

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

The Board of Trustees met in regular session on Wednesday, January 22, 2003 at The Kenan Center, Room 204, at 4:05 p.m. Chairman Burnett presided.

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
Philip G. Carson
Russell M. Carter
Jennifer A. Daum
Paul Fulton, Jr.
James E. S. Hynes
Karol V. Mason
David E. Pardue, Jr.
Nelson Schwab III
A. Donald Stallings
Richard Y. Stevens

Chairman Burnett welcomed representatives from the Board of Governors and requested individual introductions. The following were present:

H. Frank Grainger
Teena S. Little, Vice Chair
H. D. Reaves, Jr.
F. Edward Broadwell, Jr.
Ruth Dial Woods
Hannah D. Gage
Peter Keber
Charles H. Mercer, Jr.
James E. Holshouser, Jr., Emeritus Member
J. Bradley Wilson, Chair
Priscilla P. Taylor

Molly Corbett Broad, president of the University, also attended the meeting.

Chairman Burnett described how the Board of Trustees committees function—the three primary committees being Buildings and Grounds, Finance, and University Affairs. The three committees meet contemporaneously during the early afternoon on the scheduled Wednesday Board meeting date. The committees address items at three levels:

1. The committee itself considers routine matters, passes on them if necessary, and then reports to the full Board of Trustees on the actions taken by the committee.
2. The committee considers matters, debates them, and makes a decision prior to bringing the items to the full Board of Trustees for further discussion before approval by the Board.
3. The committee comes to the full Board with matters having already been studied by the committee and requests the full Board make a decision on the matter.

Following the Wednesday afternoon committee meetings, the full Board convenes for the Report of the Buildings and Grounds Committee.

On the following Thursday morning, the full Board reconvenes to conduct the remainder of the business of the Board.

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Mr. Pardue, chair of the Buildings and Grounds Committee, presented the committee's report on the following items, which were previously approved by the committee.

- Construction Manager Selection of the following three firms in priority order as listed for the Manning Steam Plant and Utility Distribution Tunnel:
 1. Younglove/Roberts & Schaefer Joint Venture – Sioux City, Iowa/Salt Lake City, Utah
 2. Gilbane Building Company – Durham, North Carolina
 3. Bovis Lend Lease – Raleigh, North Carolina
(ATTACHMENT A)
- Construction Manager Selection of the following three firms in priority order as listed for renovations to 440 West Franklin Street:
 1. Barnhill Contracting Company – Raleigh, North Carolina
 2. Rentenbach Constructors – Greensboro, North Carolina
 3. Heery International – Raleigh, North Carolina
(ATTACHMENT B)
- Design approval of Campus Services Support Facilities – Building for Construction Shops
(ATTACHMENT C)
- Design approval of additions to the Paul J. Rizzo Center
(ATTACHMENT D)
- Approval to sell 0.5 acres of undeveloped land located upon the UNC Press parcel to Ms. Elizabeth Price Kenan on the condition that the University retain an option to purchase all of Ms. Kenan's property located at 519 Senlac Road (including the 0.5 acres) when Ms. Kenan elects to sell or otherwise convey it outside her immediate family. The University has first option to purchase the parcel and house if Ms. Kenan or her heirs decide to sell the property.
(ATTACHMENT E)
- Approval to purchase the real property located at 208 W. Franklin from The University of North Carolina at Chapel Hill Foundation, Inc. for \$3.6M plus certain closing and financing costs incurred by the Foundation. The source of funding is Unrestricted Development Funds.
(ATTACHMENT F)
- Approval to purchase the properties located at 602 Cameron Avenue and 128 South Graham Street, Chapel Hill, North Carolina from The University of North Carolina at Chapel Hill Foundation, Inc. for \$528,000 plus certain closing and financing costs incurred by the Foundation. The source of funding is Higher Education Bonds.
(ATTACHMENT G)
- Lease acquisition of approximately 5,216 square feet of new office space at Bank of America Center, 136 East Rosemary Street, Suite 20, Chapel Hill, Orange County, North Carolina, from Franklin Street Plaza, Ltd. for the Health Behavior and Health Education Department in the School of Medicine. The lease term is one five-year period commencing February 1, 2003, or as soon thereafter as possible at an initial annual rent not to exceed \$85,542.40 or \$16.40 per square foot, including utilities and janitorial services. Beginning in year two, the annual rent will increase 2.5% annually. There is one five-year renewal option with 2.5% annual increases. The source of funding is a School of Medicine Trust Account.
(ATTACHMENT H)
- Lease acquisition of approximately 4,000 square feet of new lab/office space at Europa Center, 100 Europa Drive, Suite 590, Chapel Hill, Orange County, North Carolina, from Europa Center, LLC. The lease term is one five-year period commencing March 15, 2003, or as soon thereafter as possession is taken at an annual rent not to exceed \$83,713.50 or \$19.50 per square foot in the initial year, not including utilities and janitorial services. Beginning in the second year of the initial lease, the annual rent will increase 2%* per annum. Specialized upfit cost is to be paid by the School of Dentistry, not to exceed \$73,511.08 per year, or \$6,125.92 per month for the first two years of the lease. There is one five-year renewal option not to exceed a 2%** increase per annum beginning in the

