

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

The Board of Trustees met in regular session on Wednesday, January 21, 2004 at The Carolina Inn, Hill Ballroom Central, at 4:10 p.m. Chairman Williams presided.

ROLL CALL

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

Richard T. Williams, Chairman
Nelson Schwab III, Vice Chairman
Timothy B. Burnett
John G. B. Ellison, Jr.
Paul Fulton, Jr.
Karol V. Mason
Roger L. Perry, Sr.

The following members of the Board arrived after the roll call:

Jean Almand Kitchin, Secretary
Philip G. Carson
Russell M. Carter
A. Donald Stallings
Matthew S. Tepper
Robert W. Winston

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Mr. Burnett, chair of the Buildings and Grounds Committee, began by reminding the members of the Board of the charge to the committee to break its business in to three levels of inspection.

- Level 1 Items: The Buildings and Grounds Committee hears the items, acts upon them, and brings them to the Board of Trustees in one lump sum asking for ratification. Unless there are questions by members of the Board, the items are not presented individually.

Mr. Burnett moved ratification by the Board of the following Level 1 items, which were previously approved by the committee.

- Designer selection of the following three firms in priority order as listed for the Student and Academic Services Building:
 1. Robert A. M. Stern Architects – New York, New York
with Corley Redfoot Zack – Chapel Hill, North Carolina
 2. Hanbury Evans Wright Vlattas – Norfolk, Virginia
 3. Schwartz Silver Architects, Inc. – Boston, Massachusetts
(ATTACHMENT A)
- Designer selection of the following three firms in priority order as listed to renovate the basement of Hamilton Hall as an Archeological Repository for the Research Laboratories of Archeology:
 1. John B. Hawkins, AIA – Chapel Hill, North Carolina
 2. Integrated Design – Raleigh, North Carolina
 3. Strategic Design – Durham, North Carolina
(ATTACHMENT B)
- Designer selection of the following three firms in priority order as listed for decommissioning and demolition services for Chase Hall, Venable Hall, and the Naval Armory:
 1. CDM – Raleigh, North Carolina
 2. Design Collective – Baltimore, Maryland
 3. AMEC – Huntersville, North Carolina
(ATTACHMENT C)
- Designer selection of the following three firms in priority order as listed for a new electric and telecommunications ductbank from the Cogeneration Facility on West Cameron Avenue to the Giles F. Horney Complex on Airport Drive:

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1. Affiliated Engineers East – Chapel Hill, North Carolina
 2. Carter & Burgess – Raleigh, North Carolina
 3. Booth & Associates – Raleigh, North Carolina
(ATTACHMENT D)
- Designer selection of the following three firms in priority order as listed for Carmichael Fields 3 and 4 re-surfacing for the Department of Recreation and Exercise and for the Sport Science Education Department:
 1. Stewart Engineering – Morrisville, North Carolina
 2. CLH Design – Cary, North Carolina
 3. Clough, Harbour & Associates – Raleigh, North Carolina
(ATTACHMENT E)
 - Disposition by ground lease to The Family House of Chapel Hill, approximately 5.85 acres of land located along the north side of Mason Farm Road immediately east of the Ronald McDonald House, Chapel Hill, Orange County, North Carolina to The Family House of Chapel Hill, a lease term for a 25-year period at \$1.00 per year with the improvements to become the property of the State of North Carolina upon the expiration of the lease term.
(ATTACHMENT F)
 - Demolition of a 1-1/2 story wooden frame farmhouse located on approximately 12 acres on the east side of Homestead Road, Chapel Hill, Orange County, North Carolina
(ATTACHMENT G)

Mr. Fulton seconded the motion for the above Level 1 items and it carried.

- Level 2 Items: The Buildings and Grounds Committee goes in to greater depth concerning these items. The committee reaches a decision on the items and brings them to the Board of Trustees for ratification following further explanation and clarification of the items to the Board.

Mr. Burnett presented the following Level 2 items, which were previously approved by the committee, to the members of the Board:

- Site selection for the North Carolina Clinical Cancer Center enhanced site, including the area south of Manning Drive
(ATTACHMENT H)

Following discussion of the above Level 2 item, Mr. Burnett moved ratification of the item. Mr. Schwab seconded the motion and it carried.

