The Board of Trustees of The University of North Carolina at Chapel Hill met in regular session on August 24, 1990 at 10:00 a.m. in the UN Ballroom of The Carolina Inn.

ROLL CALL

Members present: Earl N. Phillips, Jr. Chairman
Elizabeth S. Dowd, Vice Chairman
William A. Darity, Secretary
Arch T. Allen, III
Robert C. Eubanks, Jr.
John W. Harris
William H. Hildabolt
Richard H. Jenrette
John W. Pope
Robert L. Strickland
David L. Ward, Jr.

Members absent: Thos. E. Capps
John G. Medlin, Jr.

MINUTES

Chairman Phillips asked for a motion to approve the Minutes of the regular meeting of June 22, 1990, as distributed. Mr. Pope so moved, seconded by Mr. Ward. Dr. Darity referred to the Chancellor's Report, second paragraph, request for the Secretary to send "condolences to former Chancellor Aycock". Dr. Darity requested that it be amended to read "greetings and best wishes to former Chancellor Aycock". Chairman Phillips asked for approval of minutes as amended. The motion carried unanimously.

ELECTION OF OFFICERS

Chairman Phillips stated that a nominating committee had been appointed at the April 27, 1990 meeting, composed of Trustees Allen, Capps, and Strickland, and had reported at the June 22, 1990 meeting the following slate of officers for the Board of Trustees for 1990-91:

Chairman: Earl N. Phillips, Jr.
Vice Chairman: Elizabeth S. Dowd
Secretary: William A. Darity
Assistant Secretary: Brenda Kirby

Mr. Strickland, speaking on behalf of Mr. Capps who was unavoidably absent, stated that the slate was accepted at the June 22, 1990 Board meeting, and moved the election of the slate. Mr. Allen seconded the motion.
Mr. Harris stated that it was his opinion that the chair should be a one-term office, therefore, he opposed the slate as presented.

Chairman Phillips asked for a vote. The motion carried for the slate of officers for the 1990-91 year.

CHAIRMAN’S REPORT

Chairman Phillips made the following report:

My fellow Trustees, this University has had a busy summer. The Chancellor has put together a very comprehensive report to our Board today on the complicated issue surrounding the budget. Rather than try to rehash what’s gone on over the last two months, I’d like for the Chancellor to take it at this point, and bring the entire Board up to speed on the budget.

CHANCELLOR’S REPORT

Chancellor Hardin thanked Chairman Phillips and expressed his pleasure in working with the Board. Chancellor Hardin introduced Dr. Mary Sue Coleman who is the new Associate Provost and Dean of Research; Associate Provost and Dean of the Graduate School, Dr. Henry Dearman; and Dr. Donald Stedman, Dean of the School of Education.

At this time Chancellor Hardin explained what he was not reporting on. He mentioned at the last meeting that he might have a fairly long report on athletic reform. He still will bring that before the Board before the NCAA Convention in January. But since the summer has been consumed with concerns about budget, he felt he should report on the budget problems rather than the athletic situation at this time.

Chancellor Hardin made the following report:

The University is now seven weeks into a third consecutive year of budgetary stringency. It is probable that this third year will be the worst of the three. Nerves are frayed on this campus. Nobody understands that campus malaise better than I do. After all, the duration of this crisis is, by grim coincidence, coterminous with my tenure as chancellor. It is disappointing, to say the least, to come into a new challenge, fired with enthusiasm, eager to lead a great university to even greater heights, only to find that much of one’s early leadership momentum has to be spent in managing austerity.

But my personal disappointment is trivial compared with the significant damage already done and the greater damage threatened to this uniquely valuable and venerable University--this institution which may well have no peer in
the world, either in the historic commitment of the state to
its support or in its consistent, high-quality service to
the citizens of that state.

That 200-year-old partnership between the people of
North Carolina and the first state university must be
maintained. It will be maintained. You must not doubt
the ferocity of my commitment to that cause. I do not doubt
yours. And you and I must have confidence that the General
Administration, the Board of Governors, and the executive
and legislative branches of the state government are also
committed to preserving and strengthening that partnership.