second year of the renewal option. The source of funding is the Overhead Trust Fund.

(ATTACHMENT I)

*Amount originally submitted was 3%, but was approved at 2%.

**Amount originally submitted was 3.5%, but was approved at 2%.

- Lease of land to The University of North Carolina at Chapel Hill Foundation, Inc. for the construction of the Student Family Housing Project to be constructed at the current location of the Baity House and along the side north of Mason Farm Road.

(ATTACHMENT J)

Mr. Pardue moved ratification by the Board of the above items. Mr. Stevens and Mr. Schwab seconded the motion and it carried.

The following items were presented previously to the committee for information only (no formal action was requested at that time).

- Semi-annual Lease Report
(ATTACHMENT K)
- Semi-annual Report on Capital Improvement Projects
(ATTACHMENT L)
- Advisory Committee on Transportation (ACT) Recommendations. Chairman Pardue expressed the satisfaction of the members of the Buildings and Grounds Committee with the recommendations presented by the Advisory Committee on Transportation.

(ATTACHMENT M)

Chairman Pardue introduced Bruce Runberg, associate vice chancellor for Facilities Planning and Construction. Mr. Runberg complimented the members of his staff on their contributions to the University's planning and construction process.

Chairman Pardue distributed the following reports to the members of the Board:

- a. The University of North Carolina at Chapel Hill Capital Project Report, January, 2003. (A copy of the report is filed in the Office of the Assistant Secretary.)
- b. The University of North Carolina at Chapel Hill Facilities Planning & Construction Report, January 22, 2003. (A copy of the report is filed in the Office of the Assistant Secretary.)

Chairman Pardue commented on his chairmanship of the Buildings and Grounds Committee, his experiences and support of the staff's exceptional work on the various projects at the University.

RECESS

The Board meeting recessed at 5:00 p.m.

RECONVENE

The Board meeting reconvened at 8:05 a.m. on Thursday, January 23, 2003 at The Morehead Building Faculty Lounge. Chairman Burnett presided.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll and the attendance was the same as on January 22.

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Pardue, seconded by Ms. Kitchin and Mr. Williams, the minutes of the regular meeting of November 20-21, 2002 were approved as distributed.

Ratification of Mail Ballots

On motion of Mr. Pardue, seconded by Ms. Kitchin and Mr. Williams, the following mail ballot was approved as distributed:

- Mail ballot dated December 11, 2002 (Personnel items for information, Personnel items for action in Academic Affairs, Personnel items for action in Health Affairs, and Personnel items for action concerning new tenure-conferring appointments)
(ATTACHMENT N)

CHAIRMAN'S REMARKS

Chairman Burnett welcomed President Broad and Mr. Ed Broadwell, a member of the Board of Governors. President Broad commented on the preceding day's visit to the Board of Trustees meetings by other members of the Board of Governors, as well as herself.

Chairman Burnett commented on the new construction occurring on campus and assured everyone that the Trustees Buildings and Grounds Committee is ably handling matters related to this new construction.

Chairman Burnett commented on a project by Dean Gene Nichol, School of Law, and Joel Schwartz, Adjunct Professor of Public Policy, University Professor of Distinguished Teaching. Dean Nichol and Professor Schwartz hope to raise \$25,000 for a group of five benches to be installed beside the recently renovated Murphey Hall, facing Polk Place. This would honor the life of Senator Wellstone, '65, '69, who received his bachelor's and doctoral degrees from the University. Correspondence concerning the project was given to the members of the Board, a copy of which is filed in the Office of the Assistant Secretary.