- Site selection for the Educational Foundation Office Building, east of the Koury Natatorium
(ATTACHMENT I)

Following discussion of the above Level 2 item, Mr. Burnett moved ratification of the item. Mr. Schwab seconded the motion and it carried.

- Site selection for the addition to The Morehead Planetarium and Science Center
(ATTACHMENT J)

Following discussion of the above Level 2 item, Mr. Burnett moved ratification of the item. Mr. Schwab seconded the motion and it carried.

- Level 3 Items: The Buildings and Grounds Committee considers these items, and then brings them to the Board of Trustees for discussion.

Mr. Burnett presented the following Level 3 items to the members of the Board:

- Design approval for the Information Technology Services Building
(ATTACHMENT K)

Mr. Bruce Runberg, Associate Vice Chancellor, Facilities Planning and Construction, introduced Ms. Anna Wu, Director of Facilities Planning, who presented further information concerning the above Level 3 item.

Following discussion of the above Level 3 item, Mr. Burnett moved approval by the Board of the item. Mr. Tepper seconded the motion and it carried.

- Design approval for the Genetic Medicine Building
(ATTACHMENT L)

Mr. Runberg introduced Ms. Wu who presented further information concerning the above Level 3 item.

Following discussion of the above Level 3 item, Mr. Burnett moved approval by the Board of the item. Mr. Fulton seconded the motion and it carried. The motion and second included approval to add an additional floor, above ground, in the future (from three floors to four floors), with the final design to be brought back to the Buildings and Grounds Committee and the Board of Trustees for review and approval.

The following Level 3 items were presented previously to the committee for information only (no formal action was requested at that time).

- Preliminary design review of Phase II Residence Halls
(ATTACHMENT M)

Mr. Runberg and Ms. Wu presented further information concerning the above Level 3 item.

Mr. Burnett stated that the Buildings and Grounds Committee decided to have an informal working level review in February to consider the Phase II Residence Halls design in order that any other changes needed are incorporated prior to the design coming back to the committee and the Board at the March 24 meeting.

In response to an inquiry made by Mr. Ellison, Mr. Burnett requested that information be brought back to the committee concerning price per bed and expected revenue. Mr. Runberg will provide the information at the March meeting.

- Preliminary design review of the North Carolina Clinical Cancer Center, UNC Health Care System
(ATTACHMENT N)

Mr. Runberg introduced Ms. Mary Beck, Senior Vice President for Planning, UNC Health Care System, who presented further information concerning the above Level 3 item.

- Semi-Annual Capital Improvement Projects Report
(ATTACHMENT O)
- Semi-Annual Lease Report
(ATTACHMENT P)

TUITION

Campus-Based Tuition

Chairman Williams introduced the tuition discussion with an overview of the processes taken during the past several months which culminated in this meeting. He commented on the necessity of the Board addressing tuition as part of the big picture. If the University is to be the leading public university, all of the parts need to fit so the

University is positioned the way it should be in order to be the leading public university. For this to be accomplished, the Board must have good, meaningful, and open discussion about where we want to be, determine and develop a philosophy, and then start making plans to get there.

During the Board's November meeting, the administration presented a report on the recommendations from the campus Tuition Task Force. It was determined that more tuition discussions were needed—primarily related to faculty salaries, teaching assistant compensation, and staff compensation. Those needs were addressed by the task force.

Chairman Williams commented that in the November discussion, the Board decided that it was very appropriate to determine a guiding philosophy with regard to tuition.

The Board of Trustees participated in a tuition workshop on January 7. It was a very productive brainstorming session where a lot of ideas were brought to the table. No decisions on tuition were made at the workshop. Following the workshop, there were further discussions including student-organized teach-ins; a Faculty Council resolution; and a discussion on January 19 by Board of Trustees committee chairs, Trustee Fulton, Chancellor Moeser, Executive Vice Chancellor and Provost Shelton, and Chairman Williams.

Chairman Williams requested Chancellor Moeser share his thoughts on the issues related to the consideration of a campus-based tuition increase.

