The North Carolina State University Board of Trustees met in regular session in the Hood Board Room of the Dorothy and Roy Park Alumni Center on Centennial Campus, in Raleigh, NC, on Friday, September 16, 2016.

Members present: James W. Owens, Chair  
Robert F. Andrews  
Thomas E. Cabaniss  
Jimmy D. Clark  
Ann B. Goodnight  
Stanhope A. Kelly  
Wendell H. Murphy  
Ronald W. Prestage, DVM  
Randall C. Ramsey  
Susan P. Ward  
Dewayne N. Washington  
Paul R. Nolan, ex officio

Chair Owens called the meeting to order at 9:30 a.m. He reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired if there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. Chair Owens called on Assistant Secretary PJ Teal for the roll call.

ROLL CALL  
Assistant Secretary PJ Teal called roll and certified that a quorum was present.

OATH OF OFFICE FOR NEW MEMBERS  
Chair Owens introduced Judge Paul Ridgeway, Superior Court Judge, to administer the oath of office to new ex officio member, Paul R. Nolan.

MINUTES  
Ms. Goodnight made the motion, seconded by Mr. Kelly, to approve the open and closed session minutes of the July 13, 2016 meeting of the full board. The motion passed.

CHAIR’S REPORT - JIM OWENS  
Chair Owens thanked the Board for their confidence in him and for their service to the Board and especially their committee work. He welcomed Paul Nolan to the Board and recognized Paul’s mother Bonnie.

Chair Owens asked the Board to add two important dates to their calendars for the campaign kickoff.  
- Friday, October 28: 12:30 - 2 Volunteer lunch; 2:30 – 3:30 Chancellor’s Fall address followed by a campus wide celebration; 6:00 VIP kickoff reception and 7:30 kickoff event for the campaign.  
- Saturday, October 29: Homecoming football game vs. Boston College.

Chair Owens then asked the Board to review a red-lined version of a proposed revision to the Trustee bylaws. This revision is needed because of recent actions by the Board of Governors regarding salary increase preauthorization requirements. At their July meeting, the BOG increased the salary preauthorization threshold for the President to 25% and $25,000. The President intends to extend up to 20% and $15,000 of this authority to the Boards of Trustees who in turn have an opportunity to further delegate this authority to the Chancellor. The revision extends the 20% and $15,000 authority to the Chancellor and raises the limits for Trustee review and approval from a 15% and $10,000 increase to 25%
and $25,000. Chair Owens asked for a motion to approve the proposed revision. Mr. Clark made the motion, seconded by Dr. Prestage, to approve the proposed revision to the Trustee bylaws. The motion passed.

Chair Owens reminded the Trustees that annually the ACC requires each University Board of Trustees to certify that the authority for the administration of intercollegiate athletics has been delegated to the Chancellor. He asked for a motion to approve the ACC Governing Board Certification for 2016-2017. Ms. Ward moved the motion, seconded by Mr. Murphy, and the motion passed.

Chair Owens then spoke of the importance of the Board of Visitors. He informed the Board that five new members had been chosen for the BOV: Dr. Dwight Armstrong, Ms. Brenda Brickhouse, Mr. Erik Dixon, Gen. Raymond Odierno, and Mr. Danny Peebles.

Chair Owens gave an Endowment Fund Board report and he shared that Gayle Lanier and Art Raymond have joined the Board. He reported that the Board heard a report from Brian Sischo, Vice Chancellor for University Advancement, on the 2016 highlights regarding the capital campaign and advancement activity as well as strategic goals for 2017. He also shared the timeline for upcoming events related to the campaign. NC State recently accepted an invitation to join the Council for Advancement and Support of Education’s CASE 50, a community of the top 50 fundraising universities and colleges in the United States and the United Kingdom.

The Endowment Fund Board accepted new gifts and property of $9,837,649 received since the last meeting. The Board also accepted the Annual Report. The report will be provided in the Trustee November meeting materials. The Endowment Fund’s Net Assets increased by 1.4% for fiscal 2016, ending the year at $391.1 million. Contributions and matching revenues were $15.3 million, for the year. The Endowment Fund has investable assets of $209 million in the NC State Investment Fund.

The Board received an investment performance report for the Investment Fund for the fiscal year ending June 30, 2016. The Investment Fund posted a negative 1.4% return for fiscal year 2016, the performance of which is slightly above UNC Investment Fund’s 12 month return of negative 2%, and slightly below the Fund’s policy benchmark. The Board also received an update on the Investment Fund’s asset allocation, and the performance of various asset classes in the portfolio.