CHANCELLOR'S REMARKS

Chancellor Moeser updated the Board on his recent outreach efforts. The Chancellor stated that during the past month he had been traveling around the State of North Carolina meeting with members of the General Assembly, especially focusing on the new members; talking with citizens and community leaders; and most important, listening to North Carolinians. The Chancellor commented on the importance of listening in these difficult economic times—to hear what the people of North Carolina are saying and to better understand the nature of their issues. This is a very important part of the tradition and culture of the University. He quoted a statement made by Edward Kidder Graham to the people of North Carolina, "send us your problems".

The Chancellor stated that in the coming months he will continue to get out of Chapel Hill and in to the communities across North Carolina, speaking to civic groups, talking with elected officials, meeting with public school teachers, etc. He commented on his interest in seeing first hand some of the examples of how research at Carolina, how our public service and engagement directly benefit North Carolinians and how we can become even more engaged as a university. Is there more that we can be doing related to the economy, job creation, public education, and health care? These are issues that a great public university should be addressing.

The Chancellor further stated that The University of North Carolina at Chapel Hill has always served the State of North Carolina well. It is not a regional university, but is a great state public university that serves the entire state—and, indeed, the nation. We need to re-engage ourselves in that process so we are perceived as a university with a reach from the far west to the east.

This will be an ongoing process throughout the spring and into the summer. He will report back periodically to the Board on these visits.

The Chancellor thanked the Tuition Advisory Task Force for their report which was presented to the University Affairs Committee yesterday. He acknowledged the contribution from Student Body President Jen Daum, a task force co-chair, who contributed constructively to a good three-year plan. The Chancellor stated his hope that in another year the plan's recommendations might be brought to the Board of Trustees for approval.

He commented on the report from the Academic Planning Task Force that was also presented at the University Affairs Committee meeting. This has risen to an even greater level of importance on the campus. The Chancellor stated that it was originally designed as an academic plan that would help with investments at the University. As the economic situation of the state continues to worsen, we should anticipate having to make further cutbacks in academic programs on campus. Chancellor Moeser commented that he is absolutely convinced that “we have reached the point of where we can no longer trim at the margins and peel layers of programs back without really pushing this University down a slippery slope that could lead from excellence to mediocrity”.

The Chancellor commented on documents he received that are circulating at the University of Arizona concerning “focused-excellence reorganization”. It is clearly a process that has been in the works for a significant period of time at Arizona and the result of even more dramatic cutbacks in academic programs in that state. The net effect is the elimination, combination, or reorganization of a number of academic programs at Arizona. The Chancellor hopes that path can be avoided at Carolina, but he feels that we have to be prepared to take it if it becomes necessary, lest we fall into the position of making cuts that deeply affect our most significant programs of greatest priority. In that sense, the academic plan is one of great urgency for us.

Chancellor Moeser introduced Mr. Jerry Lucido, vice provost for Enrollment Management and director of Admissions, to present a report on what the University does with regard to using race as a factor in its admissions process. This has been in place for a significant period of time, and the University has made enormous progress with regard to becoming a more diverse University. The University just celebrated its 50th year of integration—from being an all-white institution, an institution into which students of color were not admitted. It is a far better University today than 50 years ago. Among peer universities, we have the highest percentage of African-American enrollment. We have more African-American and minority faculty in the tenure track and more endowed chairs than any other public or private university in the nation. This University is deeply committed to diversity.

Vice Chairman Williams commented that far more important than numbers is the recognition of the climate that people step in to when they come on campus, and to be compared to any campus in the nation as far as the inclusion and the sense that they can go and learn and contribute, be engaged, is far more important. That is what a great public university is all about.

USE OF RACE IN UNDERGRADUATE ADMISSIONS

Mr. Lucido discussed the University's program concerning its admissions policy as it relates to the use of race in undergraduate admissions. [A copy of Mr. Lucido's presentation is filed in the Office of the Assistant Secretary.]

Mr. Lucido stated that race is one factor, among many, considered in the admission process. However, The University of North Carolina at Chapel Hill has anything but a raced-based admission policy. It has an academically-based admission process.

The first and primary considerations are the academic preparation and achievement of students and the academic climate of the University. All students admitted are academically qualified. The task is to build an educational community from among the well-qualified applicants, keeping in mind the quality and character of the academic community, the goals of the University, and the appropriateness of fit for individual students. Students are not lumped into groups. There is only one freshman admission quota—in-state and out-of-state students.