Chancellor Moeser commented that the discussion should focus on the goal—not just the means. The most fundamental challenge at the University is the retention and support of its intellectual capital—great faculty. This is necessary in order to make the University the best it can be for the people of North Carolina and beyond. Also, an equal commitment should be made to maintain accessibility to the University; that there are no financial barriers and we're fully committed to meeting the financial needs of needy students.

Chancellor Moeser stated that the campus-based tuition issue is being addressed now due to the current crisis in faculty retention at the University.

Chancellor Moeser concluded his comments by requesting the Board to not lose sight of the ends of why these funds are needed as the Board discusses the means of achieving the goal of the pursuit of excellence and quality and our core values as a university. Quality and excellence require resources, and the University is committed to finding the resources it takes to support a world-class faculty. The University is equally committed to maintaining accessibility and providing need-based aid for undergraduate and graduate students. Those are values that are held dear at Carolina.

Chairman Williams invited Faculty Chair Judith Wegner to comment on the campus-based tuition issue.

Professor Wegner cautioned the Board on the following five points:

1. The dollar amount—try not to go so high dollar wise
2. Pace the tuition increase
3. Consider the focus of the increase—undergraduate vs. graduate
4. Removal of merit- and talent-based scholarships from the list of funding priorities
5. Philosophy issue

Chairman Williams requested Assistant Secretary Brenda Kirby read the following draft resolution in support of the Board of Trustees tuition philosophy.

WHEREAS, this Board is committed to remaining true to the spirit of the North Carolina Constitution's requirement in Article 9, Section 9, which states, "The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense."

WHEREAS, the first tenet of this board's philosophy is that resident tuition must be affordable to ensure accessibility and thus should remain in the bottom quartile of our national public peers.

WHEREAS, state taxpayers have generously supported this University such that we are able to keep resident tuition low.

WHEREAS, this University is committed to the pursuit of excellence, and campus-based tuition is one source of revenue that helps determine the quality of education we provide to students.

WHEREAS, the second tenet of our philosophy is that non-resident tuition should be value- and market-driven, with the goal of reaching the 75th percentile of our national public peers.

WHEREAS, this University is committed to providing for all students eligible for financial aid.

THEREFORE BE IT RESOLVED that the Board of Trustees of The University of North Carolina at Chapel Hill formally adopts this philosophy to guide us in setting campus-based tuition.

Chairman Williams requested Executive Vice Chancellor and Provost Robert Shelton present the "Campus Based Tuition Increase Proposal for FY 2004-05" concerning BOT Tuition Rate Philosophy.

- "Undergraduate tuition for North Carolina residents must remain affordable to ensure accessibility. We will retain our position in the lowest quartile of our national public peers for in-state tuition."
- "Tuition increases are crucial to meeting goals of faculty retention and overall excellence. Out of State tuition will be value and market driven. We will increase out of state tuition over time to the 75th percentile of our national public peers."

The Board concurred that the goal would be to reach, but not exceed, the 75th percentile of our national public peers.

Mr. Fulton moved that the second tenet of the Resolution in Support of the Board of Trustees Tuition Philosophy be amended to read as follows:

WHEREAS, the second tenet of our philosophy is that non-resident tuition should be value- and market-driven, with the goal of reaching, but not exceeding, the 75th percentile of our national public peers.

Mr. Schwab seconded the motion. Mr. Tepper did not approve the motion. The motion carried.

Chairman Williams stated that the amended resolution would be the Board's guiding tuition philosophy unless the Board of Trustees chooses to change it at a later date.

Dr. Shelton continued with the Campus-Based Tuition Increase Proposal for FY 2004-05. [A copy of the presentation is filed in the Office of the Assistant Secretary.]

The increased tuition uses include need-based student aid including Carolina Covenant; graduate student tuition remissions; salary support for teaching assistants; faculty salaries; new faculty positions (reduce student faculty ratio); and staff salaries.

Merit- and talent-based scholarships were eliminated from the proposal.

Chairman Williams requested Mr. Tepper present his tuition increase alternative proposal to the members of the Board. The proposal recommended a five percent hike for all current undergraduate students—approximately \$200 for residents and \$800 for nonresidents—with a \$1,500 increase for nonresident students entering the University next year. The alternative proposal did not receive a motion for adoption. [A copy of the alternative proposal is filed in the Office of the Assistant Secretary.]