Different Roles

It is important for me to remind those of us whose
official responsibilities and personal commitment focus on
this campus that the General Administration and Board of
Governors have broad responsibilities to 16 campuses and
several other enterprises and that the Governor and General
Assembly have still broader responsibilities ranging from
public schools to highways and prisons. Therefore, we
should not leap to criticize them if their advocacy has a
different flavor than ours, nor should they accuse us of
whining when we speak of both present and threatened Chapel
Hill damage.

There are no enemies in this budget crunch. There are
myriad conscientious leaders, each with differing roles to
play. We need to be patient with each other, open to each
other, and open to change which conduces to the clear
advantage of our state and its citizens. We all worked
together on the flexibility initiative last year. We made
progress. If we all work together in this continuing budget
crisis, with mutual respect, we'll make further progress.

Why So Much Pain?

At least two of our trustees, independently of each
other, have asked me why a 5% combination of budget cut and
negative reserve hurts so much—why that can't be readily
absorbed in such a vast enterprise as this one. Our friends
in the General Administration and General Assembly sometimes
ask the same question. The explanation is fairly intricate,
but it is not in doubt. I am going to set it out as best I
can. I may be in a uniquely favorable position to
understand and interpret this crisis, because I spent 20
years administering three other institutions in three other
states and found budget cuts deeper than 5% quite
manageable. I also served for five years on the New Jersey
analog to our Board of Governors and have compared that
system and other state systems with ours. A 5% cut hurts
worse here than it does anywhere else I've ever been.

The Management and Budget Systems of North Carolina

The best way for me to illustrate the difficulty our 16
campuses experience in handling state budgetary stringency
is to describe some of the successful management techniques
which I have personally employed elsewhere and then
demonstrate that they are not available to me at Chapel
Hill. These disabilities, you will see clearly, relate to
the management and budget systems now in effect in North
Carolina. The good news is that the differences do not
inhere in the distinction between independent and public
universities. Our state can make all of the following
techniques available to our chancellors without the loss of
essential control. Furthermore, in doing so our state can
dramatically enhance its ability to ride out financial storms and build an even stronger 16-campus university.

Here, then, are tight-budget techniques which I have used with some success, which are broadly in use in both independent and public universities throughout our nation, which will seem to the business community so rational and so central to good business practices as to be almost mundane, but which are not easily or at all available to the trustees and chancellors in the University of North Carolina System— or even, in most cases, to the Board of Governors and General Administration.

1. Foreknowledge, Strategic Planning, and Priority Budgeting.

In the private sector we always knew in general, what revenues would be available three to five years ahead— certainly a year ahead. If the picture was gloomy, we could, within reason and the constraints of our commitment to access, plan to enhance that revenue by tuition increases or other means. Or we could plan to reduce expenses. (Usually, we did both!) If we needed a net reduction of 5%, we would plan ahead to save, say, 10% and put the second 5% into an exciting, new program such as a computer initiative or freshman seminars or into an existing program which was just that one step away from excellence.

In the UNC System, even in good times, we do not know even a weak in advance of a new fiscal year, how much state revenue we will have to spend. We do not know that, sometimes, even two or three weeks from the end of the fiscal year. The budget appropriation is "best case" theory; the quarterly allotments are the fact.

If we want to make informed guesses about state allotments and do some contingent reallocation of resources—saving here and enhancing there— we have absolutely no assurance that the state will not revert our savings to the general fund and defeat the planned enhancement.

And, of course at UNC the campuses have no control whatever over tuition charges or allocation.

2. Balancing revenue shortfalls and meeting one-time costs by leaving personnel lines temporarily vacant.

The title tells the story here. Temporary vacancies, for 20 years, provided the institutions over which I presided a cushion against financial adversity, and often funded equipment purchases or special educational advances which helped to set those universities apart from their peers.

Here, the rule has been that lapsed personnel lines may not be used for non-personnel expenses. Furthermore, the state regularly freezes some unfilled positions and claims them for reversions. And, of course, this year has seen many unfilled positions eliminated altogether.