The following factors are considered:

- Quality and depth of academic program
- Academic performance (grades & rank)
- Standardized test scores (SAT, ACT, SAT II, AP, IB)
- School & community involvements & contributions
- Essays (writing ability, self-knowledge, interesting insights & perspectives)
- Talent (music, drama, athletics, writing, science, leadership, community builders)
- Personal background (first generation college, race, economic disadvantage, legacy, unusual circumstances)
- Personal characteristics (curiosity, motivation, ability to set & achieve goals, openness to new cultures & ideas, sustained commitment, etc.)

Race may play a role for a student or it may not. Undergraduate Admissions is mindful of the goal of achieving an educational community with increased minority presence, but there are no numeric quotas.

The results are as follows:

- Over the past five years, the average SAT I score for members of underrepresented minority groups has risen 48 points.
- During the same time period, the average SAT I score for all other enrolling students has risen 43 points.
- Underrepresented minority students considered as a group at the University would have average SAT scores ranking fourth among the UNC system schools, trailing only Chapel Hill, NC State, & Asheville.
- Graduation & persistence rates for this group would rank only below those of UNC-Chapel Hill and well above all other system schools, including four- and six-year graduation rates & retention rates to the second year.
- Rate of improvement for African-American students in AP results has far outpaced the rate of the class as a whole.
- In four years, we've seen an increase of 113% in the number of AP exams submitted by African-American students (vs. an increase of 66% for other students) and similar disproportionate improvement in the number of passing AP scores (i.e., scores of 3 or higher): 118% by African-American students, 77% by all others.

Following the presentation, Mr. Lucido responded to various comments from the members of the Board.

Chairman Burnett acknowledged the arrival of Ms. Hannah Gage, a member of the Board of Governors.

STUDENT BODY PRESIDENT'S REMARKS

Ms. Daum stated that on Tuesday, Student Body Treasurer Michael Vollmer and Student Body Vice President Aaron Hiller co-wrote a Viewpoints column that appeared in The Daily Tar Heel which summarized the opinions of the Executive Branch Officers, herself included, on the issue of officer positions and the University's policy of nondiscrimination.

"Before winter break, University officials asked several student organizations to amend their charters. In order to be officially recognized by the University, no organization can exclude students from membership and full participation on the basis of race, gender, or religious belief. All but one of these organizations agreed.

On Dec. 31, the Chancellor issued a statement granting InterVarsity Christian Fellowship the right to continue operation as an officially recognized student organization, despite its national charter requirement that members sign an oath affirming the group's interpretation of Christianity before they can seek office.

We respect the right of any individual to exercise their preference in leadership through public advocacy and through vote. An organization at Carolina is free to elect whomever they choose from the student body. We feel passionately that no student organization should receive University funds and empower itself to deny the request of any student who asks to put her name on the ballot on the basis of what they believe.

Candidacy and the honest discussion of ideas that comes with competition for a leadership position are benefits of general membership. For an organization to meet the terms our community has established, any member who fulfills the most basic qualification should be allowed to seek office.

As it stands, a white student might never run for office in the Black Student Movement, and a devout Muslim will probably not ask for a seat on the board of N.C. Hillel. However, should a day come when a student asks for full and free inclusion in any or all of these recognized student organizations, she should not be denied that request -- even if the technicalities of the law give us room to do so.

As a prerequisite of running for a leadership position, InterVarsity Christian Fellowship requires its members to sign an affirmation of its basic principles of faith. A devout Christian with a sincere belief in four but not five of these ideas would be denied candidacy if he chose to stand by his convictions.

Many students, only some of them members of InterVarsity, have argued very passionately that an organization based on faith ought to be able to choose men and women of faith to lead them. We agree entirely. But the appropriate means for that selection is through a free and open process. It is a public concern that protects your rights in two respects -- it allows you to take a stance in public disagreement of the issues, and it allows you to choose anybody to be your leader. We take issue with the charter of InterVarsity Christian Fellowship as it stands, not because it contains a beautiful expression of faith but because it is also a policy of discrimination at a public institution.

No one can force the National InterVarsity Christian Fellowship to alter its charter; if the leaders of any student organization choose to express themselves in a way that discriminates against anyone on the basis of race, color, religion, national origin, disability, age, veteran status, sexual orientation or gender, then they are free to do so. The officers of the student body, however, feel these discriminatory beliefs have no place on a university campus where the free exchange of ideas is not only an ideal, it is the quintessential purpose of the university itself.

