

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 November 15, 2001 at 8:00 a.m. Chairman Burnett presided.

The Buildings & Grounds Committee, Audit, Business & Finance Committee, Student Affairs Committee, Academic Affairs & Personnel Committee, and Development 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.
Karol V. Mason
David E. Pardue, Jr.
Nelson Schwab III
A. Donald Stallings
Richard Y. Stevens
Justin C. Young

The following members were absent:

James E. S. Hynes
Hugh L. McColl, Jr.

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Stallings, seconded by Ms. Kitchin, the minutes of the regular meeting of September 27, 2001 were approved as distributed.

Approval of Personnel Items

On motion of Mr. Stallings, seconded by Ms. Kitchin, the following personnel items were approved as distributed:

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

Ratification of Mail Ballots

On motion of Mr. Stallings, seconded by Ms. Kitchin, the following mail ballots were approved as distributed.

- Mail Ballot Dated October 17, 2001 (Personnel changes for information, Personnel changes in Academic Affairs, Personnel changes in Health Affairs, Personnel changes for consultation)
(ATTACHMENT C)
- Mail Ballot Dated October 24, 2001 (Election of Allen Morgan to complete the remainder of the term of Earl N. Phillips, Jr. due to Mr. Phillips's resignation from the Board of Trustees of the Endowment Fund of The University of North Carolina at Chapel Hill. Mr. Morgan's term ends in 2003.)
(ATTACHMENT D)

Endowment Fund Annual Report

On motion of Mr. Stallings, seconded by Ms. Kitchin, the Board approved the transmittal of the Endowment Fund Annual Report for fiscal year ending June 30, 2001 to the Board of Governors.

(ATTACHMENT E)

Report of Investment Funds

This report was presented to the Board for information only (no action was required by the Board). [A copy of the report is filed in the Office of the Assistant Secretary.]

CHAIRMAN'S REMARKS

Chairman Burnett began his remarks by thanking Mr. Pardue and Mr. Williams for their participation in the recent trip to Qatar.

Chairman Burnett commented on the following:

- The dinner on Wednesday, November 14, honoring the following recipients of the William Richardson Davie Award:
 - Erskine Boyce Bowles
 - John Woodfin Burrell, III
 - Walter Royal Davis
 - Edward Calvin Smith, Jr.
 - Nelson Ferebee Taylor
- The success of the Carolina First Campaign, especially in light of the events in the economy and the September 11 terrorist attack.

CHANCELLOR'S REMARKS

Chancellor Moeser commented on the following:

- \$10 million gift from Alston Gardner to support a critical goal in the Carolina First Campaign: increasing opportunities for both students and faculty to study worldwide and improve their understanding of the significance of global economies, politics and cultures.
- Mr. Gardner's gift also launched a major new speaker series. Sandy Berger, former national security advisor for President Clinton, gave the first speech of the series on November 14.
- The awarding of an honorary degree on Friday, November 9, to Chilean President Ricardo Lagos.
- Qatar trip, November 2-5: to further explore the proposal for an undergraduate business degree program. He commented on recent campus discussions concerning Qatar, design criteria, process, and the broader need in general for such programs in order to become the nation's leading public university. The Chancellor distributed a copy of the results of a Qatar Proposal Survey taken by the faculty. [A copy of the survey is filed in the Office of the Assistant Secretary.]
- Budget update. President Broad and her colleagues met with Governor Easley and his staff and reached an agreement to mitigate the four percent non-recurring reversion to higher education to a 2.7 percent reversion, which equals a \$10 million non-recurring reversion.
- Town elections. Kevin Foy was elected new Mayor of Chapel Hill and four new members were elected to the Town Council. Chancellor Moeser recognized the leadership of Mayor Rosemary Waldorf and Mayor Pro Tem Lee Pavao.
- Mid-winter Commencement Ceremony on Thursday, December 20, at 2:00 p.m., in the Dean E. Smith Center. The speaker will be University faculty member Dr. Trudier Harris-Lopez, J. Carlyle Sitterson Professor of English.
- The Kenan-Flagler Business School was honored with three national awards for its leadership in training MBA students in a competition called "Beyond Grey Pinstripes 2001: Preparing MBAs for Social and Environmental Stewardship".

FACULTY CHAIR'S REMARKS

Professor Sue Estroff, faculty chair of the Faculty Council, began her remarks by thanking Chancellor Moeser for his courage and leadership since the September 11 terrorist attack, as well as his staunch support of free speech on the campus.

She also commented on the following:

- The Qatar issue from the standpoint of the faculty.

