

BOARD OF TRUSTEES MEETING
The University of North Carolina at Chapel Hill

The Board of Trustees met in regular session in the Faculty Lounge of The Morehead Building on January 24, 2002 at 8:00 a.m. Chairman Burnett presided.

The Buildings & Grounds Committee, Student Affairs Committee, Development Committee, Audit, Business & Finance Committee, and Academic Affairs & Personnel Committee met as a Committee of the Whole.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll and the following members were present:

Timothy B. Burnett, Chairman
Richard T. Williams, Vice Chairman
Jean Almand Kitchin, Secretary
Russell M. Carter
Paul Fulton, Jr.
James E. S. Hynes
Karol V. Mason
Hugh L. McColl, Jr.
David E. Pardue, Jr.
Nelson Schwab III
A. Donald Stallings
Richard Y. Stevens
Justin C. Young

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Schwab, seconded by Mr. Fulton, the minutes of the regular meeting of November 15, 2001 were approved as distributed.

Approval of Personnel Items

On motion of Mr. Schwab, seconded by Mr. Fulton, the following personnel items were approved as distributed:

- Personnel changes for Information
(ATTACHMENT A)
- Personnel changes in Academic Affairs
(ATTACHMENT B)
- Personnel changes in Health Affairs
(ATTACHMENT C)

Ratification of Mail Ballots

On motion of Mr. Schwab, seconded by Mr. Fulton, the following mail ballots were approved as distributed.

- Mail Ballot dated November 27, 2001 (Lease of office space for the Asheville TEACCH Center)
(ATTACHMENT D)
- Mail Ballot dated December 12, 2001 (Personnel matters for information, for action in Academic Affairs, for action in Health Affairs, and for consultation)
(ATTACHMENT E)
- Mail Ballot dated December 14, 2001 (Personnel changes in Academic Affairs)
(ATTACHMENT F)

CHAIRMAN'S REMARKS

Chairman Burnett welcomed Mr. Ed Broadwell, a member of The University of North Carolina's Board of Governors, who has been assigned as a liaison to the Chapel Hill campus.

CHANCELLOR'S REMARKS

Chancellor Moeser welcomed the Board back to campus for the first meeting of the Spring Semester. He also welcomed Mr. Broadwell to the campus.

Chancellor Moeser commented on the following:

- The hard work of the Tuition Task Force, with special thanks to Provost Shelton, the three members of the Board of Trustees, the student members, and the faculty members who served on the task force.
- An op-ed column he wrote for *The Charlotte Observer*, "Update low-tuition concept". [A copy of the article was distributed to the members of the Board and is filed in the Office of the Assistant Secretary.]
- Information from University of Minnesota President Mark Yudof's op-ed column in *The Chronicle of Higher Education*.
- Tuition
- The State Employees Combined Campaign. The University's employee total giving last fall was the highest it has ever been--\$1.107 million.
- The resignation of Dr. Bill Campbell as dean in the School of Pharmacy. He will step down from that post when a successor is appointed. He will remain on the school faculty. Provost Shelton will direct the search process for a successor.
- The men's soccer program and their national championship. Coach Elmar Bolowich has received a national coach-of-the-year honor.

STUDENT BODY PRESIDENT'S REMARKS

Mr. Young began his remarks by commenting on his role as a Trustee and as the students' representative on the Board. He posed questions to the other Trustees as to their involvement with the University that has been entrusted to their care and stewardship:

- How many of us communicate with the student body regularly?
- In what ways do we facilitate student feedback?

Mr. Young emphasized, "The students make this University".

He also commented on the following:

- Student involvement in the Qatar negotiations
- Fare-free busing
- Parking on campus
- Tuition

BUILDINGS AND GROUNDS COMMITTEE

Mr. Pardue, chair of the Buildings and Grounds Committee, introduced the agenda items to the Board.

Design Review of the UNC Press Warehouse Addition

Mr. Pardue moved approval of the design of the addition to the UNC Press Warehouse Building. Mr. Schwab and Mr. Stallings seconded the motion and it carried.