This is Carolina, the oldest public University in the nation. We ask that students give direction to their organization by engaging in debate, not by excluding someone else from the argument. Students should choose leaders by casting ballots, not by narrowing the field before the dialogue has even begun. We should guarantee the rights of other students by raising the issues and running for office, not by denying others the chance to do the same. Not only will this defend our liberties as students and citizens, but only with full participation in all aspects of student organizations will we have the ability to enrich our individual portion of campus life. I believe our University will only improve if the students have the ability to choose its leadership freely from all that this University has to offer."

Ms. Daum stated that technically those words were Michael and Aaron's remarks, and her remarks could be limited to "I agree".

Chairman Burnett asked Ms. Daum what process was ongoing right now to have those remarks in some sort of discourse with the administration or whoever had made the ruling.

She stated that since the article was published on Tuesday, January 21, any steps toward further dialogue are yet to come.

Chairman Burnett acknowledged Mr. Hiller and urged him, Mr. Vollmer, and Ms. Daum to continue talking to the administration about this issue.

Chancellor Moeser commented that there is an honest disagreement about this issue. The administration is coming from an interpretation of the law and the United States Constitution. He stated that in these matters there is often times conflict between court decisions, interpretations and statutes of the constitution. The Chancellor stated that he believes this is one of those areas; and, if the Board wants to have further information about this, it will need to be done in closed session with legal advice presented by the general counsel with regard to the background of his decision.

RESOLUTIONS

Secretary Kitchin read the following resolutions for Mr. Stevens.

RESOLUTION OF APPRECIATION FOR RICHARD YATES STEVENS

WHEREAS, Richard Yates Stevens has been highly effective in his two terms as a Trustee, from 1995 to 2003, in work expressing his devotion to public service and his great love of the University;

WHEREAS, Richard Stevens as board chairman brought quiet but strong leadership during the difficult illnesses of the University's top officers in 1999 and, in doing so, helped steer the University smoothly through a troubled time;

WHEREAS, as chairman of the search committee that selected James Moeser as the University's ninth chancellor, Richard Stevens kept the selection process fair and open, and ensured that all voices were heard; and, whereas, as a Trustee he excelled in recognizing different points of view and bringing people with divergent interests into dialogue;

WHEREAS, Richard Stevens has consistently championed the interests of University students and has been regarded by them as their sympathetic friend, always honest and candid in his dealings;

WHEREAS, Richard Stevens is the model of a public servant and does great credit to his alma mater, where he earned his A.B., J.D. and M.P.A. degrees; and, whereas, he now ends his term as Trustee a few months early to serve all the people of North Carolina in the North Carolina Senate;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of The University of North Carolina at Chapel Hill congratulates Richard Stevens on a job well done and expresses its deepest gratitude for his exemplary service and leadership.

Ms. Kitchin moved approval of the Resolution of Appreciation for Mr. Stevens. Ms. Mason seconded the motion and it carried.

HONORARY TRUSTEE RESOLUTION

WHEREAS, Richard Y. Stevens has served the people of North Carolina and The University of North Carolina at Chapel Hill faithfully and wisely as a Trustee of the University; and

WHEREAS, Mr. Stevens has ended his service as a Trustee;

NOW, THEREFORE, BE IT ENACTED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL THAT

1. Mr. Stevens is elected an Honorary Trustee of The University of North Carolina at Chapel Hill.
2. Those elected to the position of Honorary Trustee of The University of North Carolina at Chapel Hill shall be invited to attend all regular meetings of the Board.
3. Those elected to the position of Honorary Trustee of The University of North Carolina at Chapel Hill shall become members ex-officio of the Board of Visitors.
4. An Honorary Trustee shall cease to hold that position if he or she again becomes a Trustee.

Ms. Kitchin moved approval of the Honorary Trustee Resolution for Mr. Stevens. Mr. Hynes seconded the motion and it carried.

Following applause, Mr. Stevens expressed his thanks and pleasure at having been able to serve on the Board of Trustees.

REPORT OF THE FINANCE COMMITTEE

Mr. Schwab, chair of the Finance Committee, presented the committee's report on the following items, which were presented previously to the committee for information only (no formal action was required).

- Internal Audit Report by Phyllis Petree, director of Internal Audit
(ATTACHMENT O)

Ms. Petree also gave a brief presentation on the Sarbanes-Oxley Act of 2002 and how it might apply to the University as it does to many corporate governance issues. The University has been doing things in anticipation of that Act where it might apply to the University. A particular area of compliance concerns whistle blower protection, which is already in place at the University for reporting improper government activities—protecting employees against retaliation by employers or co-workers and providing civil penalties for violations. [A copy of the presentation is filed in the Office of the Assistant Secretary.]