The Board heard and accepted the Hofmann Forest annual report as of June 30, 2016. Actual performance for fiscal year 2016 was better than expected. The Board convened into Executive Session to hear a report on additional real estate activity. Vice Chancellor Alan Rebar presented the Board with a request to establish a Seed Capital Endowment Fund – or SCEF. The Wolfpack Investor Network, also referred to as WIN, is a new initiative to connect qualified alumni investors with NC State – affiliated start-up companies. The SCFE is a small investment derived from existing endowment to be repurposed in support of WIN. The Endowment Fund Board approved a motion to establish a Seed Capital Endowment Fund from the Research Commercialization Fund – not to exceed $500,000 – and to delegate the allocation decisions to the Wolfpack Investor Network to invest outside the NC State Investment Fund, Inc., for the purpose of making incremental investments in portfolio companies consistent with policies surrounding Qualified Investments in the Network's portfolio companies. It is the expectation that valuation reports from these investments will be provided to the Endowment Fund Board on an annual basis. The Board received an update on real estate assets held by the Endowment Fund. Reports on specific projects included the BioMedical Partnership Center, which was formerly referred to as the CBC Flex Building, Center for Technology and Innovation, the Stateview Hotel and Conference Center and the North Shore Residential Development.
CHANCELLOR'S REPORT – W. RANDOLPH WOODSON

Chancellor Woodson reported that his 2015-2016 Accomplishments Report highlighted great things that have happened at NC State between last July and this past June.

Chancellor Woodson shared that NC State had a record-setting number of applications this year. The total number of applicants increased by nearly 25 percent, earning us an all-time high of 26,000 potential students. The Class of 2020 represents all 100 counties in North Carolina, all 50 states in the U.S. and 70 countries from around the globe. In addition to the 4,300 new freshmen, NC State's Graduate School enrolled 2,659 students for the 2016-2017 academic year.

He noted that in addition to all those new students, we also have some new faces on the administrative side. They are as follows:

- Mark Hoversten, Dean of the School of Design
- Annette Ranft, the Stephen P. Zeinak Jr. Dean of the Poole College of Management
- Linda McCabe Smith, Vice Provost for Institutional Equity and Diversity
- Sarah Stone, Interim Assistant to the Chancellor for External Affairs
- Marie Williams, Associate Vice Chancellor for Human Resources

Chancellor Woodson reported that a student currently enrolled in NC State's MFA in Creative Writing Program as well as three recent alums were recognized for by the editors of the Best American Science Fiction and Fantasy Series. Ph.D. student Lindsey Smart received a $10,000 Fellowship from the NC Sea Grant / NC Space Grant to study the relationship between rising sea levels and the presence of "ghost forests" along the North Carolinian Coast. Her research will provide valuable information and protective measures to help local landowners prevent the loss of forest biodiversity. A team of three seniors in the Poole College of Management – Alexandra Shrader, Morgan Wilson and Taylor Rogan – won third place in the select Deloitte SAP Co-Innovation Event. This competition tests students on their ability to apply what they have learned during their undergraduate education to hypothetical situations and challenges them to think critically and creatively about problems that face many business ventures.

Chancellor Woodson reported that NC State's faculty members are also accomplishing great feats and providing valuable contributions through innovative research. One such person is Dr. Nancy Allbritton, a Kenan Distinguished Professor and head of the UNC-NC State Joint Department of Biomedical Engineering. She recently received a prestigious award from the American Chemical Society's Division of Analytical Chemistry for her work with chemical instrumentation. Dr. Allbritton's research involves the use of biomedical microdevices and pharmacoeengineering to develop new technology and assays for biomedical applications.

He reported that Dr. Casey Theriot was awarded a $1.5 million grant from the National Institutes of Health for her research exploring bacterial therapies to combat *Clostridium difficile* infections. The NIH's Maximizing Investigator's Research Award for New and Early Stage Investigators will be awarded over a period of five years, helping fund Dr. Theriot's research lab for the foreseeable future.

Chancellor Woodson reported that Dr. Frank Buckless, Dr. Kathy Krawczyk, and Dr. Scott Showalter are receiving an Innovation in Accounting Education Award from the American Accounting Association. These professors are being recognized for their online simulation titled Second Life, which allows students to gain hands-on experience with inventory procedures without disrupting the daily productivity of warehouses.
Chancellor Woodson referred to the newly-released rankings from U.S. News & World Report. NC State ranked No. 33 for courses related to undergraduate game design, an academically rigorous concentration offered to students in our Department of Computer Science. NC State placed in the top 50 out of the 381 institutions surveyed, putting us among schools like the Massachusetts Institute of Technology and the Savannah College of Art and Design. Additionally, NC State was included on Princeton Review’s list of “Colleges That Pay You Back” and received a score of 90 for return on investment.