Under this heading and the one before, I have mentioned reversions. Even in good years our campuses and the General Administration cannot know from quarter to quarter how much of the total state appropriation will be held back in the allotments or called back at year-end. Our reversions were $9.5 million in 1988, $10.5 million in 1989, and $15.4
million in 1990. Half-way through the first quarter, reversions for fiscal 1991 have already reached $12 million.

Why, you may ask, does the state withhold or call back reversions in good years? Because the state funds a large portion of each year's capital budget by reversions from operating budgets of the year before. Obviously, we are grateful when our own capital needs are funded, but the North Carolina system disrupts both capital and operational planning. The national norm in universities and almost all other enterprises is to have separately funded operating and capital budgets. Indeed, before coming here, I had never imagined there was any other way to operate. Of course, in my earlier presidencies we did occasionally change plans and shift funds from operations to capital or vice versa, but decisions to do so were made on our campuses on the basis of strategic considerations specific to that campus and appropriate to then-prevailing circumstances.

3. Cost Efficient Personnel Management

First, whether in good times or bad, I made it a general practice in previous presidencies to provide to both academic and non-academic units the same percentage pool for compensation increases. Although individual salary increases varied widely on the basis of merit, the pools were the same in each major employment category except in certain years in which we made carefully planned, openly announced equity or market adjustments. This policy of even treatment was very important to campus morale in hard times.

At UNC, salary and wage administration varies widely between SPA and EPA employees, with SPA salaries and wages rigidly controlled by the State Personnel Department.

Two other personnel strategies, also under campus control in my previous experience, were enormously helpful to cost efficiency. First, we set up compensation pools rather than salary pools. And we often decided to put part of those pools into enhanced fringe benefits rather than salary increases, creating tremendous tax advantages for our faculty and staff and enhancing our competitive position among other universities. We do not have that flexibility here, and, indeed, our fringe benefits are much less competitive than our salaries. If I were free to do so, I should definitely have chosen to enhance fringe benefits shortly after I came here.

Second, we had our trustees approve voluntary, campus-wide early retirement plans, which saved substantial sums by substituting entry level salaries for senior salaries and also freshened our faculty and staff by bringing in brilliant, energetic, newly trained, young women and men.

As you know, this latter, widely employed management strategy is also not under campus control here.

Summarizing the Predicament

I hope that this short report on just a few of the handicaps we face as we seek to manage austerity will enable you to understand why a "mere" 5% budget reduction is the source of so much agony in Chapel Hill. The unavailability to us of cost-saving management devices that are routine in other public and privately supported universities makes a 5% reduction "feel" like 10% or 15%. We do not suspend the purchase of photocopy paper or freeze long distance phone calls in order to dramatize or exaggerate our plight. We
save wherever we can because so many of the superior options for saving are not within our control.

And do not overlook the fact that the current 5% budget reduction is up front and does not preclude further reductions through the allotment/reversion processes. In fact, our first-quarter allotments, thus far, represent reductions in non-personnel budgets far steeper than 5%. We are still negotiating with the Office of State Budget and Management, more than half-way through this first quarter, trying to find enough money to pay for maintenance contracts on highly valuable scientific equipment. We are already strapped by the mere payment of utility bills.

Long-Range Solutions

I sometimes wish I had come to this job during the speaker ban controversy or at some other time when academic freedom was under attack. I could be flailing away at what would be, in that context, enemies of our great University. Alas, it seems to be my destiny as chancellor, not to flail away at enemies, but to nibble away at friends, to plead with them to change systems to which North Carolina has become accustomed.

My critique of certain state policies and practices implies no criticism of persons. These policies and practices are of long standing. They were not authored by present-day leaders or in the light of present-day needs. They are being administered with commendable empathy to the University and to the Chapel Hill campus. I am convinced that leaders in state government will continue to support changes that will enhance responsible, accountable, efficient financial management. I take second place to no one in my profound gratitude for the flexibility steps taken during the recent short session; I do not agree with anyone who says that nothing further is needed.

