president further authorizes the boards of trustees for the constituent institutions to delegate any of these actions to their chancellors, or to specific designees of the chancellor by title, as they deem appropriate, excluding actions for Tier I SAAOs.

C. Notwithstanding the ~~delegations above provisions in sections II.A. and II.B.,~~ the president may ~~establish regulations and guidelines that modify, suspend, or limit delegation for certain actions (for example, salary adjustments) within these categories~~ one or more of the aforementioned delegations of authority at the president's discretion by administrative memorandum or duly authorized regulation.

III. Delegation of Authority to Boards of Trustees of Institutions with Management Flexibility

A. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is delegated the authority to execute the following additional personnel actions in addition to those enumerated in section II.A. of this policy, which it shall not delegate further unless the president or the Board of Governors shall allow permit.<sup>5</sup>

1. Upon recommendation of the chancellor, appoint all permanent and temporary appointments<sup>6</sup> and fix the salary and non-salary compensation<sup>7</sup> for all vice chancellors and other Tier 1 senior academic and administrative officers (as defined in Section 300.1.1 I.A. of the UNC Policy Manual) Tier I SAAOs, with the exclusion of the chancellor, within the salary ranges established by the UNC System Office.

2. ~~Approve appointments and salary changes for SAAO Tier 1 appointments, with the exclusion of the chancellor.~~

3. ~~Upon recommendation of the chancellor, establish salary ranges for SAAO Tier 2 positions, consistent with both the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC System Office for these positions.~~

42. Upon recommendation of the chancellor, and consistent with the approved tenure policies and regulations of each institution, confer permanent tenure.

3. Upon recommendation of the chancellor, all permanent non-promotional salary adjustments for Tier I SAAOs within the salary ranges established by the UNC System Office that do not exceed either 10 percent of the June 30 base salary as of the most recent fiscal year or that do not exceed the 75<sup>th</sup> percentile of the salary range regardless of amount of increase. Any Tier I SAAO actions transmitted for approval by the president and/or Board of Governors must receive prior formal endorsement by the institution's board of trustees.

B. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is also delegated the authority for the following personnel actions, which it may further delegate to the chancellor and may authorize the chancellor to further delegate ~~on a limited basis to specific designees of the chancellor by title, as they deem appropriate.~~<sup>8</sup>

1. ~~Establish faculty salary ranges within different academic disciplines, based on relevant data.~~

21. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors.

32. ~~Establish IRPS positions and salary ranges.~~ When authorized by the president or the president's designee, establish faculty salary ranges within different academic disciplines, based on relevant market data. These salary ranges shall be subject to review and approval by the UNC System Office upon request. Absent such an authorization by the president, the constituent institutions shall utilize faculty salary ranges established by the UNC System Office.

C. ~~Salaries and salary ranges shall be consistent with salary ranges established or authorized by the UNC System Office and consistent with guidelines established by the president. Notwithstanding the delegations above and the provisions of any existing approved management flexibility plan, the Board of Governors and/or in sections III.A. and III.B., the president may establish policies, regulations, or guidelines that modify, suspend, or limit delegation for certain actions (such as establishing mandatory salary ranges or salary adjustments) within the delegations listed in III.A., and III.B. one or more of the aforementioned delegations of authority at his or her discretion by administrative memorandum or duly authorized regulation.~~

#### IV. Responsibility of the Board of Governors and the President

A. The Board of Governors ~~shall~~:

1. ~~Issue~~ Shall issue a resolution each year that ~~(a)~~ interprets legislative action regarding University employee salaries ~~and (b) sets annually or delegates such authority by resolution as it deems appropriate to the president.~~

2. Shall set every other year, or more frequently as it shall decide, the salary range for the president and, in consultation with the president, the salary ranges for the chancellors. These ranges will be based upon relevant available market data.

23. ~~Authorize~~ Shall authorize the president's salary and, based on recommendations from the president, the chancellors' salaries.

34. ~~Authorize~~ Shall authorize appointments and employment contracts for the chancellors, the president, the chief executive officer of the UNC Center for Public Media<sup>9</sup> ~~director~~, and the chief executive officer of the UNC Health Care System as well as authorize certain contract terms and conditions for athletic directors and head coaches at constituent institutions as defined in Section 1100.3 of the UNC Policy Manual.