Chancellor Woodson noted that another exciting ranking came from Nature Magazine as they released their rankings of scholarly outputs of universities and research institutions around the world. Nature placed NC State at No. 31 in the world and third in North America.

He reported that the Golden LEAF Foundation awarded NC State with a $45 million grant to fund the Plant Sciences initiative building. The Plant Sciences Initiative will further fuel our state’s economy through the enhancement of agribusiness – the No. 1 sector in North Carolina’s economy, at $78 billion per year.

Chancellor Woodson reported that this year marks the 50th year that NC State Football has called Carter-Finley Stadium the home of the Wolfpack. Much has changed over the years, but one thing that remains is NC State’s pride and excitement in this landmark for the campus and the surrounding community. He referred to a great story on the NC State news web site about Charles Kahn, a former College of Design professor and two-time NC State graduate and one of the stadium’s principal designers.

He reported that the newly renovated Reynolds Coliseum will have its grand opening complete with the unveiling of Coaches’ Corner where tribute will be paid to iconic coaches. Then there will be Hall of Fame Inductions.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS

Mr. Cabaniss reported that the committee reviewed and discussed its responsibilities as per the bylaws, and the draft plan of work for the year. The four key areas of committee authority are audit, finance, risk management, and policy development for institutional trust funds and campus security.

Mr. Cabaniss presented a resolution to authorize NC State University to request the Board of Governors to issue one or more series of bonds to be known as North Carolina State University Special Obligation Bonds. The proceeds will be applied to finance the Plant Sciences Building, Carmichael Addition and Renovation, and Case Commons Residence Hall. Mr. Cabaniss made a motion, seconded by Mr. Kelly, to approve the Special Obligation Bond Resolution to enable issuance for the specific project. The motion passed.

Mr. Cabaniss reported that the Committee reviewed the Internal Audit Charter and approved the Charter as presented. A final report for fiscal year 2016 as well as current audit activities were reviewed.

Mr. Cabaniss reported that the committee received a budget and legislative update. Changes to the state appropriated budget for 2016-2017 included a continuing management flex reduction of $11 million and a one-time cut of $682 thousand. The budget included funding for salary increases, enrollment changes, repair and renovations, and capital improvements. Employees received salary increases of 1.5%, effective July 1, and funding for one time bonuses to be awarded in October. The NC GAP program has been delayed by one year. Senate Bill 873, Access to Affordable College Education Act, fixed freshmen tuition and fees for eight semesters, starting with the class in the fall of 2016. Fees are capped at 3% per academic year beginning in 2017-2018.
Mr. Cabaniss noted that the committee heard a report for fiscal year 2015-2016. Financial Reporting for Intercollegiate Athletics. NC State Athletics self-generated 91.3% of all Athletic revenue for FY15, and is near the top quartile compared to other ACC schools. The other 8.7% of revenue is funded from student fees. NC State’s Student Fee for Operations is the lowest in the UNC System. It has not increased since FY13. NC State’s expenses for FY 15 are in the bottom quartile of the ACC. Athletic expenses are 5.5% of total institutional expenses, which is in the 50th percentile. The Committee was provided other financial information including the annual budget for fiscal 2016-2017 for the Department of Athletics.

Mr. Cabaniss reported that the Committee was provided an overview of the NC State Compliance and Integrity Program, including the compliance framework, program attributes and activities, and reporting hotlines. The Committee also discussed Research Compliance at the University and the charge given to the recent compliance working sub-group.

BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS
Mr. Andrews reported that the committee reviewed committee responsibilities and the 2016-2017 plan of work. They also reviewed and approved the April 21, 2016 meeting minutes, one property matter that required committee approval and three property matters that require full board approval. They are as follows:

- Disposition by Ground Lease of approximately 9 acres to the Tammy Lynn Memorial Foundation, Inc. The property is located on Centennial Campus, at 739 Chappell Drive, Raleigh, NC 27608. The lease will continue Tammy Lynn Memorial Foundation’s use of this property. It will also include termination of an access easement adjacent to the land that currently impairs further development of North Shore project, and provide a limited license to access adjoining trail on NC State land.

- Disposition by Lease of approximately 6,809 rentable square feet (RSF) of office space to Freese + Nichols for approximately $149,798 per year for 5 years beginning December 1, 2016 with one 5-year renewal option. The property is located on Centennial Campus at Partners Building I, 1017 Main Campus Drive, Suite 1200.