Our state should move quickly from line item to lump sum budgeting for all state agencies. It should separate the funding of operating and capital budgets so that all agency heads will have reasonably clear expectations in both categories, at least at the beginning of each biennium.

In the UNC System, all tuition increases should be tied to specific, add-on advances on the campus generating that revenue. Such increases should be decided upon in consultation with student leaders, should be modest enough to keep N.C. tuition charges below the averages for peer state institutions, and should always be linked to increases in need-based financial aid.

The University of North Carolina—all 16 campuses—should be exempted from coverage under the State Personnel Act. This is not a drastic suggestion. More than half of the 50 states have done this. The community colleges in our own state are not under the SPA. On the Chapel Hill campus our competition is not with other state agencies; it is with the strongest public and independent universities in the United States and in our own Research Triangle—Institutions which do not have a fraction of the personnel restrictions under which we labor.

As everyone knows, it is not my job to deal directly with the General Assembly. It is, however, clearly my job to understand and to support the needs of this campus within proper channels. I shall be urging the General
Administration to advance the proposals I have mentioned and shall stand ready to advise the President, my fellow chancellors, and our Board of Trustees on specifics—including, if need be, a trial period of three years in which to test whether the changes which I advocate are right for North Carolina.

Still on the subject of long-range solutions, strategic planning is an important management tool, whether the financial times are good or bad. We have recently launched a university-wide planning process, in which we have asked all planning units to evaluate existing programs while feeling free to suggest new ones. Even healthy, flagship universities like this one cannot be "all things to all people." Choices must be made: resources must be reallocated from time to time.

The deepening budget crisis presents a serious dilemma here. Our faculty and administrative colleagues will, understandably, be more willing to curtail or limit a program for the benefit of a new venture on this campus than to do so in order to increase reversions to the general fund or to bolster some other state agency. We all have a certain fear of being punished for responsible planning by having the state make cuts in programs which we identify as less important than others, without permitting us to reallocate the resulting savings to the areas we would choose for enhancement here.

Yet, if the state continues to underfund us dramatically, strategic reductions are better than the clumsy, essentially unplanned, across-the-board cuts which have been imposed upon us during these last two years.

Stay tuned! We are going to plan, but we are also going to fight hard to be sure that this University in Chapel Hill is made stronger, not weaker, by our exercise of disciplined, appropriate managerial responsibility. I have discussed this with President Spangler. He strongly supports my position on strategic planning. I feel sure that you and he and I will be able to persuade our friends in the General Assembly to reward good planning.

**How to Survive FY'91**

Meanwhile, we must get through the present year. What are we doing to cope with the present crisis?

First, we are working almost daily with the General Administration and the state administration to get as clear a picture as possible, as soon as possible, of the state funding situation in the first quarter and the rest of the year. We may have further tidings, good or bad, even before this day ends.

Second, we are assessing priorities and will use scarce state funds as efficiently as we can, with the limited flexibility left to us, to meet the most urgent state needs—particularly the instructional needs of our students.

Third, we are exploring every pocket of non-appropriated and private funding available to us for other priorities that clearly cannot be wholly funded by the state this year, even though they have been so funded in the past. Prominent among these priorities is to avoid lay-offs—to keep faith with present employees, including graduate students and teaching assistants who had well-grounded expectations for employment this year and whose continued
matriculation depends upon that employment. We feel a strong ethical obligation here. Furthermore, our university's reputation with schools who send graduate students to Chapel Hill is very much at stake.

As we use non-appropriated or private funds, we must warn that this is a one-time, emergency measure. Furthermore, we must be sure that we do not negate donor intent or other limitations under which such funds have come to us. As we look toward our Bicentennial Campaign, we cannot give the impression to donors that gifts solicited for over-and-above excellence will be re-routed to meet the basic programs previously supported by the state.

Thus, it is certain that there will continue to be severe stringency related to supplies, lab equipment, phone calls, and the cleaning and routine maintenance of offices, classrooms, laboratories, and the grounds. It will be unfair, indeed, if even well-intentioned and sincere observers downplay or ridicule any expression of frustration or discomfort voiced by a student or faculty member. After all, most of our students share with the incumbent chancellor the distinction of not remembering from personal experience any good financial times at UNC. Their entire student careers have been marked by inconvenience based on financial austerity. Younger faculty and staff are in the same predicament, while veteran faculty and staff worry, reasonably, that the University they have served so long and love so deeply is in jeopardy.

