MEMBERS PRESENT:  Mona Edwards (Chair), Brad Hayes, Betsy Oakley, Dean Priddy, Linda Sloan

OTHERS PRESENT:  Chancellor Franklin Gilliam, Jerry Blakemore, General Counsel, Liaison; Dr. Julia Jackson-Newsom, Associate Vice Chancellor for Strategy and Policy, Liaison; Bob Shea, Vice Chancellor for Finance and Administration, Liaison; Don Skeen, Internal Auditor, Liaison; Waiyi Tse, Chief of Staff; Kelly Harris, Assistant Secretary to the Board of Trustees; and other members of the administration and staff.

PROCEEDINGS:

Chair Edwards called the meeting to order at 9:45 a.m. She opened the meeting by thanking Mr. Hayes for chairing the September 22, 2020 CARL Committee meeting in her absence. Chair Edwards reminded the Committee members of their duty under the State Government Ethics Act to avoid conflicts of interest and advised that any conflict of interest or appearance thereof with respect to any matter before the Board or the Committee needed to be raised at that time. None were identified.

Quorum was confirmed through roll call.

Approval of the Minutes of September 22, 2020 Meeting

Chair Edwards noted that the minutes from the September 22, 2020 CARL Committee meeting were included in the pre-meeting materials and asked if there were additions or corrections thereto. Trustee Brad Hayes noted one correction should be made to the minutes on page 3, last paragraph under COVID-19 CARL-3 to state “UNCG is facing a $24.2 million deficit for FY 20-21.”

On roll call vote, the minutes were unanimously approved with the correction as noted.
**Discussion Items**

*CARL-1  Audit Review for Board of Trustees*

Don Skeen, Director of Internal Audit, presented a summary of the internal audit in compliance with the N.C. statutory requirements for reporting allegations of misuse or theft of state property to the SBI. No exceptions were found.

External audits included financial statements of the University’s Endowment and of the separate legal entities (e.g., foundations) affiliated with the University. Responsibilities of the Compliance, Audit, Risk Management and Legal Committee include the review of all audits and management letters of University-Associated Entities, as defined by the Board of Governors.

The financial statements of the entities are included in the University’s basic financial statements (University’s Endowment & the University’s Affiliated Entities) because their directors are appointed by the UNCG Board of Trustees and their sole purpose is to benefit UNCG. Entities include the UNCG Endowment Fund, UNCG Investment Fund, Inc., UNCG Excellence Foundation, Inc., and the Capital Facilities Foundation, Inc.

Independent auditor’s reports for each of these entities concluded that the financial statements were presented fairly in all material respects.

An independent auditor’s report on internal control and compliance is to be provided to the Board of The Endowment Fund of UNCG as required by governmental auditing standards (no deficiencies were identified).

Skeen noted that three affiliated entities audited and reported in the past no longer exist. In May 2019, the Alumni Association of the University of North Carolina at Greensboro, Inc. and the Weatherspoon Art Museum Association merged with the UNCG Excellence Foundation, Inc. Additionally, the Human Environmental Sciences Foundation, Inc. was dissolved; its remaining assets were placed in the UNCG Excellence Foundation, Inc.

The financial statement audits of SERVE, Inc. for the fiscal year ended June 30, 2020 were excluded from the University’s basic financial statement and were evaluated separately; the independent auditor’s report issued in October 2020 expressed the opinion that the financial statements were presented fairly in all material respects.

The independent auditor’s letter to the Board reported no significant audit findings for any of the affiliated entities.

With respect to the financial audit of the University, an exit conference with the Auditor is scheduled for December 8, 2020. No reportable findings are expected.

*CARL-2 Institutional Risk Management Annual Update*

Director of Institutional Risk Management Mark McKinney discussed UNCG’s current risk environment, the impact of COVID-19 on the operational and strategic risks for the fall, and the short- and long-term effects going forward. Almost all operational and strategic risks have been
impacted by COVID-19. Work continues on determining by how much, for how long, and what
the short-term and longer-term impact of that means. Even though we have had to shift from a
balanced look at operational risks to almost exclusively dealing with operational risks, we must
continue to maintain the momentum of our mission. The Committee was reminded of the three
primary risks discussed at the September 22, 2020 meeting: UNCG community health and
safety, financial impacts, and cyber security/IT risks.

McKinney called on Vice Chancellor Bob Shea to discuss the funding stability risk and provide
an update on the remainder of state and federal CARES Act funding and how it will be used.
Shea elaborated on balance - operating in the current environment with COVID and operating in
the future/strategic environment. He shared the Chancellor’s challenge to remain ready and to
take advantage of opportunities moving forward despite COVID’s impact. The University has
adapted and done well thanks to the hard work and leadership of Julia Jackson-Newsom, Zach
Smith, and their teams. October 20 was a benchmark in that UNCG had no future liability for
refunds and we were able to send our students home at the end of the semester. The financial risk
has been managed in semester increments (6 months). The situations we have dealt with over
the last few months and what is anticipated for the spring semester that begins on January 18 will
likely be completely different. UNCG has three big revenue sources – state appropriation,
tuition revenue and fees, and auxiliaries. Shea emphasized the reliance on recruitment and
retention as a primary source of revenue growth for the future. The budget deficit this year was
addressed with $24.2 million in cuts - $8 million came in CARES funding, $5 million in state
funds and $11.2 million from nonstate (dining, housing, and parking). Revenue growth in
tuition, room and board, and fees is restricted by the UNC System and legislature. The exception
is for the approved $62 health fee increase which will address some of the COVID-19 generated
health expenses and will generate approximately $750,000. Growth in headcount, unrestricted
philanthropy, and disciplined spending will be the way forward in the short term and for at least
the next 18 months. Shea reviewed the CARES Act Summary detailing the funds received from
each source and balances in each fund with deadlines for spending. Updated guidance from the
System Office last week allowed for increased flexibility on how the state dollars can be spent.
This will allow us to use those state funds to do more testing now and in the spring.