Mr. Perry moved approval of the campus-based tuition proposal increases presented by Dr. Shelton:

- Undergraduate and Graduate Resident Tuition for fiscal year 2004-05: \$300.00
- Undergraduate and Graduate Nonresident Tuition for fiscal year 2004-05: \$1500.00

Mr. Carson moved that the Board vote on in-state and out-of-state tuition increases separately. Mr. Perry agreed with this motion. Mr. Winston seconded the motion.

Mr. Carson and Mr. Carter opposed the \$300 undergraduate and graduate resident tuition increase for fiscal year 2004-05.

Mr. Tepper opposed the \$1500 undergraduate and graduate nonresident tuition increase for fiscal year 2004-05.

Each increase was approved.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Ms. Kitchin, and seconded by Mr. Schwab, 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

PERSONNEL ISSUE

Mr. Stallings moved approval of a slate of nominees for submission to the Office of the President in consideration for the position of vice chancellor for medical affairs and dean, School of Medicine, and CEO of the UNC Health Care System. The motion was duly seconded and carried.

MOTION TO RECONVENE MEETING IN OPEN SESSION

Mr. Burnett moved to reconvene the Board in open session. The motion was duly seconded and carried.

OPEN SESSION

RECESS

Chairman Williams recessed the Board meeting at 8:00 p.m.

RECONVENE

Chairman Williams reconvened the Board meeting at 8:00 a.m. on Thursday, January 22, 2004 at The Carolina Inn, Hill Ballroom North/Central.

ROLL CALL

Assistant Secretary Brenda Kirby called the roll and all Board members were present.

TUITION

School-Based Tuition

Chairman Williams introduced Executive Vice Chancellor and Provost Robert Shelton to present the school-based tuition proposals.

Provost Shelton stated that school-based tuitions are a critical component for a number of the professional school programs. They provide for special needs—whether that's faculty salaries or other program enhancements.

Provost Shelton presented the following school-based tuition increases for action by the Board:

- SCHOOL OF GOVERNMENT—Masters of Public Administration (MPA) Program. Mr. Schwab moved approval of the \$150 per year tuition increase for school years 2004-2005, 2005-2006, and 2006-2007—a total increase of \$450. The increases are for both resident and nonresident students. Ms. Kitchin seconded the motion and it carried with Mr. Carson voting against the increases.
- SCHOOL OF JOURNALISM AND MASS COMMUNICATION—Graduate Students. Mr. Burnett moved approval of the tuition increases as follows:
 1. 2004-2005----\$300 increase for residents and \$900 increase for nonresidents.
 2. 2005-2006----\$200 increase for residents and \$600 increase for nonresidents.
 3. 2006-2007----\$200 increase for residents and \$600 increase for nonresidents.The increases total \$700 for residents and \$2100 for nonresidents. Mr. Schwab seconded the motion and it carried with Mr. Carson voting against the increases.
- KENAN-FLAGLER BUSINESS SCHOOL—Masters of Business Administration (MBA) Program and Masters of Accounting (MAC) Program. Mr. Schwab moved approval of the tuition increases as follows:
 1. 2004-2005----\$2000 increase for both residents and nonresidents.
 2. 2005-2006----\$3000 increase for residents and \$2000 increase for nonresidents.
 3. 2006-2007----\$4000 increase for residents and \$2000 increase for nonresidents.

The increases total \$9000 for residents and \$6000 for nonresidents.

Mr. Ellison seconded the motion and it carried with Mr. Carson and Mr. Tepper voting against the increases.

- LAW SCHOOL----Mr. Burnett moved approval of the tuition increases for the 2004-2005 year only: \$300 increase for residents and \$500 increase for nonresidents. Ms. Kitchin seconded the motion and it carried with Mr. Carson voting against the increases.
- SCHOOL OF SOCIAL WORK----Master of Social Work (MSW). Mr. Carter moved approval of the tuition increases as follows:
 1. 2004-2005----\$1500 increase for both residents and nonresidents.
 2. 2005-2006----\$2000 increase for both residents and nonresidents.

The increases total \$3500 for both residents and nonresidents.

Mr. Schwab seconded the motion and it carried with Mr. Carson voting against the increases.

