



THE UNIVERSITY
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at CHAPEL HILL

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August 20, 2007

Derek Lochbaum and James Peacock, Co-Chairs
Licensing Labor Code Advisory Committee
Auxiliary Services
15 Lenoir Hall, CB #1500

Dear Derek and Jim:

Thank you for submitting your committee's informative May 31, 2007, report about its deliberations over the past year and for the opportunity to meet with you both to discuss the report and the committee's work. Please convey to all committee members my gratitude for their thoughtful efforts to grapple with the complex issues surrounding the Designated Supplier Program (DSP) proposal. The committee has done the University an important service with these deliberations and involved a healthy cross-section of key stakeholders over the past year.

I accept the committee's report on behalf of the University. In doing so, however, and in taking some time over the summer to reflect upon the University's best interests, I have reached my own conclusions about the DSP proposal and the committee's future work and structure.

With no clear consensus emerging from the committee to take a definitive ~~action~~ after two years of deliberations, I believe it is best for Carolina to reject this current proposal and move on. There has been ample time for fact finding and analysis. Too many critical questions simply have not been answered about how the DSP, as currently proposed, would operate and, more importantly, how universities could be assured it could actually improve the current labor code situation and the lives of the people who make these products instead of weakening it or unfairly harming even exemplary licensees in unintended ways. Even with the formation of the DSP Working Group, there is still not the kind of critical mass among the campuses with the highest-performing trademark licensing programs to give the proposal momentum to gain any significant traction. In fact, there is more momentum among the very top public university licensing programs to pursue alternatives to the DSP.

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I respect those on our divided committee and around the country who have championed this DSP cause. I have kept an open mind about it. But I have not received compelling evidence or information from the committee to persuade me to support the DSP as it was originally proposed and later revised.

Overall, there are more effective ways for Carolina to remain engaged in the discussions about licensing codes and enforcement issues facing U.S. colleges and universities that are committed to socially responsible positions. We all have good reason to be proud of the University's historic role as a national leader on this issue. This University's labor code practices have helped set an excellent example over the years. Examples include the creation and work of this committee, a special seminar for students that brought in guest speakers representing industry and labor perspectives and the overall approach we have taken with our licensees – all in addition to being among the first campuses to establish a meaningful labor code. My intention is for the University to continue making meaningful contributions to the national conversations about these topics. We have that responsibility as stewards of one of the country's most successful trademark licensing programs.

In that context, I agree with the committee's recommendation that Carolina remain a member of both the Fair Labor Association and the Worker Rights Consortium. We have already taken steps to extend those commitments.

I also endorse the following recommendations that the co-chairs deemed had received consensus from the committee:

3. Maintain the LLCAC's ability to recommend sanctions against licensees who do not live up to the terms of the UNC Code.
- 4. Support the efforts of Professor John Pickles and other UNC faculty and students to research these complex issues and organize a symposium to discuss them.

I also concur with this recommendation from among those identified as reaching near consensus:

2. Participate in the pilot study of the FLA's Enhanced Licensee Program. (I know this study was launched over the summer with nine campuses including Carolina and over 100 apparel and non-apparel licensees participating, and I look forward to learning about the results.)

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With the question of the University's involvement with the DSP now resolved, I request the committee to focus its discussions during the 2007-08 academic year on advising me about recommendation #2 from the committee's list of recommendations reflecting consensus: "Develop a procedure that will incorporate compliance capacity (i.e., the capacity of a licensee to comply with the existing UNC code) as a criterion for selecting and renewing licensees."

I am not asking the committee to become involved in how the University evaluates the applications or renewal requests from our licensees. Rather, I seek the committee's best advice about what kind of policy or policies should guide the licensing office in determining the University's standards for approval. Another issue to consider is how the University might involve or draw upon the experiences of other organizations, such as the FLA or WRC, or campuses in the possible development of a policy. Your input on this question in the coming year will be helpful to me.

Turning to committee operations, I have also given a great deal of thought to the issues of membership and organization. First, I want to thank you, Jim, for your devoted and exemplary service as co-chair of the committee for several years. You are a model University citizen, and this is just one of many contributions you have made as a great faculty leader. Thank you for also agreeing to continue serving as a committee member.

I have determined that the committee can best serve in its role as providing advice to the chancellor by reconstituting the membership and, in the future, seeking direct input from faculty governance and student government leaders about potential members. That is the more typical practice for committees advising me instead of by ad hoc appointments, as has been the recent case with this committee.

For the faculty representatives, I hope that all five current committee members will continue to serve in 2007-08. Then we will begin imposing a staggered set of term limits, based on longevity with the committee, as follows: Don Hornstein and James Peacock (expires spring 2008); John Pickles and Altha Cravey (expires spring 2009); and Patrick Conway and a sixth new faculty member (spring 2010). All current faculty members are then eligible to be reconsidered for reappointment as part of a nomination process in which I will involve the faculty governance leadership.

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Specifically, I will consult with Faculty Chair Joe Templeton and the chairs of the Faculty Advisory Committee and the Athletics Committee – both elected faculty committees – and ask them to submit the names of two nominees to consider in making the appointment of the new faculty member and in determining the new co-chair to succeed Jim. I will also follow this practice – of seeking two nominees for each committee slot – when other faculty vacancies occur on the committee.

For the student representatives, I will ask the student body president for two nominations to fill each of the two current undergraduate student slots – four nominations total – for the 2007-08 academic year. I prefer juniors so that they will have the opportunity to serve for two years. I will also ask the president of the Graduate and Professional Student Federation for two nominations in order to select a graduate student to serve in the coming year since the committee has historically had that representation. All students will serve a one-year term and be eligible for one reappointment if their appointing body renominates them to serve.

From the administrative ranks, the committee will continue to have representatives serving in an ex-officio capacity from the following offices: Director of Trademark Licensing (to serve as co-chair), as well as the Director of Athletics, the Associate Provost for Scholarships and Student Aid and the Vice Chancellor for Finance and Administration.

In addition, I am designating Jack Evans' current membership, though he is a faculty member, as ex-officio since he represents the University as the faculty liaison with the Atlantic Coast Conference and the National Collegiate Athletic Association. He is also a member of the Athletics Committee reporting to the Faculty Council. My intent is to keep whoever is serving our campus in this role on the committee since some of the issues involved are related to our athletics program.

Because of the compelling global implications of this committee's work, I am also asking Peter Coclans, Associate Provost for International Affairs, to join the committee in an ex-officio role and intend for that office to also have a standing appointment. There are no term limits for these appointments; the person holding these positions will automatically serve on the committee.

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With these changes, the committee will now have 15 members: six faculty members, three student members (two undergraduate and one graduate) and six ex-officio members.

I will report back to the committee as soon as possible about progress with my appointment of a new co-chair representing the faculty and new student members. I hope that the committee can begin its work as a reconstituted body during the first half of the fall semester.

I recognize that these changes in structure and charge are significant. Fundamentally, the committee, which has made important contributions over the years, exists to advise the chancellor. My judgment is that these actions will provide the most effective way to solicit that input in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "James Moeser", written over a circular stamp or mark.

James Moeser

JM:bl

cc: Vice Chancellor Dick Mann
Vice Chancellor Peggy Jablonski
Provost and Executive Vice Chancellor Bernadette Gray-Little

Moeser/lcacreport