- A request to the Board to include the campus community in decision-making and deliberations concerning campus growth and adjustment, particularly as they relate to turning to other sources for support for University endeavors.
- A plea on behalf of unlinking tuition increases, specifically from faculty salaries.
- A request to consider remote parking lots with reliable, quick turnaround, extended hours busing. This is becoming more and more of a necessity for faculty as construction continues on campus.
- She thanked the Board and the University Administration for their efforts and advocacy on behalf of the faculty during the budget situation.
- Concerning overhead, scholarship and teaching together are absolutely essential to the life of the University. They are not mutually exclusive. When the University engages in scholarship, it contributes mightily to teaching; and when the fruits of that scholarship do amount to overhead, or seen as a negative, it's very disheartening to everyone.
- There continues to be gender salary inequities on campus.

STUDENT BODY PRESIDENT'S REMARKS

Mr. Young reiterated his role on the Board, which is to be a voice representing all students at the University--a voice that should always be booming, strong, forceful, and respected, as well as delicate. He requested that everyone in the room "just listen" to the students' voice.

"Some big decisions will be before us in the very near future, and I want to remind you and reaffirm the connection among the student body, the Board of Trustees, and the administration here at this University. It's not necessary to revisit some of the things spelled out in The DTH about missed opportunities for student involvement. We've definitely put forth efforts to make up for that, and a good case-in-point would be the forum with Qatar last night. But, if you like, The DTH is archived on the web at www.dailytarheel.com.

I think I've made it very clear that for this University to be the premiere university that we want it to be, we need to stop and make sure we have the numbers, the comparisons, to see what we need to improve here on campus. We have a lot of opportunity ahead of us in order for us to forge our path to number one. We need to take advantage of that future together--students, faculty, staff, and administration.

As a reminder, we're out there, we care, we listen, and by no means do we have any problems with speaking up. Enough about missed opportunities. I definitely have plenty of those in my life, but I learned from them. I didn't get to study abroad, but I'll find some way to make my way over to Europe; I still haven't learned how to play the guitar, but I'm sure I'll learn how to play like Eric Clapton or B.B. King soon enough; I couldn't tell you how to be successful at fly fishing because, frankly, I've never stood knee deep in a creek waving a rod over my head. But, my point is I see the opportunities before us and I don't want them to slip away from the student body. With that, let's talk about some of the issues.

- Qatar. It's a very big opportunity for this University to grow in a lot of different ways. A lot of questions have been raised and a lot of students have felt the need, myself included, to be at the forefront with that. I'm glad we're finally getting to the point where that can be the case. There are a lot of questions about what can become of this, maybe something good, maybe not, but we want to work on coming up with a successful plan. Where will that money go, what opportunities will there be for students here in Chapel Hill? There should be opportunities for study abroad, international opportunities, and working on becoming a global community as a whole. Hopefully, students will be involved in the next trip to Qatar.

- Parking. Student spaces are also being lost due to campus construction projects and it would be beneficial for students to be able to park in off campus lots and ride a bus as Faculty Chair Sue Estroff mentioned in her remarks.
- Tuition. More reliable ways need to be addressed concerning tuition payments."

Chairman Burnett requested that information be presented at the January 24, 2002 Board meeting during the Buildings and Grounds Committee concerning the sequencing of remote parking lots and how more spaces can be attained in remote lots as construction progresses on campus.

Chairman Burnett commented further on Qatar: "The only thing that really limits our opportunities over there, within the framework of what we're trying to do, is our willingness to let ourselves let our thinking be limited. If we don't let our thinking be limited, I think there's untold opportunities for us in that country. I don't know what they are right now, and neither do the other people who made the visit. I hope that it will be pursued with all diligence. Like a lot of other great things that happen, it starts with a small seed and some faith that we can make it work; and I think that will happen."

BUILDINGS AND GROUNDS COMMITTEE

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

Design Review of the North Carolina Botanical Garden Visitor Education Center

Mr. Pardue moved approval of the design of the North Carolina Botanical Garden Visitor Education Center. Mr. Schwab and Mr. Stallings seconded the motion and it carried.

(ATTACHMENT F)

Design Review of Coker Hall Renovations, Institute of Marine Sciences, Morehead City, North Carolina

Mr. Pardue moved approval of the design of the exterior renovations to Coker Hall, Institute of Marine Sciences, Morehead City, North Carolina. Mr. Schwab and Mr. Stallings seconded the motion and it carried.

(ATTACHMENT G)

Design of Women's Softball Complex

Mr. Pardue moved approval of the design of the Women's Softball Complex. Mr. Schwab and Mr. Stallings seconded the motion and it carried.

(ATTACHMENT H)

Design of Renovations to the Old Dental Building

Mr. Pardue moved approval of the design of the renovations to the Old Dental Building. Mr. Schwab and Mr. Stallings seconded the motion and it carried.

(ATTACHMENT I)

Selection of an Architect for Design of the Arts Common

Mr. Pardue moved approval of the selection of Polshek Partnership, New York City, New York, for the conceptual design of the Arts Common. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT J)

Acquisition by Purchase from the Unity Center of Peace Church

Mr. Stallings moved approval of the purchase of approximately 0.21 acres from the Unity Center of Peace Church for \$7,000. Ms. Kitchin seconded the motion and it carried.

