

Executive Council Committee on Historically Black Colleges and Universities

March 3, 2024

Minutes of the Teleconference

HBCU COMMITTEE MEMBERS: Canon Martini Shaw, Ms. Martha Alexander, Fr. Dick Burnett, Canon Jamie Callaway, Dr. Joel Cunningham, Canon Anita George, Canon Michele Hagans, Dr. Eugene Lowe, Bishop Sam Rodman, and Bishop Ruth Woodliff-Stanley.

Absent committee members: Mr. Scott Evenbeck.

GUESTS: Dr. Marcus Burgess of St. Augustine's.

STAFF AND CONSULTANTS: Mr. Kurt Barnes, Canon Ron Byrd, Mrs. Nancy Caparulo.

Absent staff and consultants: Ms. Julia Alling and Fr. Lang Lowery,

Canon Shaw called the meeting to order at 1:03 PM and Bishop Ruth offered a prayer.

The meeting had been called essentially to discuss matters at SAU with Dr. Burgess, who began by talking about the appeal process with SACS. Having been declined, the next step is arbitration, so a letter of request will go forward in hope that SACS will allow 90 days of accreditation so seniors can graduate. They are applying to TRACS for accreditation as well and are looking into HLC (Higher Learning Commission). Questions were invited and the terms of arbitration were heard. Dr. Burgess described the difficulties in finalizing the 2021 Audit and issues around audits of 2022 and 2023. He is working with a group in Georgia to deal with debt reduction and determining a better financial structure for the college. Deeper discussion looked at the finances around the future audits, which SACS has set a deadline of March 31 (upcoming). There is a letter of engagement with the auditors for \$630K but an additional \$175K is needed to begin 2022.

A short-term goal is to get the audit done to receive money from the Department of Education. Dr. Burgess said \$5.1 million is held. SAU needs to give the DOE \$1.8 million to hold for 5 years. He talked about a letter of credit being issued to the DOE in that amount. If 2022 and 2023 audits are not done by March 31, there will be no federal or state money available. Mr. Barnes suggested that dividends for SAU from trust funds could be advanced, but he would need to check on the amount available.

Discussion turned to the spreadsheet of outstanding expenses that Dr. Burgess had provided to the committee. He talked about a plan to address paying down debt, specific to developing in some way the land that SAU owns. He is getting help from NC congressmen to release liens on the land. There are twelve acres that could be a mixed-use property including building dorms.

A look was taken about the need to meet payroll. \$456K is required every 2 weeks. Dr. Burgess reported down-sizing some top-heavy areas of staffing to reduce the payroll obligation. Questions arose about faculty issues currently.

SAU will be offering mental health counseling for faculty and students. Dr. Burgess left the call at 1:47 PM.

Bp. Sam noted the perennial problem with the numbers that has existed from before he had a position on the board. This matter was looked at in some depth. He said the NC Diocesan Council is willing to find \$150K to be paid directly to the auditor. The wish to save SAU but there is no confidence in the plan to use the land. It was thought appropriate for Fr. Lowery to weigh in on this given his history with SAU.

The Committee agreed that there should be one spokesperson for them and the person should be Cn. Shaw, who has been in touch with Amanda Skofstad of ENS. Cn. Byrd said there had been many questions about SAU and TEC that arose during the meeting of the Deputies of Color, ended today.

Noted was the importance of the audits to free up money. Alumni giving is held back because of lack of trust in the board. A plan to meet payroll is unknown. Discussion looked at the atmosphere around the school's leadership, the board, and the possible availability of funding by alumni.

Mr. Barnes is amenable to advancing dividends that would be paid to the auditors directly. It was moved (Cn. Callaway) that Mr. Barnes be called upon to take any measures possible to advance funds for the 2022 and 2023 audit. Seconded (Dr. Lowe). Discussion: Bp. Sam reiterated that the Diocese of NC will make up the difference if funds available from DFMS/TEC are insufficient. It was felt worthwhile to try and verify actual numbers and the agreement made with the auditors. Payment would go to BDO directly, not to SAU. Is this really the amount BDO needs to move forward? It was agreed that Mr. Barnes would deal with BDO* and the motion carried without opposition.

Next meeting will be March 13 at 10:00 AM. Any and all inquiries are to be referred to Cn. Shaw.

Finally, the committee agreed that it should share as directly as possible what the committee's responsibilities are. TEC is not responsible for SAU and there is confusion around that. The focus should be the development of chaplaincies and clarifying TEC's limits and leverage going forward.

The meeting was adjourned at 2:13 PM.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee

*A subsequent e-mail from Mr. Barnes indicated: I could advance dividends but payable only to BDO subject to a letter of confirmation that March 30 is achievable.