- SCHOOL OF DENTISTRY----Doctor of Dental Surgery (DDS) Program. Mr. Schwab moved approval of the tuition increases as follows:
 1. 2004-2005----\$1800 increase for residents.
 2. 2005-2006----\$1500 increase for residents.
 3. 2006-2007----\$1500 increase for residents.

The increases total \$4800 for residents. There was no tuition increase requested for nonresidents due to nonresident tuition being among the highest in the nation for all dental schools and highest for peer institutions.

Mr. Stallings seconded the motion and it carried with Mr. Carson voting against the increases.

- SCHOOL OF MEDICINE----Department of Allied Health Sciences: Doctor of Audiology (AuD) Program and Doctor of Physical Therapy (DPT) Program (new programs). Ms. Mason moved approval of the tuition increase of \$2500 for both residents and nonresidents for 2004-2005. Mr. Schwab seconded the motion and it carried with Mr. Carson voting against the increase.
- SCHOOL OF PHARMACY----Doctor of Pharmacy (PharmD) Degree Program. Mr. Carter moved approval of the tuition increase of \$3500 for both residents and nonresidents for 2004-2005. Mr. Perry seconded the motion and it carried with Mr. Carson voting against the increase.

(ATTACHMENT Q)

STUDENT FEES FOR 2004-2005

The student fees for 2004-2005 were discussed at the November 2003 Board meeting; however, there was no formal action taken at that time. It was determined that formal action would be taken at the January 2004 Board meeting, following further discussion concerning the proposed tuition increases.

Mr. Schwab moved approval of a \$121 increase in student fees for 2004-2005. Ms. Mason seconded the motion and it carried.

(ATTACHMENT R)

CONSENT AGENDA

Approval of Minutes

On motion of Mr. Tepper, seconded by Ms. Mason, the minutes of the regular meeting of November 19-20, 2003 were approved as distributed.

Ratification of Mail Ballot Dated December 11, 2003

On motion of Mr. Tepper, seconded by Ms. Mason, the following mail ballot was approved as distributed:

- Personnel changes for information, personnel changes in Academic Affairs, personnel changes in Health Affairs, and tenured appointments and promotions

(ATTACHMENT S)

CHAIRMAN'S REMARKS

Chairman Williams began by thanking everyone for their thoughtful consideration with regard to the campus-based tuition issue that was considered and acted upon at yesterday's Board meeting. The very large number of students who attended the meeting were polite and listened intently to the proceedings, although they were not pleased with the outcome of the action taken by the Board.

Chairman Williams thanked Mr. Tepper for bringing forth his alternative proposal to the Board for discussion and consideration.

The Board of Governors will consider the tuition increase proposal from this campus, as well as other system campuses, at their February meeting.

Chairman Williams also commented on the following:

- The Employee Forum. Chairman Williams attended the December 2003 meeting of The Employee Forum and thanked Tommy Griffin, Forum chair, for inviting him to the meeting.
- The Chancellor's Workplace Task Force. Chairman Williams commended Chancellor Moeser and Mr. Griffin for their work in co-chairing the task force.
- Academic Team Captain Program. Chairman Williams recently spoke to the group, which serves student-athletes in the Department of Athletics.
- Academic Support Program, which is funded by Athletics, but based in the College of Arts and Sciences. This is a new program to recognize and nurture the academic accomplishments of our student-athletes. Coaches nominate an academic team captain to serve as their team's chief liaison with academic support. The academic team captains meet regularly with academic staff counselors and take back information to their teammates. They also attend tutoring workshops and provide special help to freshmen, such as finding study halls and successfully navigating the University at the beginning of the school year. The captains also hear guest speakers and pursue leadership training activities. Robert Mercer is the director of the Academic Support Program.
- School of Medicine, Office of Medical Research. Chairman Williams recently visited with Dr. Gene Orringer, senior associate dean, School of Medicine, to learn more about research. He visited with various staff members at the School of Medicine, including the Office of Medical Research. He encouraged other Board members to visit the research office, and stated that he has invited Dean Houpt and perhaps Dr. Orringer to speak to the Board at the Thursday, March 25, meeting to give a brief presentation concerning the Office of Medical Research.
- Minority Scholars Program. Chairman Williams also visited with Dr. Orringer to learn more about this program, which has been key in bringing fifteen excellent minority junior faculty members to the School of Medicine.