- Budget Status Report for First Half of Fiscal Year 2003 by Vice Chancellor Sutfenfield, Finance & Administration
(ATTACHMENT P)
- Foundations Update by Glenn George, interim general counsel. [A copy of Ms. George's presentation is filed in the Office of the Assistant Secretary.]

Chairman Schwab stated that at the November meeting he reported on the management company that had been formed and the endowment and investment funds management for the University endowment and other funds.

Ms. George presented an update on the legal aspects of those foundations. In addition to the major foundation and investment funds, there are approximately 16-17 school foundations, which inter-relate to one another.

A question asked at the November meeting concerned approximately \$127,000,000 of endowment and other funds which are managed outside of the investment fund—who was responsible for those and how did that inter-react to what was either the real or implied fiduciary responsibility of this Board as it relates to those foundations? Chairman Schwab stated that a quick answer to that, from a legal standpoint, was that the foundations operate independently; they have their own boards of directors and those boards are either appointed by the boards or according to their individual charters. They are technically free to do what they want as it relates to the funds under their responsibility, within the limits of the organization's charter. Information has been gathered on that procedure and will continue to be gathered and brought back to the Board of Trustees as an overview of the status of matters as they relate to the Board.

Chairman Schwab stated that with the campaign under way, there are fiduciary issues from donors that are important ones for the Board to get to a comfortable level with.

Chairman Schwab stated that he thought it would be helpful in that regard to have some expression of interest from the Board to the deans of the various schools to help the Board in gathering information. The deans are the liaison between those foundations, the administration, and this Board. He commented to Chairman Burnett that he would like to work with Vice Chancellor Suttentfield to request information from the deans in order that the Board could obtain a clear picture of where things are going.

Vice Chairman Williams commented that in the current environment, with all of the focus on governance, whether the Board has an absolute responsibility or not, it should know what is occurring in this regard.

Ms. Mason stated that her recommendation would be that the Board request information from the deans as to the information about the foundations supporting their colleges and that information should be brought to the Board of Trustees. As the University is raising the money for these foundations and as a Board of Trustees, the Board should be informed as to what they're doing and how they're investing the money.

Chairman Burnett asked if that was a motion and Ms. Mason replied that it was a motion. Mr. Stallings seconded the motion. Following further discussion, the motion carried.

- Facilities and Administrative Update by Vice Chancellor Suttentfield and Kevin Maynor, Cost Analysis and Compliance, Finance Division
(ATTACHMENT Q)

A presentation was made concerning Facilities and Administrative Costs. [A copy of the presentation is filed in the Office of the Assistant Secretary.]

- Carolina First Campaign Update by Mr. Fulton

Mr. Fulton stated that the amount raised to date is \$914,389,240 (50% of the goal amount of \$1.8 Billion).

Mr. Schwab also presented the committee's report on the following item, which was previously approved by the committee:

- Student Fees for 2003-2004
(ATTACHMENT R)

Ms. Daum, a member of the Chancellor's Committee on Student Fees, reported that the committee was made up of half students and half faculty, staff, and administrators. She stated that although the fee for the debt service and everything associated with the Ramshead project were high, she has not received a single complaint from the students she has talked to. Everyone seems to feel that this is a good investment of student money and the response has been overwhelmingly positive.

Mr. Schwab moved ratification by the Board of the student fees for 2003-2004. Mr. Carter seconded the motion and it carried.

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, chair of the University Affairs Committee, presented the committee's report on the following items, which were presented previously to the committee for information only (no formal action was required).

- Tuition Advisory Task Force 2002-2003 Report by Robert Shelton, executive vice chancellor and provost
(ATTACHMENT S)
- Academic Plan Update by Darryl Gless, senior associate dean, College of Arts and Sciences
(ATTACHMENT T)

Chairman Carter stated that a final report of the Academic Plan will be presented at the March Board meeting.