- Disposition by Lease of approximately 6,332 RSF of office space to the National Weather Service for a term of approximately 10 years for $188,400 per year beginning on December 15, 2016 with no renewals. The property is located on Centennial Campus at Research Building III, 1005 Capability Drive, Suite 300.

Mr. Andrews made a motion, seconded by Dr. Prestage, to approve the three property matters. The motion passed. He noted that there was one property matter that required committee approval only. It was a Disposition of Demolition for a one-story frame house and one wood/metal garage constructed in 1952 and 1979 respectively, along with associated improvements as requested by the College of Agriculture and Life Sciences. The house and garage are located at 4901 and 4903 Reedy Creek Road.

Mr. Andrews reported that the committee approved and recommended 26 Designer selections and accepted 13 building projects at a combined value of $14.6 million that included the Carmichael Locker Room improvements at a value of $6.5 million and the new reuse water distribution main on Centennial Campus allowing savings in the cost of cooling tower water, campus irrigation water and commode supply in Hunt Library.

Mr. Andrews noted that the committee reviewed and approved site selection for the Case Commons Residence Hall located in the Central Campus Precinct and they also reviewed and approved the design plan for the Case Commons Residence Hall. Additionally the committee approved 12 Plans and Specifications of Formal Projects costing less than $2 million and received updates from Real Estate and
Development and Capital Project Management. Mr. Andrews reported that the University Architect provided an update on the status of projects in planning.

**UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE - CHAIR JIMMY CLARK**

Mr. Clark reported that the committee heard a University Advancement and Fundraising update, and a review of fiscal year 2016. He noted that year end totaled $162 million in gifts and new commitments and cash receipts of $127 million.

Mr. Clark reported that the Campaign total was $884 million at the end of June, but with the recent announcement of the Golden Leaf Foundation grant of $45 million, combined with several other leadership level gifts, the campaign total had reached $957 million as of September 9. The “Billion By Launch” initiative was discussed. It is an internally-focused effort with the aspiration to reach $1 billion in the campaign by the kickoff on October 28.

Mr. Clark stated that the committee reviewed naming policies and procedures, including a discussion of the process for assembling information on historical namings across the University. In addition, the committee reviewed the proposed creation of a new endowment naming level for directors of distinctive scholarship programs at NC State.

Mr. Clark reported that the committee heard an overview of the University’s planned giving program including a summary of the existing portfolio of planned gift donors as well as the types of planned gift vehicles available to potential donors.

Mr. Clark stated that the Division of Academic and Student Affairs presented naming opportunities connected to the Carmichael Gymnasium within University Recreation. Representatives from the JC Raulston Arboretum presented naming opportunities for a new Edible Garden. He noted that total naming opportunities for the Edible Garden are approximately $1 million.

Mr. Clark reported that the committee voted to approve all of the naming proposals, and in closed session, the Committee approved three new naming proposals to name specific university spaces on campus.

**UNIVERSITY AFFAIRS COMMITTEE – CHAIR STAN KELLY**

Mr. Kelly reported that the committee reviewed its responsibilities as outlined in the Board of Trustees Bylaws and the committee’s plan of work for this academic year. Mr. Kelly noted that the committee approved requests to continue three Centers that have completed the required review of activities in accordance with university regulations. These are the Industry Research Programs in Forestry Center, the Center for Geospatial Analytics and the Bioinformatics Research Center.

Mr. Kelly reported that the committee heard annual reports pertaining to intercollegiate athletics and Fall enrollment information and received updates from Student Body President Paul Nolan and Provost Arden. The Annual Report on Intercollegiate Athletics, required per UNC policy, highlighted the profiles for admitted student-athletes including SAT/ACT scores and high school grade point averages; the student-athlete exceptions to the minimum course requirements set by the Board of Governors; the student-athlete profiles for admitted graduate student-athletes; information about the majors chosen by student-athletes; and NC State University practices that reinforce the integral connection between academics and athletics.

Mr. Kelly reported that Senior Vice Provost Louis Hunt presented preliminary Fall enrollment information. Several enrollment matters were discussed, including the following: changes in overall graduate and undergraduate enrollment; academic quality of the incoming freshman cohort; and undergraduate student success data. The data presented showed that NC State’s Class of 2020 is the most academically prepared class ever admitted to the university. Over 26,000 applications were
received for fall 2016, which represented all North Carolina counties, 50 states, and over 119 countries. The incoming freshman class included 210 students that graduated as valedictorian or salutatorian in their high school class, over 560 children of alumni, and over 625 students that are the first in their family to attend college. He noted that several new efforts intended to enhance student success were highlighted.