Vice Chancellor for Enrollment Management Tina McEntire shared the total Fall 2020
enrollment numbers reflecting an anticipated 2.1% total decline and a projected Spring 2021 total
decline of 2.4%. The new student decline (-606) in the fall will continue into the spring. A
three-year turnaround is anticipated for recovery from the Fall 2020 deficit. She is hopeful that
investments in new talent in the enrollment area will help turn that deficit around faster.
McEntire explained some critical enrollment factors for the spring semester that are likely related
to COVID and some very successful initiatives and creative ways they are engaging students
virtually. In mid-November staff reached out to students who were admitted for fall but who
didn’t enroll at UNCG or elsewhere and promoted UNCG’s success in managing COVID and
our ability to remain open through the Fall semester. That campaign has yielded some positive
results. Spring registration began in November and continues in December, so it’s too early to
project what those numbers might look like. UNCG’s number one competition is UNC Charlotte
– 693 students admitted to UNCG chose to go to UNCC. The community colleges are also
significant competitors for undergraduate students.
McKinney pointed to additional key risk issues dealing with youth programs, campus safety, and the improvements for pedestrian traffic at the Walker and Josephine Boyd intersection. Deferred maintenance risks projected to cost several million dollars generated considerable discussion regarding the potential adverse impact of further delays in addressing these problems. The Chancellor advised the Committee of the System Office policy and protocols, and further explained that this was a challenge that each of the 17 institutions is facing, and one of which President Hans is aware.

The Committee expressed a keen interest in helping assure that President Hans and members of the legislature understood the necessity to address the deferred maintenance challenges. There was support of the Committee to assist in this effort in coordination with the Chancellor’s office. As such, a follow up item is for staff to develop talking points which will inform the Board of specific deferred maintenance challenges.

McKinney shared information regarding the UNC System Policy on Insurance Coverage adopted 7/23/2020 establishing minimum coverage to mitigate risks associated with damage to or loss of university property. Premium increases go into effect on UNCG’s renewal date of March 1, 2021. Total university property premiums will be increased by $350,000-$470,000 depending on deductible with the biggest impact to Residence Life. He concluded the presentation by summarizing risk management lessons learned and to be carried forward – we work better when we work together; it is difficult to be fully prepared for an adverse event of low likelihood, high impact, and long duration; and patience and communication is critical in managing risks associated with response, continuity, and recovery.

Chair Edwards commended McKinney for his efforts in managing competing risks and multiple priorities in these challenging times. She also commended Julia Jackson-Newsom and Zach Smith for their leadership of the COVID taskforce to position UNCG as best as possible to be more effective and be able to remain open. The Committee will look forward to learning more about how they can stay engaged and involved relative to the issues brought to their attention.

**CARL-3 Implementation of New Title IX Rule**

The briefing on the new Title IX Rule was postponed for a future meeting. However, the Chair acknowledged recent media reports related to a Title IX type of investigation and reiterated the University’s position regarding a recommitment of our values and our commitment to providing an inclusive, safe, non-discriminatory environment for learning, living, and working.

**CARL-4 Board of Governors Delegation of Authority to Board of Trustees**

General Counsel Jerry Blakemore advised the Board that the Board of Governors has delegated authority to the Board of Trustees to approve advance planning for capital improvement projects where the effort is funded with non-general fund money. With this delegation, UNCG can be more efficient by engaging design professionals, developing project scopes, and developing budget estimates prior to seeking BOG approval.
CARL-5 COVID-19 Briefing

Associate Vice Chancellor Julia Jackson-Newsom began by acknowledging the extraordinary effort across campus this semester to help us get to the point where students were able to remain on campus until the last day of classes and return home safely. Students and staff did an outstanding job of following the rules, thereby contributing greatly to this effort.

As a follow up to the briefing she and Zach Smith presented at the September 22, 2020 CARL Committee meeting, Jackson-Newsom shared an overview of the case numbers and testing for the fall semester, discussed the current status of the campus, and reviewed plans for action over the winter break and for the Spring 2021 semester. The only cluster this semester was within the women’s basketball team, but it was contained. She commended Athletics for remaining very proactive and added that support for Athletics will continue through their season. The self-reporting tool has been tremendously helpful in tracking the numbers as well. Spring semester classes will resume on January 19, 2021 after the MLK Holiday with no spring break except for a few wellness days throughout. Students have been notified that unlike last semester, reentry and random surveillance testing will be required for residential students (depending on January’s numbers). Much attention is now focused on the vaccine as it becomes available. The public health department will likely enlist the University’s help with distribution of that vaccine for our employees and students. Additional updates will follow as that information becomes available.

Board Chair Oakley reiterated now much she has valued what the team has done to keep our campus as safe as it has been this semester. This has obviously been a real collaborative effort among the various constituencies across campus. The Board appreciates the Chancellor’s efforts to bring these constituencies together and the messages to the campus community have been on target – uplifting and positive while reinforcing that we need to keep doing more of the same. Oakley added that she would like to see those efforts continue. Committee Chair Edwards added that the Board is indebted to the Chancellor for his leadership and to the team for the results the University has achieved. Chancellor Gilliam thanked the Board for their kind remarks and added his gratitude for Julia and Zach’s contributions in pulling together the campus wide taskforces cross-functionally. He commended them for their exemplary work on the architecture and the implementation of the response, as well as the hard work it took to stay on top of a situation that the University has never before dealt with.

With no further business to come before the Committee, the meeting was adjourned at 11:20 AM.

Respectfully submitted,

Kelly Harris
Associate Chief of Staff