Let the First be Also the Best

Thank you for your devotion to Carolina. The present difficulties pale by comparison to what has been done in Chapel Hill through two centuries of distinguished service to the state. Even that great history is but prelude to a future in which the nation's first state university must continue to aspire to be also the nation's best.

Chairman Phillips thanked Chancellor Hardin for his report. The Trustees applauded the very strong statement made by the Chancellor. Mr. Phillips stated that in the business community, things are tough as well. Businessmen and professional people have the flexibility to make adjustments in their businesses. In this situation, there is the inability on the part of the leadership of this University to make the necessary changes that a reasonable businessman or reasonable person could make with his own household budget. The Trustees want, as a Board, to help implement some of those things that have been laid out in this report.

Mr. Phillips asked for comments. There were none. Mr. Phillips thanked Chancellor Hardin for an excellent report.
RESOLUTION OF APPRECIATION FOR GARY A. EVANS

Chairman Phillips asked Trustee Elizabeth S. Dowd to read the following Resolution of appreciation for Vice Chancellor Gary Evans who will be resigning to work with Barnes and Roche, Inc.

WHEREAS, GARY A. EVANS, soon will leave the University of North Carolina at Chapel Hill where he has performed with great distinction as Vice Chancellor for Development and University Relations since 1985;

WHEREAS, he has successfully organized and coordinated centralized fund-raising and public relations activities of the University in preparation for its third century.

WHEREAS, Mr. Evans has demonstrated excellent leadership skills in readying the University to undertake The Bicentennial Campaign for Carolina, the largest fund-raising effort in its history.

WHEREAS, Mr Evans, a nationally recognized professional in the field of institutional advancement, has served as a trustee for the Council for The Advancement and Support of Education and has devoted his career to the betterment of institutions of higher education.

AND WHEREAS, the Board of Trustees would like to record its appreciation for Mr. Evans' commitment to making the nation's first state university become the nation's finest university;

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees for the University of North Carolina at Chapel Hill expresses its genuine gratitude to Gary A. Evans for his devoted service to the University and wishes him well in his future endeavors.

Board members gave Vice Chancellor Evans a round of applause. The resolution was adopted unanimously. Chairman Phillips thanked Trustee Dowd.

REPORT OF THE ACADEMIC AND STUDENT AFFAIRS

Student Affairs

Chairman Phillips called on William A. Darity, Chairman of the Academic and Student Affairs Committee. Chairman Darity stated that the Committee met this morning and Dean Boulton gave a brief report on the renovation situation, the status of the installation of air-conditioning in the dorms, and the number of students living on campus, approximately 2,000. He discussed the meeting of student leaders in administration and the budget cuts.

Chairman Darity stated that the Committee heard a good report from Student Body President William H. Hildebolt. A copy of his written report is on file in the office of the Assistant Secretary. Mr. Hildebolt had a very active summer; he met with
some legislators and wrote letters to the Alumni Clubs. He's been involved with trying to enhance the University. He thanked the General Alumni Association for assistance in contacting the Alumni Clubs. Mr. Hildebolt gave credit to the University, particularly the Provost and Vice Chancellor for Business and Finance, for the work in helping to maintain the full instructional program. Mr. Hildebolt emphasized that from his perspective, students are getting the best education that they can get anywhere in the country.

Chairman Darity reported that Dean Cell distributed a handout on student satisfaction and their college experience, a copy of which is in the office of the Assistant Secretary. Dean Cell addressed the issue of Graduate Students and presented updates on teaching and workshops for Graduate Teaching Assistants and Junior Faculty and the workshop for student leaders in administration.

**DRUG-TESTING POLICY**

Chairman Darity stated the next issue addressed was the drug testing policy. He requested Mr. Strickland to bring to the full board a motion.