(ATTACHMENT G)

Acquisition by Lease of Space for the Frank Porter Graham Child Development Center

Mr. Pardue moved approval to continue to lease approximately 13,664 square feet of office space at 136 East Rosemary Street, Suites 300 and 500, Chapel Hill, Orange County, North Carolina, from Franklin Street Plaza Limited for use by the Frank Porter Graham Child Development Center. The lease term is for a six-month period commencing March 21, 2002, or as soon thereafter as possible at an initial rent not to exceed \$119,560 or \$17.50 per square foot including utilities and janitorial services. Mr. Schwab and Mr. Stallings seconded the motion and it carried.

(ATTACHMENT H)

Preliminary Design Review of Renovation and Addition to the Medical Sciences Research Building

This item was presented for information only. No formal action was required.

(ATTACHMENT I)

Semi-annual Report on Capital Improvement Projects

This item was presented for information only. No formal action was required.

(ATTACHMENT J)

Semi-annual Lease Report

This item was presented for information only. No formal action was required.

(ATTACHMENT K)

Horace Williams Property: Satellite Tract

This item was presented for information only. No formal action was required.

(ATTACHMENT L)

Nancy Sutenfield, vice chancellor for Finance and Administration, advised the Board that midway through 2001, Winmore Development Partners approached the University. Winmore plans to acquire a parcel of land approximately the same size as the University's Horace Williams satellite tract. The area is directly south of the University's parcel and has frontage on Homestead Road. The parcel is strategically located and provides access to the University's parcel. Winmore Development Partners wanted to explore the University's willingness to consider a co-development venture of the entire 130 acres in order to permit better economies of scale in the overall development, particularly the construction of infrastructure. Winmore presented a village style mixed-use community concept that would permit very small-scale convenience retail, perhaps a church, and some other community amenities; and with many sizes and price ranges of housing.

The Winmore parcel could be developed for about 200 homes. The University's parcel could allow an additional 150-170 homes. In preliminary discussions with the Winmore Partners, at least half, and probably more than half, of the homes would sell for less than the median sales price in Carrboro at the present time. Since this is a village style, mixed-use community with many sizes and price ranges, this would be a development that would follow socially responsible and smart growth principles.

Following Vice Chancellor Sutenfield's presentation, the Board discussed the matter further. The Board expressed some reluctance to sell the land if the University wanted to assure its long-term use in meeting the demand for affordable housing for faculty and staff.

It was the consensus of the Board that there should be more affordable housing created for faculty and staff of the University and the long-standing obligation to the Philosophy Department should be settled.

Chairman Burnett suggested that the Board review a previous Board of Visitors affordable housing study in order that the Board could work on a more comprehensive approach to housing. In addition, he suggested that the Board study other campuses that have built similar projects for faculty and staff. He stated that the University should assume some responsibility in assuring that the affordable housing it develops remains affordable in the future.

In response to a query about neighborhood reactions to this proposal, Vice Chancellor Sutenfield commented that the University representatives would contact neighbors near the property for their input.

STUDENT AFFAIRS COMMITTEE

Ms. Kitchin, chair of the Student Affairs Committee, reported on the committee's meeting that was held on January 23.

The committee heard comments from representatives of the Inter-Fraternity Council (IFC), Panhellenic Council, and National Pan-Hellenic Council (NPHC), house parents Don and Sharon Gaddo, staff members from Student Affairs, Greek Affairs, and Judicial Affairs.

The committee heard a report concerning the Chancellor's Committee on Greek Affairs, which is building a consensus on the standards for University recognition for individual Greek chapters. Also discussed were issues related to conduct, alcohol and drugs, and hazing.

DEVELOPMENT COMMITTEE

Development Update

Mr. Fulton, chair of the Development Committee, presented a report regarding the level of activity and current contributions in the Office of University Advancement.

He stated that the public kickoff for the Carolina First Campaign would be held on April 26, 2002.

AUDIT, BUSINESS AND FINANCE COMMITTEE

Mr. Hynes, chair of the Audit, Business and Finance Committee, introduced Mr. Max Chapman.

Report from the Chair of The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.