(ATTACHMENT K)

Preliminary Design Review of UNC Press Warehouse Addition

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

(ATTACHMENT L)

Mr. Pardue commented on the construction manager at risk situation. The University is now allowed to have construction managers at risk, as opposed to the previous multi-prime construction system. There have been three very important interviews during the past month. Mr. Pardue thanked Mr. Schwab and Mr. Stallings for attending the interviews. The interviews were for the Ramshead Project, Carrington Hall, and Phase I of the Science Complex. The Board of Trustees will not have formal approval of the construction managers at risk; therefore, it's important for at least one Trustee to sit in on the construction management interviews, especially on the important projects.

AUDIT, BUSINESS AND FINANCE COMMITTEE

Mr. Schwab, vice chair of the Audit, Business and Finance Committee, introduced the agenda items to the Board.

Fee Waivers

Mr. Schwab moved approval to authorize the Chancellor to develop and implement a policy concerning the waiver of student fees. Mr. Stevens seconded the motion and it carried.

(ATTACHMENT M)

Fiscal Equity

Vice Chancellor Sutenfield, Finance and Administration, advised the Board on a proposed draft of a Memorandum Of Understanding Pertaining To The Sharing Of Costs And Financial Responsibility And Other Matters Of Fiscal Equity Between The Town Of Chapel Hill And The University Of North Carolina At Chapel Hill. [A copy of the Memorandum of Understanding is filed in the Office of the Assistant Secretary.]

Mr. Schwab agreed with the comments presented by Vice Chancellor Sutenfield.

Ms. Mason indicated her agreement with the approach being taken by the University, and commented that she feels it's smart to look at what the Town of Chapel Hill has asked the University to do, respond to the Town, and document what has been done to address their concerns.

Mr. Schwab commented that an important issue for the Board to keep in its perspective is that of setting a precedent within the state for other universities. The Board needs to take care not to obligate other cities and universities, and therefore the state, by virtue of an agreement.

Mr. Williams indicated his agreement with Mr. Schwab's statement and commented that he hopes that appreciation for the University's contributions to the community won't be lost. He expressed concern that these contributions are taken for granted. Before the University agrees to give money here and there, there needs to be some way to establish the types of contributions that are already being made in the community and an ongoing documentation of the fact that space is leased in the community to the town, the schools, etc. His main concern is that the issue has been one-sided. It has been all about what the University is going to do, not what the University should be receiving, and what the University already is doing. He also expressed concern that this is not lost in the relationship going forward.

Mr. Stevens indicated his agreement with the above comments and also commented that since the Board's meeting in September, the Town of Chapel Hill approved by an eight-point vote the University's request for a zoning application to University property. He recommended that a formal acknowledgement be sent from the University to the Town thanking them for the approval of the zoning application.

Budget Update

The Budget Status Report for First Quarter of Fiscal Year 2002, July 1, 2001 through September 30, 2001, was presented for information only. No formal action was required.

(ATTACHMENT N)

STUDENT AFFAIRS COMMITTEE

Ms. Kitchin, chair of the Student Affairs Committee, introduced the agenda to the Board.

Student Life Update

Sue Kitchen, vice chancellor for Student Affairs, introduced Melissa Exum, dean of students, who presented an alcohol update to the Board. Dean Exum reported on the Highway Safety Research "2 out of 3" Study; the reported alcohol incidents and types of incidents; the sanctions imposed; and CORE data concerning student self-reporting. [A copy of Dean Exum's presentation data is filed in the Office of the Assistant Secretary.]

Mr. Jay Anhorn, director of Greek Affairs, presented an update on Greek life at the University. The presentation included the University's policy concerning fraternity and sorority rush activities; the University's fraternity and sorority alcohol policy; and the University's hazing policy, which applies to individuals and organizations. [A copy of Mr. Anhorn's presentation data is filed in the Office of the Assistant Secretary.]

Following Mr. Anhorn's presentation, there was discussion concerning the matter of alumni involvement in fraternities.

ACADEMIC AFFAIRS AND PERSONNEL COMMITTEE

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

Update on Campus-Based Tuition Increases

Robert Shelton, executive vice chancellor and provost, presented information concerning campus-based tuition at the University. [A copy of Dr. Shelton's presentation data is filed in the Office of the Assistant Secretary.]

Following his presentation, Dr. Shelton commented that this issue needs to be examined every year, not necessarily with the idea of raising tuition, but so there is a regular review and is being handled in a concerted, considered systematic manner. It's too important a topic to let it slide year after year without review.