Mr. Kelly stated that an update on Student Government activities was given by Student Body President, Paul Nolan. Some initiatives underway in Student Government include voter registration and engagement, promoting the It’s On Us education-based campaign to end sexual assault on college campuses, developing and hosting a series of town halls for the academic year and requiring diversity and cultural competency training for all Student Organization leaders.

Mr. Kelly reported that in the Provost’s update, the committee received information about the 2016-2017 faculty salary ranges. The committee also received an update on the Chancellor’s Faculty Excellence Program. At present, 12 of the 20 clusters have completed their hiring, bringing 56 of the possible 80 cluster hires to campus. Hires have been made in all 10 colleges and in about 40% of our academic departments. He noted that in closed session, the committee approved a head coach employment agreement and a non-salary compensation request.

**CHAIR OF THE FACULTY REPORT – JEANNETTE MOORE**

Dr. Jeannette Moore gave the following updates that have been discussed at the full Faculty Senate:

- Results of the COACHE Faculty Satisfaction Survey.
- Enhancing Graduate Student Success.
- Academic Analytics: Where is the university going with this?
- The title of “Secretary” was changed to “Associate Chair” after considerable discussion with a vote of 22 yes, 1 no, and 0 abstentions.
- The Faculty Senate voted unanimously to give University College separate Senate representation from the General Constituency. This will occur with the next elections (spring of 2017) and will be effective as of July 1, 2017. This will increase the number of senators from 35 to 37.
- Two resolutions were passed at the final (April 19) meeting. They were (1) Resolution in Favor of Updating the Alma Mater; and (2) Resolution of Opposition to the Drug and Alcohol Free Workplace Regulation.

Dr. Moore reported that the Spring General Faculty Meeting was held on March 1, 2016. The faculty presented a plaque to Chancellor and Mrs. Woodson with the text of the Resolution of Appreciation recognizing their very generous donation to start the scholarship program that will provide $2,000 annually toward NC State University tuition for all dependents of faculty and staff employed full time for 3 or more years. The featured speaker for the meeting was Vice Chancellor and Dean Mike Mullen, who gave a big picture overview of DASA (Division of Academic and Student Affairs) and the new University College.

**CHAIR OF THE STAFF SENATE REPORT – ANGKANA BODE**

Ms. Bode reported that the NC State Staff Senate started its twenty-second year celebrating “the Employee Dependent’s Tuition Scholarship.” She noted that a thank you video montage was unveiled to Chancellor Woodson at the July 12 Retreat at Hunt Library. Staff Senate is also working on fund-raising initiatives to help support the scholarship program for future generations of Wolfpackers.
Ms. Bode listed the goals of Staff Senate:

- Promote and facilitate staff participation in the university community. Staff Senators are actively engaged in projects such as Packapalooza Annual Festival, Habitat Build-A-Block, Bountiful Harvest Food Drive, Feed-the-Pack Food Pantry, Toys 4 Tots Drive, and additional new initiatives to be rolled out this year.
- Communicating with employees via Staff Senate’s weekly newsletter is a great success. They will start exploring the use of new technologies and social media and will improve Lunch and Learn sessions across campus with topics of interest to all employees.
- Staff Senate will continue to work closely with the UNC Staff Assembly and the UNC Faculty Assembly. Years without a cost-of-living adjustment or merit awards have left too many staffers behind the levels we want them to reach. The recent salary increase from the legislature brings much-needed improvement to morale and financial well-being.
- Staff Senate’s April 2016 resolution on “The Establishment of the Staff Ombuds Office,” was followed by the UNC-GA Human Resources system-wide support for Staff Ombuds Office in August 2016. Under the guidance of Associate Vice Chancellor Marie Williams, Staff Senate is collaborating with NC State Student and Faculty Ombuds Offices with a common purpose of strengthening our university community.
- Staff Senate is excited about the promising resolution on “Recommendations Arising from the 2014 Staff Well-Being Survey Results.” To make NC State an even better place to work, Staff Senate is focusing on those areas where employee and workforce conditions can be improved at little or no cost to the university, where employees can grow, and where a “culture of continuous improvement” called for in the university’s strategic plan will be facilitated.

CLOSED SESSION
With no further business in open session, Mrs. Ward made the motion, seconded by Mrs. Goodnight, at 11:10 a.m. to go into closed session to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee and to prevent the premature disclosure of an honorary award. The motion passed.

RECONVNE IN OPEN SESSION
At 11:45 a.m., the board came out of closed session. A motion was made by Mr. Clark seconded by Mr. Murphy, to approve the request for political activity as discussed in closed session. The motion passed. With no further business in open session, Chair Owens adjourned the meeting at 11:50 a.m.

Respectfully submitted,

Assistant Secretary

Secretary

Approved:

Chair of the Board