Mr. Strickland made some preliminary comments. The Board of Governors adopted a policy and strategy in attempt to combat illegal drug use, and on June 22, UNC-CH's Board of Trustees respectfully requested to be allowed to pursue another strategy. On a personal note, Mr. Strickland enthusiastically voted with the majority at the last meeting. However, that request was denied by the Board of Governors. His motion was read as follows:

> Not withstanding our concern that the directive unfairly singles out a group of students for mandatory drug testing, in the absence of evidence that their incidence of drug usage is very different from that of the student body in general, I move that this board express full confidence in the Chancellor and his staff to implement the drug testing policy dictated to this Campus by the Board of Governors.

Mr. Jenrette seconded the motion. Chairman Phillips asked for discussion on the motion.
Chairman Darity stated that he feels very strongly that singling out athletes for this is very much against his whole view of academics and the academic environment. He feels very strongly first, that athletes should perform the same way, academically, as other students on the campus; and second if he believes this very strongly, then he doesn't feel they should be singled out as a group; if athletes are singled out, then other groups will follow, i.e. the Playmakers, the Debate team. Chairman Darity voiced his full confidence in the Chancellor. Chairman Darity also stated that he supports the part of the motion that states the Chancellor and his staff will implement this, because he feels it is an administrative situation, but he does not support the motion.

Mr. Allen commented that at the committee level, he dissented from the adoption of the motion to be recommended to the full board and expressed his opposition to the adoption by the University of a mandatory drug testing policy. He opposes the adoption by the University, the Board of Trustees, and the administration of a mandatory drug testing policy, for 3 basic reasons: first, in his legal opinion, it's probable that a court will hold such a mandatory drug testing policy to be unconstitutional; second, in his personal opinion, similar to Dr. Darity's, in sentiments that he expressed earlier at the last meeting, he feels it's unfair to single out a segment of the student population for a mandatory drug testing policy when at least to his knowledge there's no evidence that they're more likely to partake of illegal drugs than the population as a whole, and certainly the student body population as a whole; and third, he finds that it's ironic that the Board of Governors delegated to this board the administration of the athletic program on this campus and now mandates the adoption of this policy. He stated that with full respect for the president, the administration and the Board of Governors of our 16 campus system, and fully recognizing that reasonable people can differ.
in opinions on a mandatory drug testing policy, he as a member of the Board of Trustees of the University of North Carolina at Chapel Hill opposes the motion, fully recognizing that we are not dealing with locomotive engineers, nuclear plant engineers, drug interdiction agents or federal employees that are authorized to carry fire-arms. For these reasons, he dissents from the adoption of the policy.

Chairman Phillips thanked Mr. Allen and Dr. Darity for their comments.

Chairman Phillips asked for further discussion. Vice Chairman Dowd asked Chairman Phillips if the Board could hear the motion read again. Mr. Strickland read the motion again.

Mr. Hildebolt commented at this time saying that he was going to vote for this motion, not in any way supporting mandatory drug testing for any person. Mr. Hildebolt feels this is a good way of getting out of saying that an individual supports mandatory drug testing. He proposed the Board should be recognized by not supporting in any way mandatory drug testing by passing this motion, and he stated that he fully stands behind what was passed at the last meeting. He stated that this was a way at expressing confidence in the Chancellor and the Administration and that was why he was going to support the motion.

Chairman Phillips thanked Mr. Hildebolt for his comment.

Chairman Phillips called for a vote. The motion carried 6-4, in favor. Mr. Ward, Dr. Darity, Mr. Allen and Mr. Eubanks voted against the motion.

ELECTION OF MEMBERS OF THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND

Chairman Phillips called on Ms. Ehringhaus.

Ms. Ehringhaus stated that the Board of Trustees has the authority to elect the members of the Endowment Board. Endowment Board members are not required to be members of the Board of Trustees. Mr. Thomas F. Kearns' term and Mr. Max Chapman's term
expired June 30, 1990. Members can be reappointed for any number of terms.

Chairman Phillips thanked Ms. Ehringhaus for the presentation. Mr. Eubanks moved to re-elect Mr. Tom Kearns and Mr. Max Chapman to serve another term on the Endowment Board. Mr. Harris seconded the motion. The motion carried unanimously.