Mr. Chapman presented a report to the Board concerning the performance of the University's Foundation Investment Fund, Inc. Mr. Chapman's presentation was interrupted in order to convene the Academic Affairs and Personnel Committee.

ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

Mr. Stevens, chair of the Academic Affairs and Personnel Committee, introduced the agenda to the Board.

Tuition Study

Robert Shelton, executive vice chancellor and provost, presented the Report of the Task Force on Tuition concerning a proposed tuition increase.

(ATTACHMENT M)

The majority (eleven in favor and four opposed) of the Task Force endorsed a recommendation to the Board for a one-year, \$400/year permanent campus-based tuition increase, effective fall semester of academic year 2002-2003. The Task Force acknowledged the necessity of developing a multi-year plan to present to the Board of Trustees for future consideration.

Trustee Justin Young presented a report from the Coalition for Responsible Tuition Decisions concerning the development and implementation of tuition increases. [A copy of the report is filed in the Office of the Assistant Secretary.]

Ms. Mikisha Brown, president of the Graduate and Professional Student Federation, presented the graduate and professional students' perspective on the proposed tuition increase.

Mr. Young distributed a copy of "A Resolution Outlining And Creating An Open Letter To UNC Administrators Regarding Student Input In The Tuition Process" issued by the Student Congress. [A copy of the resolution is filed in the Office of the Assistant Secretary.]

The Coalition recommended the following eight principles:

1. A set protocol agreed upon between students, faculty, and administrators to discuss and approve all tuition proposals, including the current proposal.
2. A regular review of educational needs that includes student opinion on where money should be allocated.
3. No tuition policy is retroactive and no tuition policy shall start within one academic year of enactment.
4. A united University coalition to obtain increased state education funds.
5. More student representatives on University decision-making bodies.
6. The University needs to engage in the active pursuit of alternative funding opportunities to fill University budget shortfalls.
7. The University should engage in strong public relations campaigns directed at all North Carolinians to raise awareness and education about current campus issues.
8. The Administration should release an itemized and detailed budget to the campus community with ample time for response from University and state constituencies.

Following discussion of the tuition matter, Mr. Stevens moved that the Board accept and adopt the Tuition Task Force's eight Principles for Implementing Campus-Based Tuition:

1. Carolina should maintain undergraduate in-state tuition in the lowest quartile when compared to its public peer institutions. The campus-based increase should be the same fixed dollar amount for both resident and non-resident tuition.
2. In order to maintain accessibility to qualified students from all economic backgrounds, Carolina should provide need-based financial aid from a portion of the campus-based tuition increase sufficient to hold financially harmless from this increase all needy students.
3. In order to assist students and their parents in projecting tuition costs for their studies at Carolina, any campus-based tuition increase should be predictable for at least a four-year period.
4. A strong, clear, persistent strategy to communicate the cost of a Carolina education to the public and the benefits that accrue from a campus-based tuition increase is essential. The Office of the Provost should be responsible for developing this strategy. Implementation should begin immediately.
5. Carolina's senior officers will work with leaders in state government and higher education to communicate the critical need for substantive, direct state funding as the core support of the university and to convey the importance of minimizing uncertainty in tuition increases. A strong, clear, persistent strategy for accomplishing these goals should be designed and implemented immediately.
6. Campus-based tuition increases should be considered within the context of total revenues and expenses of the university. Representatives from the Legislature, Board of Governors, Board of Trustees and Carolina should work in partnership to coordinate and communicate changes in tuition.
7. Consideration of the differential financial impact on undergraduate, graduate and professional students is critical.
8. In order to minimize uncertainty and maximize continuity, review of the level of campus-based tuition should be an on-going practice, utilizing a standing committee charged with this responsibility.

