

Resolution 1999-10. Expressing the Sense of the Faculty Council on a Contract with Wachovia Bank.

WHEREAS, the University of North Carolina at Chapel Hill, as a public educational institution, carries a special obligation to its students, faculty and staff to conduct its business affairs in the most open, public and even-handed manner possible; and

WHEREAS, the University of North Carolina at Chapel Hill, as a public educational institution, owes it to the public to avoid even the appearance of compromising its educational mission for financial gain; and

WHEREAS, the University of North Carolina at Chapel Hill, as a public educational institution, should enter into commercial relationships that strongly steer students, faculty and staff towards one particular financial services provider only after a careful and public analysis of other opportunities and after full opportunity for those affected to provide input into the decision; and

WHEREAS, the UNC-CH Report on the Intellectual Climate of the University referred to the Greater Pit Area as "the most important, successful, and critical common space on campus" and called for its role to be "protected and enhanced"; and

WHEREAS, the University of North Carolina at Chapel Hill, as a public educational institution, should avoid unreasonably favoring one commercial interest over any other in the conduct of University affairs; now therefore

The Faculty Council resolves:

1. The Faculty Council expresses its dismay that the Office of the Vice-Chancellor for Finance and Administration entered into a contract granting Wachovia Bank various exclusive rights to conduct banking services without adequately consulting the faculty, students and staff directly affected by the contract.
2. The Faculty Council expresses its dismay that the Office of the Vice-Chancellor for Finance and Administration entered into a contract granting Wachovia Bank an unreasonably favored position, including various exclusive rights, to market its banking services to students, their parents, faculty and staff that goes well beyond that necessary to operate the UNC One Card system.
3. The Faculty Council expresses its dismay that the Office of the Vice-Chancellor for Finance and Administration entered into a contract granting Wachovia Bank the right to establish a branch office near the "Pit" without including clear limits in the contract on the placement, size or visibility of the office's signage. If the contract is implemented, the Council specifically calls for guarantees that no signage inside the branch bank will be visible outside the walls of the branch.
4. The Faculty Council expresses its dismay that the Office of the Vice-Chancellor for Finance and Administration entered into a contract with Wachovia Bank in which the University purported to agree to keep confidential the financial terms of the agreement in apparent violation of the North Carolina Public Records Act.

5. The Faculty Council, although appreciative of the fact that the Office of the Vice-Chancellor for Finance and Administration seeks outside revenue sources to supplement the administration of University functions such as the UNC One card, calls upon the Office to approach contracts that grant exclusive marketing rights to commercial interests reluctantly. Such contracts should be entered into only after all other possibilities have been found impracticable and only after careful consideration coupled with extensive consultation with all persons within the University community who might be affected.
6. The Faculty Council calls upon the University of North Carolina at Chapel Hill to seek to withdraw from the contract in question and to re-negotiate the contract. We specifically call for any re-negotiated contract to remove all exclusive commercial rights not necessary for the technical functioning of the UNC One card system, to spell out clear privacy protections for students and university employees, and to bar signage visible outside of any branch bank established on University premises.
7. The Faculty Council calls upon the University of North Carolina at Chapel Hill to enter into contracts with commercial interests that seek to conduct business on campus with as strong a commitment to non-exclusivity as possible so as to permit UNC-CH students, faculty and staff the greatest range of choice in consumer products and services.

Background

On 7/14/99, Vice-Chancellor for Finance and Administration, James R. Ramsey, signed a contract with Wachovia Bank to have the bank operate as the "Primary Bank" for the UNC One card system. The contract grants a number of exclusive rights to Wachovia to market its products and services to UNC-CH students, their parents, faculty and staff. Although a general briefing on the contract negotiations was provided to various members of the Faculty Council, to the best of our knowledge, no one ever explained such key features as the establishment of a branch bank in the Student Stores building and the substantial number of exclusive rights given to Wachovia to market its services.

Selected Terms of the Contract

1. Wachovia is designated the "Primary Bank," and acquires the exclusive right to (a) incorporate banking services on the UNC One card, (b) operate a "branch bank" at a specified location in the Student Stores, and (c) install ATMs at Student Stores, Chase Hall, and the Circus Room.
2. The University may establish a "secondary banking facility" at which banks other than Wachovia can place only one ATM machine each. Wachovia is the only bank permitted to place ATM machines in any other location on the university campus (unless Wachovia chooses not to exercise its right of first refusal to place ATMs where the University requests). The location of the "secondary banking facility" is not specified.
3. Wachovia is given the following *exclusive* rights: to establish and market banking services through the UNC One card; to establish and operate a branch bank on the UNC-CH campus; and to establish multiple ATM machines on the UNC-CH campus. In addition, the University grants Wachovia "the exclusive rights to incorporate banking services on the UNC One Card."

4. Wachovia will "upfit in accordance with Wachovia branch specifications the branch banking facility space provided by the University." The precise meaning of this language is obscure. For example, it is not clear whether Wachovia could place signs inside the branch bank that are clearly visible from the Pit.
5. Wachovia will establish the following banking services through the UNC One card:
 - the ability to transfer funds from Wachovia checking accounts to the UNC One card
 - ATM access to Wachovia accounts through the UNC One card
 - Visa Check (debit card?) services through the UNC One card

 - electronic transfers from a Wachovia checking account to a UNC One card account
1. Wachovia will offer to University students, staff, and faculty specified packages of banking products and services, one for students and another for faculty and staff.
2. The University will require all full-time and part-time employees and students to acquire and use the UNC One Card for "normal" University activities.
3. The University agrees to give Wachovia marketing access, as mutually agreed with the University, to all students and employees at UNC-CH.
4. The University agrees to permit Wachovia to use the University's name in marketing Wachovia's Campus Card program. This will require prior written permission, "which may not be unreasonably withheld," from the University's Contract Administrator. Wachovia may not use the University's name in such a manner as to imply an endorsement by the University of Wachovia, its products, or services.
5. In return for the various marketing and banking privileges granted by the University, Wachovia agrees to pay a specified amount of money up front and specified monthly fees thereafter. The University agrees, "to the extent permitted by law," to keep confidential certain information identified by Wachovia as confidential, including the financial terms of the agreement with Wachovia.