Chancellor Moeser commented that system schools need to synchronize and coordinate whatever the UNC System is going to do for an across-the-board tuition increase that would affect the whole UNC System that would be passed along by the Board of Governors. The system schools should be given the guidelines in advance in case the school wanted to do a campus-based initiative built on the platform of whatever the system does. This matter was discussed during a previous Board of Governors meeting, which was attended by the UNC System President and the campus chancellors. The majority of opinion, ultimately subscribed to by the President, was a modest, very small system-wide

tuition increase with the allowance that campuses then could come in with the special provision which goes in the flexibility language for individual campus-based initiatives. An argument for this is that campus-based initiatives can be constructed to meet specific needs of an individual campus and there will be a far less likelihood the General Assembly will take the money, dump it into the budget, and subtract it from the appropriation. That is what happened this past summer. The budget was balanced on the basis of an additional five percent across-the-board increase that was then put in to replace appropriated funds. The Chancellor said that he feels there is a great danger that a UNC system-wide tuition increase would be used to replace state appropriations and that's a zero sum gain for the University. Most people agree that with a campus-based tuition, which addresses specific needs on the campus, where the money goes directly to the campus to support those needs, that the legislature would be much less inclined to take that money away from us. The Chancellor thinks this will be the plan that will be followed by the Board of Governors to allow campuses to produce their own sets of presentations.

Chancellor Moeser also commented that the University has to have as a very high priority to nurture and to enhance more teaching faculty in the classroom. That may be one of the strongest arguments for a tuition increase. The Chancellor added that it shouldn't be faculty salaries alone this year. There are other quality issues such as the faculty-student ratio and the number of faculty.

The Chancellor added that an area where there needs to be great sensitivity is in out-of-state tuition. Out-of-state students provide a tremendous stream of excellence in the University. The University needs to be one with that kind of diversity--cultural, national and international. The Chancellor commented that the University should be careful not to ratchet up the out-of-state tuition to the point where it becomes prohibitive.

Dr. Shelton requested that a committee be formed to evaluate whether there is a need for a new tuition increase and to draft a proposal for presentation to the Board at its meeting on January 24, 2002.

Mr. Schwab requested that information be provided to the Board concerning more data showing actual universities for absolute tuition for both in-state and out-of state as a comparison. Also, if available in that same peer group, the percentage of out-of-state students that make up the percentage that out-of-state students represent in the undergraduate numbers.

Mr. Fulton commented that the University has a long tradition of low tuition and it's important to maintain that heritage. He added that it would be dangerous to begin to compare with averages at other schools. We should remember where we came from and use tuition to improve the quality of undergraduate education on campus.

Mr. Young agreed with Mr. Fulton's comments, and commented that he would like to see more detailed information about the needs for tuition increases. He also said that since this is an issue that's very important and comes up year after year, perhaps a standing committee should be created to monitor tuition issues each year.

Mr. Williams commented that he has concerns about faculty salaries not being linked to tuition increases. He also said that he would like the Board to always be as clear as possible and to spell out and show the financial impact to students and their families.

Mr. Stevens requested that the administration proceed with the tuition study and bring their recommendations to the Board on January 24, 2002 for approval.

Chancellor Moeser commented that accessibility to the middle class should be preserved at the University.

Chairman Burnett recommended that two Trustees be asked to serve on the committee, and asked Dr. Shelton to contact Mr. Stevens concerning the appointments.

IT Update

Marian Moore, vice chancellor for Information Technology, updated the Board on the Carolina Computing Initiative (CCI), wireless networking on campus, various software applications supported by the University, and the new web cam located at The Pit.

DEVELOPMENT COMMITTEE

Development Update

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

Mr. Fulton commented on the acquisition of the building at 208 West Franklin Street, which will house the Office of University Advancement, which is comprised of staff of the Development Office, University Relations, and News Services.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Mrs. Kitchin, seconded by Mr. Williams, 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

DEVELOPMENT COMMITTEE

Report of the Committee on Honorary Degrees and Special Awards

Mr. Joseph Ferrell, secretary of the faculty, presented the Report of the Committee on Honorary Degrees and Special Awards concerning the nominees for Distinguished Alumna/Alumnus Awards to be presented at the University Day Convocation on October 12, 2002. Mr. Schwab moved approval of the nominees. Ms. Kitchin seconded the motion and it carried. [A copy of the report is filed in the Office of the Assistant Secretary.]

Report of the Naming Committee

Mr. Kupec presented information concerning a possible future naming opportunity.

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 recommendation presented for consultation. Ms. Kitchin seconded the motion and it carried.

(ATTACHMENT O)

EXECUTIVE CLOSED SESSION

The Board convened in executive closed session to discuss a personnel matter.

MOTION TO RECONVENE IN OPEN SESSION

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

OPEN SESSION

ADJOURNMENT

There being no further business to come before the Board, Chairman Burnett adjourned the meeting at 12:25 p.m.

Assistant Secretary