CHANCELLOR'S REMARKS

Chancellor Moeser recognized the following faculty and staff who are doing extraordinary service for the University.

- Jay Anhorn, Director of Greek Affairs, who represented the University in December 2003 at the annual meeting of the National Association of Fraternity Advisors, which presented Carolina with its 2003 Outstanding Change Initiative Award. The award recognizes major initiatives or plans leading to positive changes in areas such as scholarship, educational programs, leadership development and membership. Carolina was

recognized in sixteen categories, most notably including changes in interfraternity recruiting, chartering the Greek Alliance Council, creating a new conduct code addressing hazing, increasing alumni communication, reviving a Habitat for Humanity partnership and significantly improving scholarship. Chancellor Moeser thanked Jay for continuing to work with the fraternity system. The Board and audience applauded Mr. Anhorn.

- Dean Bresciani, Interim Vice Chancellor for Student Affairs, who was recently named to the Board of Directors for the National Association of Student Personnel Administrators, a constituent group of the American Council on Education. The group is considered the leading voice for student affairs administration, policy and practice. Dr. Bresciani will continue an appointment to the group's editorial board for its scholarly journal, a post he began a year ago. The Board and audience applauded Dr. Bresciani.
- Controller's Office: Dennis Press, University Controller, and members of his staff—Chandrika Rao, Stan Koziol, Robert Vickery, Keith Harris, and Janie Jenkins. This team, led by Mr. Press, earned ongoing recognition from the Government Finance Officers Association of the United States and Canada. Most recently, the association awarded its Certificate of Achievement for Excellence in Financial Reporting to Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2002—the eighth consecutive year Carolina has been honored for the quality of its financial report. Criteria include publishing an easily readable and efficiently organized comprehensive annual financial report, which must satisfy both generally accepted accounting principles and appropriate legal requirements. The results of this year's submission will be learned later this spring, but it is believed that Carolina will continue to meet the award criteria. The Board and audience applauded the group.
- Mark Crowell, Associate Vice Chancellor for Technology Transfer, who was recently selected as president-elect of the Association of University Technology Managers (AUTM). He will assume the presidency of this prestigious organization next year. AUTM has more than 3200 members from the ranks of technology managers and business executives responsible for managing intellectual property. Members include universities, research institutions, teaching hospitals, companies and government organizations. The Board and audience applauded Mr. Crowell.
- Dr. Daniel Reed, the University's first Eminent Kenan Professor, who was unable to be at the Board meeting. Dr. Reed, a high-performance computing expert, came to Carolina from the University of Illinois where he was a director of a prestigious research center. Dr. Reed leads a new interdisciplinary institute based at Carolina and jointly supported by Duke and North Carolina State University—The Institute for Renaissance Computing, which will explore the interactions of computing technology with the sciences, arts and humanities. It will partner with business leaders to enhance the competitiveness of North Carolina industries. This is the first of ten such appointments Carolina hopes to make through the Carolina First Campaign.

STUDENT BODY PRESIDENT'S REMARKS

Mr. Tepper commented on the following:

- Town-Gown issues—November 2003 election turnout by students was close to the total turnout percentage; striving to insure a student spot on key town committees; the Town has formed a committee, chaired by Edith Wiggins, to work out the details.
- A radio show on Student Radio Station WXYC has been started—a one-hour program focusing on University events.

Mr. Tepper concluded his remarks with a summary of his thoughts concerning the tuition issue.

- He appreciates Dr. Jerry Lucido and Shirley Ort committing to making sure all those most dramatically impacted by the increase and unable to qualify for need based aid won't be in a position where they'll have to drop out of school. He hopes the Board will commit to following up on that issue in

the fall semester; and that the administration will make sure that students are aware of this resource.

- He hopes that the Admissions Office is given the resources they need to do an in-depth study of the effects of the increase on diversity and quality of students who are being attracted to the University—going beyond looking at the yield for the entering class.
- He hopes that the Board will help to initiate a process of engaging General Administration and the Legislature in finding a way to build, in some measure of predictability, on the tuition setting philosophy.

