Board of Trustees
North Carolina State University
Raleigh, North Carolina
February 17, 2017

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, February 17, 2017.

Members present:
James W. Owens, Chair
Robert F. Andrews
Thomas E. Cabaniss
Jimmy D. Clark
Ann B. Goodnight
Benjamin P. Jenkins III
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 9:25 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.

MINUTES
Mr. Jenkins made the motion, seconded by Mr. Clark, to approve the open and closed session minutes of the November 18, 2016 meeting of the full board. The motion passed.

CHAIR’S REPORT – JIM OWENS
Chair Owens gave an Endowment Fund Board meeting update. He reported that the Think and Do the Extraordinary campaign raised $1.062 billion as of January 31, 2017, with $538 million still to be raised, which is progress towards the campaign goal of $1.6 billion. He reported that the Endowment Board accepted new gifts and property of $6,745,587 since the last meeting.

Chair Owens reported that the Endowment Fund is one component of the University’s total endowment and the University’s total endowment was valued at $1.06 billion at calendar year-end. He noted that the University’s endowment growth has been a function of strong fundraising and good investment performance.

Chair Owens reported that as of December 31, 2016, the Endowment Fund had investable assets of $280.27 million in the NC State Investment Fund (Fund) and was the largest participant in the Fund. For the six months ending December 31, the Investment Fund posted a 5.6 percent return, net of fees, and a 12-month return of 4.3 percent. The Fund’s performance was comparable to the UNC Investment Fund, which experienced a six-month return of 5.8 percent and a 12-month return of 3.9 percent. He noted that the Endowment Board received an update on the Investment Fund’s asset allocation and the performance of various asset classes in the portfolio. Chair Owens reported that the Endowment Board heard its annual report on the performance of the University’s total endowment compared with other NACUBO survey respondents. The University reported a negative return of -1.47 percent for all of its
endowments for the year ending June 30, 2016, which was better than the NACUBO average for other endowments in NC State’s class. The University’s endowment ranked the 94th largest out of 815 survey responses, compared with 98th out of 812 last year. From the NACUBO survey results, only 14 of the top 100 largest endowments had a positive change in market value, and NC State ranked 7th highest out of those 14.

Chair Owens reported that the Endowment Board also heard a report on endowment spending budgets for fiscal 2018, and the results of a spending survey update completed in fall 2016. For fiscal 2018, NC State’s endowments will produce programmatic spending of $20.6 million (not including the Wolfpack Club and Textiles Foundation). A spending survey was conducted to compare NC State’s spending with other institutions, and of 15 who completed the survey, NC State’s was the 5th lowest in total spending.

Chair Owens updated the Board on real estate assets held by the Endowment Fund. The Endowment Fund receives ground rent income from its real estate assets. In addition to bringing economic vitality to campus, these projects produce income to support a number of purposes on campus.

Chair Owens noted that the Endowment Board convened to Executive Session to hear a report on additional real estate activity.

Chair Owens announced that there will be a Trustee self – assessment, to review the Board’s current organization and effectiveness. He noted that University of Virginia President, Teresa Sullivan, will facilitate a discussion of survey results on April 20, 2017, and a summary of the results will be forwarded to President Spellings.

Chair Owens reported that Board of Trustees’ Bylaws give the nominating committee responsibility for “presenting a slate of nominees to the board at its last meeting before the beginning of each fiscal year. The slate of nominees shall contain at least one nominee for each of the offices of Chair, First Vice Chair, Second Vice Chair and Secretary.”

He appointed the 2017 nominating committee as follows:
1. Ben Jenkins, Chair
2. Ann Goodnight
3. Wendell Murphy

CHANCELLOR’S REPORT – W. RANDOLPH WOODSON
Chancellor Woodson gave a student success update. He reported that early admissions concluded for Fall 2017. There were 208 more freshmen than last year (4,242 enrolled). Applicants for class of 2021 represent 98 NC counties, 49 states, 41 countries and are 55 percent female. He noted that every racial and ethnic group were included in early acceptance decisions.

He reported that Christopher Cooper, an NC State senior majoring in chemical engineering and economics, has been awarded the prestigious 2017 Churchill Scholarship. He was recognized for current undergraduate research to create soft electronic devices, like liquid-metal fibers used as sensors, and he plans to develop energy-harvesting devices. This is the second consecutive year NC State has had a Churchill scholar. Chancellor Woodson reported that there were two Goldwater scholarship recipients, five Fulbright scholars, and a record-breaking 32 NSF graduate research fellowships.

College Sports Information Directors of America recognized Ashley Williams, a 2016 ACC Kay Yow Scholar and senior guard on NC State’s Women’s Basketball team.

NC State alumnus Adriano Bellotti (2015) won the prestigious Gates-Cambridge Scholarship. He is studying neurophysiology through computational modeling, specifically neuroplasticity in single neuron as
well as across neuronal circuits. Chancellor Woodson noted that he is one of only 40 selected from the US based on intellectual ability, leadership potential, and commitment to improving lives of others.

He reported that two Faculty were elected to the National Academy of Engineering: Jay Narayan, Material Science Engineering and Paul Turinsky, Nuclear Engineering. This brings the total to 25 members of National Academies, 17 members of the National Academy of Engineering; nine National Academy of Sciences; one Institute of Medicine, with Joe DeSimone being a member of all three.