Chairman Phillips commented that the Endowment Board is in the process of reviewing its investment advisors, and he feels it is highly appropriate to keep the same team members during this transition.

**ELECTION OF BOARD OF DIRECTORS OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL FOUNDATION, INC.**

Chairman Phillips called on Ms. Ehringhaus.

Ms. Ehringhaus stated that the Board of Trustees of the University is charged with the responsibility of electing some of the directors of the University of North Carolina at Chapel Hill Foundation, Inc. The first vacancy is a slot on the Board of Directors of the Foundation that must be filled from the membership of the Board of Trustees. This past year, Ms. Dowd served to fill the term of Mr. Phillips who moved into an ex-officio role as Chairman. Dr. Darity moved for re-election of Ms. Dowd for this vacancy on the Endowment Board. Mr. Harris seconded the motion. The motion carried unanimously.

Ms. Ehringhaus stated that the second vacancy is the expired term of Mr. Max Chapman. His slot cannot be filled from the membership of the Board of Trustees, but must be filled from the membership of the Endowment Board; therefore, the Endowment Board membership is the potential slate of nominees.

Mr. Eubanks moved for the re-election of Max Chapman, seconded by Mr. Strickland. The motion carried unanimously.

**DEVELOPMENT**

Board Chairman Phillips called on Chairman Harris.
Board of Visitors Election Update

Chairman Harris called on Mr. William Massey for the Board of Visitors election update. Mr. Massey distributed a list of the Board of Visitors class of 1994 which was chosen at the last meeting on June 22, a copy of which is in the office of the Assistant Secretary. Mr. Massey requested six names be affirmed for the Board of Visitors. Three additional names will be presented at the following meeting of the Board of Trustees. Mr. Jenrette moved approval of the list of names, seconded by Mr. Pope. The motion carried unanimously.

Gift Progress Report

Mr. Bob Sweeney presented the year end analysis of private support to Carolina, and distributed handouts, copies of which are in the Assistant Secretary's office. Mr. Sweeney discussed each handout, UNC-CH's standing at the fiscal year end and discussed University Development activities. At a previous Board meeting, the Board asked Mr. Sweeney to look at average gift size. In Alumni giving the average gift size this year was approximately $475.00, which is a significant gift size on a little less than 35,000 gifts from alumni. Mr. Sweeney was very pleased to report that voice to voice contact was made with approximately 60,000 individuals this year in our student programs. He reported a 31% increase in phonathon giving and a $10.00 increase in the average size of gifts. Mr. Sweeney feels during the course of the campaign more major funds will be generated, and UNC-CH will move into the top twenty universities nation wide in terms of philanthropic support.

Mr. Sweeney asked for questions. Mr. Pope asked how UNC-CH rates as a public university. Mr. Sweeney commented that UNC-CH is in the top twenty of public universities and rank between 40th and 45th overall in all universities in the country in total cash flow.

Referring to the chart "Gifts by Source", Mr. Allen asked what was considered "other organizations". Mr. Sweeney stated it
referred to grant money that comes to UNC-CH, i.e. United Cerebral Palsy, Heart Fund, or other organizations that are not listed under corporate and foundation area, but that are providing support to the University. Mr. Sweeney commented that UNC-CH's fund-raising success is really not the work of the University Development Office, but the faculty effort, Contracts and Grants Office, Research Services Office and other areas. They're sharing this information to give an overall reflection of University giving. There is a significant proportion of money in this from the athletic program.

Chancellor Hardin and Mr. Sweeney confirmed that no research contracts were included in this report. No support was included from public agencies, federal government, or grants from the state. This report involves only private support.

Mr. Allen had one question concerning a comparison with the University of Virginia. Mr. Sweeney stated that UNC-CH equalled University of Virginia this year and came in a little ahead of the University of Virginia last year.

Mr. Pope questioned if designated gifts from other organizations were included in these other University totals. Mr. Sweeney stated yes, and UNC-CH probably was a bit more conservative in accounting on some of these gifts than other collegiate institutions. Mr. Sweeney stated that UNC-CH’s totals possibly will go up as all trust funds and grants are reviewed.