Chairman Williams commented on Mr. Tepper's growth in his role as Student Body President and Trustee, emphasizing his efforts in getting students engaged on campus and off campus in civic life through voting; working with candidates and knowing candidates' positions and how that might impact the students' education; getting students engaged in town affairs by serving on committees; and various other impressive matters he has brought to the attention of the Board.

Mr. Schwab commented on the tuition process mentioned by Mr. Tepper in his remarks. Mr. Schwab stated that he hopes the Chancellor will go back and examine the tuition process to make certain it is in accordance with the newly adopted tuition philosophy. Mr. Schwab also commented that he thinks it would be valuable to follow up on how the tuition increases are spent. The rationale is that the increases are spent in a manner that benefits the University. It would be good to see the proof of that so it becomes a part of future approvals such that it's working and an impact is being made.

Chancellor Moeser responded that a comprehensive report on the allocation of tuition funds would be prepared and also the future process will take into account the tuition philosophy adopted by the Board.

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 requested at that time).

- Report on Investment Funds by Max Chapman, Chair of The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. [A copy of the Report on Investment Funds is filed in the Office of the Assistant Secretary.]
- Internal Audit Report by Phyllis Petree, Director of Internal Audit
(ATTACHMENT T)
- Budget Status Report for First Half of Fiscal Year 2003-2004 by Nancy Suttentfield, Vice Chancellor for Finance & Administration
(ATTACHMENT U)
- Trends in Resource Deployment by Vice Chancellor Suttentfield; Bob Knight, Assistant Vice Chancellor, Finance & Administration; and Laurie Charest, Associate Vice Chancellor for Human Resources
(ATTACHMENT V)
- Remarks from Tommy Griffin, Employee Forum Chair, concerning the needs of staff employees related to the spending of funds from the tuition increases.

Due to time considerations, Mr. Fulton was unable to present the Carolina First Campaign Update during the Finance Committee meeting. He updated the Board stating that the Carolina First Campaign is going well. \$42 million in new commitments have been made since the November 2003 Board meeting. A goal has been established for calendar year 2004 of \$20 million per month in contributions.

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 requested at that time).

- Faculty Chair's Remarks by Judith Wegner
 - Faculty Resolution to be presented to the Full Board concerning tuition policies
- Advising Update by Bernadette Gray-Little, Executive Associate Provost
(ATTACHMENT W)
- Greek Life Update by Dean Bresciani, Interim Vice Chancellor for Student Affairs. [A copy of the presentation is filed in the Office of the Assistant Secretary.]

Mr. Carter stated that Greek Life will continue to be on the University Affairs Committee agenda for the next several meetings as all aspects of this area are evaluated.

In addition, Mr. Carter commented that members of the University Affairs Committee will meet in February with the Greek Alumni group to express some thoughts and concerns that have come to the committee concerning the rush process and the pledge process and engage that group in an initiative here that the committee will be very active on in the spring. This will be the primary agenda item for the University Affairs Committee meeting on March 24.

Mr. Fulton commented on hazing incidences that he has been informed of and stated that this is a very serious situation on campus and the Board needs to address it and take corrective action where necessary.

Mr. Carter responded that many members of the Board have received communications over a number of years about the rush pledge fraternity process and a number of the members of the Board have been engaged in this reform for at least six to eight years. Improvement has been made; however, there are still some fundamental systemic issues that he, as chair of the University Affairs Committee, has asked the Board members for their collective support and engagement, as well as a Board voice that says we are interested in achieving real progress in this area. That is fundamental to achieving results. The University Affairs Committee plans to move aggressively in a positive direction of pursuing results.

Mr. Burnett asked if there would be a possibility of having a meeting prior to the March Board meetings in order to receive information from University administrators and further discuss this issue.

Mr. Carter stated that it will be done in whatever manner accommodates the March meeting agenda.

Chairman Williams suggested that a workshop prior to the March Board meetings might be a possible venue for the discussion.