5. May authorize permanent salary adjustments for the president and chancellors, regardless of amount. The president will continue to consult with the Board on salary adjustments for the president's senior team.

6. May authorize all non-promotional salary increases for head coaches, associate coaches, and assistant coaches that exceed 25 percent of the base salary in effect at the end of the last fiscal year and exceed \$25,000.

7. May authorize all other salary actions for Tier I SAAOs that are not otherwise delegated to the boards of trustees of the constituent institutions or to the president.

B. The president or president's designees shall:

1. ~~Establish~~ Will review and approve the establishment of all SAAO Tier 1 and SAAO Tier 2 positions and their salary ranges, with the exclusion of those defined in IV.A., above. In addition, the president will consult with the Board's Committee on University Personnel for appointments and compensation for senior officers who report directly to the president and may approve emergency retention salary adjustments for Tier I SAAOs of the constituent institutions and of the UNC System Office in consultation with the chair of the committee. Any such emergency retention salary adjustments will be reported to the Committee on University Personnel at its next scheduled meeting.

2. ~~The president may~~ May authorize any significant changes in the organizational structure of a constituent institution, such as re-organization resulting in the creation of a new vice chancellor, dean, or equivalent administrative position.

3. ~~Review~~ Will review annually the faculty salaries set by the medical schools at the University of North Carolina at Chapel Hill and East Carolina University to ensure that the salaries are coordinated and are consistent with relevant data in a national medical labor market.

4. ~~Provide~~ Will provide at least annually to the constituent institutions guidelines regarding EHRA appointments and salary actions.

~~5. Provide periodic faculty salary studies based on peer data.~~

5. Will provide faculty salary ranges by rank and discipline to the constituent institutions for their use unless an institution is authorized by the president or president's designee to develop such ranges independently subject to UNC System Office review.

6. ~~Withdraw~~ May withdraw or further limit the delegation of management flexibility from any institution that does not adhere to the policies and procedures set forth in this policy. The president will notify the institution of the discrepancies, and if these are not adequately addressed in the judgment of the president, then the president shall withdraw the delegation. The president may reinstate delegation or remove restrictions to a constituent institution upon further review and following the requirements established in section V., of this policy.

7. Will establish classification categories and salary ranges for EHRA IRIT positions.

8. May approve temporary salary adjustments for EHRA employees that exceed the authority granted to constituent institution boards of trustees and not otherwise retained by the Board of Governors.

9. May authorize Tier I SAAO non-promotional salary increases for institutions with management flexibility that exceed 10 percent of the June 30 base salary as of the most recent fiscal year or the 75<sup>th</sup> percentile of the salary range regardless of amount of



increase. Any Tier I SAAO actions transmitted for approval by the president must receive prior formal endorsement by the institution's board of trustees.

10. May authorize Tier I SAAO non-promotional salary increases for institutions without management flexibility that do not exceed 10 percent of the base salary in effect at the end of the last fiscal year and the 75th percentile of the salary range. Any Tier I SAAO actions transmitted for approval by the president must receive prior formal endorsement by the institution's board of trustees.

11. May authorize all Tier II SAAO non-promotional salary increases not otherwise delegated to the boards of trustees of the constituent institutions.

C. The Board of Governors and/or the president shall:

1. Conduct performance audits on policies, practices, and other matters related to delegation of management flexibility.

2. For institutions without management flexibility, the president and the Board of Governors shall have the same responsibilities and authority as set forth in Section 300.6.1 of the UNC Policy Manual, *Policy on Selection Criteria and Operating Guidelines for Special Responsibility Constituent Institutions*.<sup>10</sup>

V. Submitting Institutional Plans for Management Flexibility for Personnel Appointments. The president has the authority to approve institutional management flexibility plans for personnel appointments. Upon approval, the board of trustees of a special responsibility constituent institution<sup>11</sup> shall have the authority delegated by this policy. An institutional plan shall include the following:

A. Policies and procedures for promotion and tenure of faculty.

1. An institutional policy for promotion and tenure<sup>12</sup> that complies with *The Code* of the University of North Carolina System, complies with current federal and state law, and provides clear requirements for promotion and the conferral of permanent tenure.