Mr. Harris concluded the report.

REPORT OF THE FINANCE AND BUSINESS COMMITTEE

Board Chairman Phillips called on Vice Chairman Pope to give the report of the Finance and Business Committee. Vice Chairman Pope stated that the committee met this morning, and Mr. Gene Swecker presented for information the Semi-Annual report on Status of Capital Improvement Projects.

Attachment A
Mr. Charles Antle presented for information the Trademark Licensing Program Report.

Attachment B

Mr. Pope moved to approve the final plans and specifications for the new building for the School of Social Work, seconded by Mr. Allen. The motion carried unanimously.

Attachment C

Mr. Pope moved to approve the final plans and specifications for the Thurston-Bowles Buildings, seconded by Mr. Harris. The motion carried unanimously.

Attachment D

Mr. Pope moved to recommend the site east of the child Development Center as the site for the North Carolina Neuropsychiatric Hospital, seconded by Mr. Strickland. The motion carried unanimously.

Attachment E

Mr. Pope moved to recommend approval to lease approximately 11,710 square feet of office space in the NCNB Plaza for the UNC-CH Development Fund, said lease term to be for two years with two one-year renewal options, beginning November 1, 1990, at a cost of $132,925.00 annually, subject to an operating cost increase assessment after year #1. Mr. Ward so moved, seconded by Ms. Dowd. The motion carried unanimously.

Attachment F

Vice Chairman Pope concluded the Finance and Business Committee report. Board Chairman Phillips thanked Mr. Pope.

EXECUTIVE SESSION

Chairman Phillips asked for a motion to go into Executive Session to consider property matters, personnel matters, and election of members for the Board of Visitors as permitted under the open meetings law. The motion will specify that the following persons are to remain in executive session: Members of the Board of Trustees, Chancellor Hardin, Members of the Chancellor's Administrative Council, Ms. Brenda Kirby, Ms. Jane
Bethea, and such other persons as it may invite in from time to time.

Mr. Ward so moved, seconded by Dr. Darity. The motion carried unanimously.

REPORT OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Chairman Darity moved to receive Personnel Matters for Information, Personnel Matters for Action, Academic Affairs, and Personnel Matters for Action, Health Affairs. The motion was seconded by Mr. Harris.

Attachment G, I, J

Chairman Darity moved to approve Personnel Matters for Consultation, and Exceptions to employment policies annual leave provision. The motion was seconded by Mr. Allen.

Attachment H, K

BOARD OF VISITORS

Mr. Ward presented to the Board for discussion an additional name for the Board of Visitors list. The board approved that the additional name be added to the previous list.

Chairman Phillips asked if there were further business in closed session. There being none, he asked for a motion to return to open session. Ms. Dowd so moved, seconded by Mr. Ward. The motion carried unanimously.

OPEN SESSION

REPORT OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Chairman Phillips called on Dr. Darity for his report.

Dr. Darity moved to approve Attachment I, Personnel Changes in Academic Affairs, which deals with designation to named professorship, appointments, and salary approval for appointment. Seconded by Mr. Harris. The motion carried unanimously.

Attachment I

Dr. Darity moved to approve Attachment J, personnel changes in Health Affairs, which deals with appointments, reappointments at same rank, promotions, correction, and salary approval for new
appointments. Mr. Ward seconded. The motion carried unanimously.

Attachment J

Dr. Darity moved to ratify the mail ballots of July 17, 1889 and August 1, 1990, duly seconded. The motion carried unanimously.

Dr. Darity stated that the appendices containing these personnel matters voted on in open session have been distributed to the press.

Attachment L

ADJOURNMENT

Chairman Phillips asked if there were other matters to come before the Board.

There being no further business, Chairman Phillips asked for a motion to adjourn the meeting. Mr. Ward so moved, seconded by Mr. Strickland. The motion carried unanimously.

The meeting was adjourned at 11:17 a.m.

[Signature]
Assistant Secretary