- 2002-2003 Faculty Salary Equity Study Update by Bernadette Gray-Little, executive associate provost, Office of Provost, Academic Affairs
(ATTACHMENT U)
- Teaching Assistant Advisory Task Force Report by Stephen Allred, associate provost, Office of Provost, Academic Affairs
(ATTACHMENT V)
- Greek Affairs Update by Dean Bresciani, interim vice chancellor for Student Affairs

Chairman Carter requested that Ms. Kitchin, the Board's liaison to the Chancellor's Committee on Greek Affairs, offer comments to the Board concerning the committee. Ms. Kitchin stated that the committee has a strong engagement by students who are committed and challenge the committee. They work with the Interfraternity Council (IFC) and are very committed to making changes.

Ms. Kitchin also stated that the Board would be very pleased with the information to be presented by the Chancellor's Committee on Greek Affairs at the March Board meeting.

Chairman Carter reported that this was the first University Affairs Committee meeting where Faculty Chair Sue Estroff joined the committee at the meeting table. She commented that the faculty was pleased to have the faculty chair sitting at the meeting table and it's a positive step in regard to the faculty/Board relationship.

Others attending the committee meeting were President Broad, members of the Board of Governors, and Chancellor Moeser.

Regarding the Teaching Assistant Advisory Task Force Report, Mr. Stevens expressed concern in UNC-Chapel Hill's #15 (out of 18) ranking of peer institutions for average teaching assistant stipends and its #14 (out of 18) ranking of peer institutions for teaching assistant stipends using a cost of living analysis, while NC State is #5 and #2, respectively.

Chairman Carter responded that the primary difference is in the engineering element of the academic program at NC State which demands a higher salary.

Mr. Carson expressed a concern he has in the University's tuition and fees. He stated his total support of access, but does have a concern with where the money to support access to some of the items comes from—one example would be child care. This should be the responsibility of the people of North Carolina and the access money should be furnished in the form of scholarships for needy students under Article IX, Section 9, of the North Carolina State Constitution. Mr. Carson stated that we should be mindful of that as we raise tuition and do things that he doesn't feel are the responsibility of the University, but are the responsibility of the people of the state.

Vice Chairman Williams expressed a need at some point to take a step back to determine where the University wants to be with regard to tuition rather than waking up four years down the road and determining that we're not where we want to be at whatever level of tuition we're at during that time. This was also stated about a year ago by Mr. Fulton.

Chancellor Moeser responded that the three-year tuition plan, which might be viewed as an aggressive \$1,000 increase over three years, is designed to keep the University in the bottom quartile—the lowest quartile nationally—as a matter of policy. That represents a significant commitment to access.

Chairman Carter commented that at this point there has been only a report from a task force presented to the Chancellor on a tuition plan that has been tabled due to the economy.

Chairman Burnett asked the members of the Board if they would still like to have discussions concerning tuition, to examine the elements of the task force's study, even though nothing will be implemented this year. Several members of the Board expressed their opinion on the matter.

Chairman Burnett requested President Broad comment to the Board on this issue. President Broad commented as follows: "If you take the last fifteen years, or more, but particularly since the mid-80's, and look at what the General Assembly has done with tuition in the many years in which the University didn't act on tuition and left it to the General Assembly, you have on average a very substantial rise in tuition; but it looks in a very saw tooth way. So, some years there were big increases and some years there were small increases and everything in between. The action was always late, after students had completed the process of financial aid application, and therefore were not eligible for financial aid. More often than we would like, that decision was made after the fall semester was under way; so, it wreaked havoc with the financial billing system to go back and bill students retroactively.

I think there are a number of issues.

One is a commitment on the part of the General Assembly for fully funding enrollment growth, and to put it in the continuation budget of the University. That had been the major object over the years from which the legislature did it and last year the Board of Governors is those incremental revenues went to help support enrollment funds. We have a commitment about the desirability of placing enrollment growth funding as a part of the state continuation budget, just as K-12 has automatic adjustment of the face of the budget to reflect incremental enrollment. Whether we can secure that this year in a difficult time remains to be seen, but we have gained a lot of support from the governor and the General Assembly leadership for making enrollment growth in the University an automatic partner.

The second is the full funding of the need-based financial aid program. We're not quite there yet, but we really have made a great deal of progress in the last four years.

If we had both of those things in place—that is, if need-based financial aid were close to an entitlement, something that a student and their family could be sure of, and enrollment growth would be fully funded, something the University could be sure of, I think then the context is very different to try and do multi-year planning for tuition.”

Following further discussion, the consensus of the Board as stated by Chairman Burnett was that the Board would request to the chair of the Finance Committee that the task force report be included on the Finance Committee's agenda for the March meeting.