2. A schedule and process for periodic review of promotion and tenure policies, including a process for amending promotion and tenure policies subject to review by the president or president's designee.

B. Policies and procedures for salary administration and recruitment and selection of senior academic and administrative officers (SAAO) and EHRA non-faculty.

~~1. Policies and procedures for establishing salary ranges for SAAO Tier 2 and for instructional, research, and public service (IRPS) EHRA non-faculty positions, consistent with the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC System Office for these positions.~~

~~2. Policies and procedures for the recruitment and selection of senior academic and administrative officers and other EHRA non-faculty positions.~~



C. Policies and procedures for compensation policies for faculty and EHRA non-faculty.

1. An institutional policy on non-salary compensation of faculty and EHRA non-faculty, and on compensation from non-state sources such as grants, endowment funds, practice plan funds, etc.

2. Documentation of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant ~~data and for EHRA non-faculty, including methodology and relevant data~~ market data in the event the constituent institution is delegated authority to establish such ranges by the UNC System Office.<sup>13</sup>

3. Documentation of EHRA salary-setting guidelines provided to institutional management.

D. Policies and procedures for audits and accountability.

1. Documentation that the institution has not had audit findings related to personnel practices, salary, or payroll for the previous three years or, if there have been audit findings in this period, documentation supporting that any findings have been remedied.

2. Documentation of appropriate accountability procedures ~~in the event that if~~ the board of trustees delegates the authority granted pursuant to this policy to the chancellor.

VI. Implementation of the Delegated Authority under Management Flexibility. The president shall determine the effective date of the delegation authorized by this policy upon approval of the institution's management flexibility plan.

VII. 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>Section 200.6 of the UNC Policy Manual.

<sup>2</sup>See Section 200.6 of the UNC Policy Manual for limitations on the president's delegated authority.

<sup>3</sup>For the purpose of this policy, the term "appoint" means the initial appointment, reappointment, or an appointment that constitutes a formal promotion.

<sup>4</sup>~~For the purpose of this policy, the term “non-promotional” means salary actions that do not relate to assuming an entirely new position but rather adjusting the salary of the existing position for reasons such as labor market, equity, retention, additional duties, reclassification, and other permitted miscellaneous reasons.~~

<sup>5</sup>The delegation authorized by this policy is in addition to the delegation by the Board of Governors to the boards of trustees contained in the Appendix 1 to *The Code*.

<sup>6</sup>~~For the purpose of this policy, the term “appoint” means the initial appointment, reappointment, or an appointment that constitutes a promotion or a significant change in position responsibilities.~~

<sup>7</sup>Throughout this policy, all actions of a board of trustees of a special responsibility constituent institution to “fix the compensation” of employees are subject to the limitations contained in sections II and III of this policy; the policies of the Board of Governors; guidelines and regulations established by the president; and institutional plans, policies, and procedures.

<sup>8</sup>The chancellor may delegate authority only to the executive vice chancellor, provost, chief financial officer/chief business officer, and/or chief human resources officer, or any other director-level or senior officer with responsibility for campus-wide EHRA human resources actions.

<sup>9</sup>Use of “UNC Center for Public Media” in statute refers to PBS North Carolina.

<sup>10</sup>See in particular Section 600.3.1.A.2.

<sup>11</sup>In order for an institution to have management flexibility for personnel appointments, the institution must be designated and maintain the status of a special responsibility constituent institution.

<sup>12</sup>As applied to the North Carolina School of the Arts and the North Carolina School of Science and Mathematics, the terms “tenure policy” or “policy for promotion and tenure,” as used herein, refer to the institution’s policy governing the appointment of faculty.

<sup>13</sup>When used in this policy, the phrase “relevant data” indicates that the institution shall draw comparisons to peer institutions as approved by the Board of Governors. Data from peer institutions will be used when available except in instances in which a campus can demonstrate legitimate labor market differences that justify the use of a supplemental or alternative set of peer institutions.