The motion included that the Board endorse and accept the designated uses as recommended by the Tuition Task Force:

In order to maintain accessibility to qualified students from all economic backgrounds, Carolina should provide need-based financial aid from a portion of the campus-based tuition increase sufficient to hold financially harmless from this increase all needy students and cover additional graduate student in-state tuition grants that result from the campus-based tuition increase. Net funds generated from campus-based tuition should be applied directly to enhancing the educational experience for all students. Specific items requiring sustained attention include:

- Guarantee to meet all need-based aid requirements
- Retention and recruitment of the highest quality faculty
- Reduction in the Student/Faculty ratio
- Increase in the percentage of smaller classes
- Support for graduate students serving as teaching assistants

The motion included that the Board approve a \$400 annual tuition increase (\$200 per semester) starting in the Fall 2002 and that the Board ask the administration to continue the process of study and review for long-range all sources of income for the University, not just tuition, for the foreseeable future, at least on a five-year basis.

Mr. Pardue and Mr. Fulton seconded the motion.

Mr. Young stated that he agreed with some parts of the motion, not necessarily the \$400 increase portion. Mr. Young presented an amendment to the motion asking that the Board also embrace and recommend acceptance of the Coalition's eight principles. There was no second to the amendment.

Following further discussion, Mr. Young moved that the Board vote on each of the four items separately. Mr. Williams seconded the motion. The motion carried.

Mr. Stevens identified the items as follows:

- Item 1: The eight Principles recommended by the Tuition Task Force. The motion carried unanimously.
- Item 2: Designated uses recommended by the Tuition Task Force. The motion carried unanimously.
- Item 3: The one-year, \$400 per year (\$200 per semester) increase starting in Fall 2002. Mr. Young voted no. The motion carried.
- Item 4: The ongoing process of the whole issue of income to the University in particular, development of a five-year plan in concert with the Board of Governors, the legislature, students, and the State of North Carolina. The motion carried unanimously.

AUDIT, BUSINESS AND FINANCE COMMITTEE

Mr. Hynes, chair of the Audit, Business and Finance Committee, re-introduced Mr. Max Chapman, chair of The University of North Carolina at Chapel Foundation Investment Fund, Inc., who responded to comments and questions concerning the Investment Fund.

BUDGET UPDATE

The report on budget matters covered the period July 1, 2001 through December 31, 2001. The report was provided for information only and no formal action was required.

(ATTACHMENT N)

MOTION TO CONVENE IN CLOSED SESSION

On motion of Mrs. Kitchin, seconded by Mr. McColl, the Board voted to convene in closed session pursuant to North Carolina General Statutes Section 143-318.11 (a) (1) (to prevent the disclosure of privileged information under Section 126-22 and the following); and also pursuant to Section 143-318.11 (a) (2), (3), (5), and (6).

Chairman Burnett thanked Mr. Broadwell, a member of the Board of Governors, for attending the meeting.

Mr. Broadwell expressed his appreciation for the hospitality of the Board of Trustees, as well as the Chancellor and his executives. He stated that a world-class university takes a lot of work to get to that point, and he commended the Board of Trustees on being a world-class Board.

CLOSED SESSION

DEVELOPMENT COMMITTEE

Mr. Fulton, chair of the Development Committee, introduced Ms. Kitchin to present a report concerning the Board's nominee selection process for honorary degrees and special awards.

Mr. Fulton moved that the Board's nominee for an honorary degree to be presented at May Commencement 2003 be transmitted by Ms. Kitchin to the Honorary Degrees and Special Awards Committee. Mr. McColl seconded the motion and it carried.

LEGAL ADVICE

Ms. Ehringhaus advised the Board regarding several legal matters.

CONSENT AGENDA/PERSONNEL CHANGE FOR CONSULTATION

Mr. Williams moved approval to authorize the Chancellor to forward to the President and the Board of Governors the personnel report and recommendations presented for consultation. Ms. Mason seconded the motion and it carried.

(ATTACHMENT O)

MOTION TO RECONVENE IN OPEN SESSION

Ms. Kitchin moved that the Board reconvene in open session. Mr. Pardue seconded the motion and it carried.

OPEN SESSION

PERSONNEL ITEM

Ms. Kitchin moved approval of a contract extension and salary increase for Football Coach John Bunting. Mr. Pardue seconded the motion and it carried.

ADJOURNMENT

There being no further business to come before the Board, Chairman Burnett adjourned the meeting at 1:15 p.m.

Assistant Secretary