VISIONS OF DEANS

Kenan-Flagler Business School

Dean Steve Jones presented the school's priorities for the current year:

- Generate funds to raise faculty and staff pay to competitive levels
- Reconnect the school with its stakeholders and reignite the Carolina First Campaign
- Begin the quest that will place the school's teaching quality in the Top 5
- Define the longer-term strategy that will achieve the school's mission and vision

Dean Jones concluded his presentation with the goals and strategy for longer term:

- Goal: Become a consensus top 10 school through superb delivery of the teaching, faculty impact and outreach mission
- Operating Strategy:
 - Focus curriculum on building skills pivotal to business success
 - Increase applications and screen for traits of success
 - Increase size of MBA and Executive Education Programs
 - Improve faculty via higher standards, pruning and new hires
 - Attract more and better employers to recruit graduates
 - Align the School and Kenan Institute
- Financial Strategy:
 - Use tuition and state support to maintain current position
 - Use private support and executive education to fund improvements

[A copy of Dean Jones' presentation is filed in the Office of the Assistant Secretary.]

School of Education

Dean Thomas James of the School of Education summarized his vision for the future of the school. He emphasized that Carolina's School of Education is poised to become one of the nation's leading voices for improving the education of young people. Most important of all, it has the potential to make a dramatic difference in the educational opportunities of children in North Carolina. Dean James pointed to public service as the heart of his school's work, and he suggested that this role of the School of Education is critically important at a time when educational institutions must make quantum leaps in their performance, reinvent their practices if necessary, and open the way for all students to learn at higher levels.

The School of Education's mission has three principal features. The first is to unleash the potential for better teaching and learning in schools, and in other settings where learning takes place. Dean James observed that the faculty address this aim through research and innovative projects on learning and human development, but also by designing strategies—in collaboration with teachers and school leaders—for preparing educators to be the best they can be in their careers.

The second feature of the school's mission is a commitment to removing difficult obstacles that stand in the way of learning at higher levels, focusing especially on problem-solving that combines good research with real-world involvement in schools where children learn. In this way, such issues as disability, language differences, race and class, urban and rural challenges, and cultural diversity all present opportunities for generating more powerful knowledge and models of educational practice to improve learning.

Third, the school's mission assumes that schools and other institutions are dynamic and changing, not static and fixed. Carolina's School of Education will stand for transformation, creating deep and productive engagement with schools, communities, governments and the private sector to help educational institutions reach higher and higher for the common good. The School of Education is not in the business of merely stamping a set of skills on professionals so that they can apply them devotedly the rest of their lives. The task is to prepare educators who will be ready to reshape classrooms and schools to unleash the learning potential in their students and make higher levels of educational attainment a reality for all.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Ms. Kitchin, and seconded by Mr. Burnett, 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

REPORT OF THE UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, chair of the University Affairs Committee, presented the personnel and salary actions dated January 15, 2004 for the Board's consideration. The actions will be voted on in open session.

(ATTACHMENTS X, Y, Z, Z-1)

REPORT OF THE FINANCE COMMITTEE

Mr. Schwab, chair of the Finance Committee, presented the committee's report on an honorary degree nomination, which was previously approved by the committee and is now presented to the Board for ratification.

Mr. Schwab moved that a nominee for an honorary degree to be presented at May Commencement 2005 be transmitted to the Honorary Degrees and Special Awards Committee. The motion was duly seconded and carried.

LEGAL ADVICE

General Counsel Leslie Strohm advised the Board on several legal matters.

DEEP EXECUTIVE CLOSED SESSION

Chairman Williams convened the Board in Deep Executive Closed Session to discuss a personnel matter.

RECONVENE MEETING IN OPEN SESSION

Chairman Williams reconvened the Board in open session.

OPEN SESSION

UNIVERSITY AFFAIRS COMMITTEE

Mr. Carter, chair of the University Affairs Committee, moved approval by the Board of the following personnel actions, which were discussed earlier in closed session. The motion was duly seconded and carried.

- Personnel change in Academic Affairs dated January 15, 2004
(ATTACHMENT X)
- Personnel changes in Health Affairs dated January 15, 2004
(ATTACHMENT Y)
- New appointment conferring tenure and promotion conferring tenure
dated January 15, 2004
(ATTACHMENT Z)
- The personnel changes for information dated January 15, 2004 did not
require action by the Board.
(ATTACHMENT Z-1)

Chairman Williams stated 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 to adjourn the meeting at 2:25 p.m. Mr. Tepper seconded the motion and it carried.

Assistant Secretary