Mr. Carter commented regarding the concern expressed by Mr. Carson about tuition and fees saying that when the campus-based tuition option was implemented, it was either required or implicit that a portion of that would go to support the aid. The legislature would not let the University raise campus-based tuition and then send an amount of money to offset that with aid. Therefore, the debate about how we do not take part of campus-based tuition toward aid is a debate we can't really have until someone changes the requirements

President Broad agreed with Mr. Carter's comment and further stated that when the Board of Governors, which had originally used campus-based tuition—that is, where you raise the tuition and keep it on the campus (it never goes in to the state treasury), they envisioned this as largely addressing graduate and professional tuition. When the proposals came in for significant increases in undergraduate tuition, the Board of Governors made as a stipulation that it would hold students harmless; so that in that segment of tuition there was a requirement that enough money be set aside because the state would not provide the need-based financial aid. Each campus that would keep the money would set aside an amount sufficient to ensure that no student would be denied access from the incremental portion by virtue of their financial need.

FUTURE OF ACADEMIC MEDICINE IN A CHALLENGING ENVIRONMENT

Dr. Jeff Houpt, vice chancellor for Medical Affairs and dean of the School of Medicine, presented this information to the Board. [A copy of the presentation is filed in the Office of the Assistant Secretary.]

MEASURES OF EXCELLENCE

Robert Shelton, executive vice chancellor and provost, presented the information contained in Attachment W on The Leading Public University Measures of Excellence Data Display Samples.

(ATTACHMENT W)

Following the presentation, Dr. Shelton stated that data will be proofed regularly due to the fact that they're always changing. His staff will continue to work with peer institutions and gather the other parameters as discussed in November and then present that information to the Board at a future meeting.

Mr. Schwab commented that he prefers normalized data.

Mr. Fulton commented that he thought the data presented was excellent.

Ms. Daum commented on the National Survey of Student Engagement data. She stated that it would be better to look at another measure in this area where students are actively involved and continuing to perform community service work, not just going for an afternoon or doing something that doesn't take much time.

Dr. Shelton responded that Ms. Daum was referring to a rather strong effort to expand the number of certificate programs at the University so that there is a standard whereby the certificate for this kind of participation/activity is awarded and you have to meet that standard and, therefore, the certificate which goes on the diploma has meaning. That can be done; however, the other more generic survey will also need to be used in order to get the comparison with other institutions.

Vice Chairman Williams inquired as to whether there would be an opportunity to take the data that is considered to be most important and develop a score card that the Board might drive expectation throughout North Carolina, and then report on the progress throughout the state.

Dr. Shelton responded that having a subset wherein duplicative information is eliminated would be helpful. This will be accomplished for the next presentation of the Measures of Excellence.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Ms. Kitchin, seconded by Mr. Stallings, 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).

CLOSED SESSION

FINANCE COMMITTEE

Mr. Hynes moved that a nominee for an honorary degree to be presented at May Commencement 2004 be transmitted to the Honorary Degrees and Special Awards Committee. Mr. Stallings seconded the motion and it carried.

Mr. Hynes moved approval of the Report of the Naming Committee. Mr. Schwab seconded the motion and it carried. [A copy of the Report of the Naming Committee is filed in the Office of the Assistant Secretary.]

UNIVERSITY AFFAIRS COMMITTEE

Chairman Carter moved approval of the personnel and salary actions subject to final action in open session. Mr. Stevens seconded the motion and it carried.

LEGAL ADVICE

Ms. Glenn George, interim general counsel, advised the Board regarding several legal matters.

DEEP EXECUTIVE CLOSED SESSION

Chairman Burnett convened the Board in deep executive closed session.

RESUMPTION OF OPEN SESSION

Chairman Burnett reconvened the meeting in open session.

UNIVERSITY AFFAIRS COMMITTEE

Chairman Carter moved approval of the following personnel and salary actions.

- Personnel change in Academic Affairs and EPA Non-Faculty Salary Increase
(ATTACHMENT X)
- Personnel changes in Health Affairs
(ATTACHMENT Y)
- Personnel tenure-conferring actions
(ATTACHMENT Z)

Mr. Pardue seconded the motion and it carried.

The personnel changes for information did not require action by the Board.
(ATTACHMENT A-1)

It was noted that the personnel and salary actions voted on in open session had been distributed to the press.

ADJOURNMENT

There being no further business to come before the Board, Mr. Schwab moved that the meeting be adjourned at 1:40 p.m. Mr. Stallings seconded the motion and it carried.

Assistant Secretary