Three College of Engineering Faculty members are being named fellows by National Academy of Inventors (NAI):

- B. Jayant Baliga, Distinguished University Professor of Electrical Engineering;
- Ruben Carbonell, Frank Hawkins Kenan Distinguished Professor of Chemical Engineering; and
- Frances S. Ligler, Lampe Distinguished Professor in the Joint NC State-UNC Chapel Hill Department of Biomedical Engineering. Dr. Ligler is also a 2017 National Inventors Hall of Fame Inductee.

NC State now has seven current NAI Fellows.

Dr. Rodolphe Barrangou, Todd R. Klaenhammer Distinguished Scholar in Probiotics Research and Associate Professor in the Department of Food, Bioprocessing and Nutrition Sciences, will receive the 2017 National Academy of Sciences Award in Molecular Biology.

The University of North Carolina – General Administration’s Strategic Plan was approved in January 2017. He reminded the Board of the Strategic plan’s five themes: Access; Student Success; Affordability and Efficiency; Economic Impact and Community Engagement; and Excellent and Diverse Institutions. He reported that UNC-GA’s goals align well with NC State’s current strategic plan objectives, especially in areas such as diversity, reducing time to degree, administrative efficiency and effectiveness. He noted that NC State already focuses on many of the goals, which will serve the university well. One metric is increasing the number of undergraduate degrees awarded per 100 full-time students by 1.4 to reach a target of 23.5 by 2021-22. He reported that NC State is currently above this target at 23.9 (2015-16), up 4.5 points from 19.4 (2009-10).

Another metric is timely degree completion, which is increasing first-time, full-time freshmen who graduate with bachelor’s degree from any accredited institution within 5 years by 5.1 percentage points to target of 70 percent. He noted that the Fall 2011 cohort 5-year graduation rate was 75.76 percent. He stated that the Fall 2010 cohort 6-year graduation rate was 78.03 percent.

One other example is increasing combined revenue from the research and development sponsored program awards and licensing income by $275 M by 2021-22.

Chancellor Woodson reported that there are questions and potential concerns with the strategic plan’s metrics. There is concern about a one-size-fits-all approach to the diverse institutions within the UNC system. NC State is an R1 research institution with a land-grant mission. These are key differences that need to be considered.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS

Mr. Cabaniss reported that State Auditor, Beth Wood, complimented the University on its clean financial audit as of June 30, 2016. He reported that the auditors saw no deficiencies in internal controls and no reportable findings, and they commended efforts of staff in this accomplishment. Mr. Cabaniss provided highlights from the Financial Report addressing results for the year in the Statement of Activities and Statement of Net Position. The University’s total net position increased by $73.4 million to $1.99 billion at
fiscal year-end. Total revenues ended the year at $1.49 billion, and total expenses were $1.42 billion with a net income before capital items of $40.8 million.

Mr. Cabaniss reported that the committee heard an update on key legislative committees and key elements of UNC’s legislative agenda. He reported that the committee also received a budget overview for the current fiscal year, and an overview of actual interim financial results for the first six months of fiscal year 2017 compared with the prior year.

The committee heard a report on risk management for study abroad. Mr. Cabaniss stated that study abroad requires national and state compliance and risk mitigation. NC State is proactive in reducing risk by conducting risk assessments of sites and monitoring incidents worldwide. NC State sends alerts when emergencies arise, maintains regular communications, and provides training. Managing risk requires student participation, including enrolling in STEP and logging independent travel in the Study Abroad Office database. Students are required to register through the University Study Abroad Office and obtain insurance. He noted that a new PRR has been approved, stating purpose, process and requirements.

The committee heard an overview of fiscal 2017 internal audit division engagements, and the committee was updated on activities since the last meeting, which included four audits closed, 13 audits in process and eight follow-up are also in process.

The committee convened to closed session under North Carolina General Statutes section 143-318.11(a)(7) to hear an informational report on one additional internal audit case that is a criminal investigation, and 143-318.11(a)(6) on a personnel matter.

After the committee reconvened to open session, due to time constraints, the annual report on endowments and investments will be given at the April meeting. The prepared presentation will be included in the April meeting materials.

**BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS**

Mr. Andrews presented one property matter that require full board approval:

- Disposition by easement of approximately 25,500 square feet to Duke Energy Progress for the installation of utility services along the eastern right of way between Blair Drive and Oval Drive. The easement will provide underground service and provide a back feed to local customers, including Centennial Campus. The project will also remove existing overhead power lines crossing Centennial Parkway. Valuation of easement will be by State Property Office.

Mr. Andrews made a motion to approve the property matter, seconded by Mrs. Ward. The motion passed. Mr. Cabaniss abstained from voting on this matter.

Mr. Andrews reported that the committee approved the proposed amendment to the designer selection procedure and the construction manager at risk procedure. The committee approved 12 designer selections and 2 construction manager at risk selections, and they accepted 11 building projects at a combined value of $3.3 million. Mr. Andrews reported that the committee received an update about the Greek Village Master Plan, and they approved the site selection and design plans for the Lambda Chi Alpha Fraternity House and the Delta Zeta Sorority House. He noted that both will be constructed in Greek Village. Mr. Andrews stated that the committee approved five plans and specifications of formal projects costing less than $2 million, and they also received updates about capital projects and projects in planning.
UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE - CHAIR JIMMY CLARK

Mr. Clark reported that the campaign kickoff was a success, and he noted that the focus is on continuing the momentum gained from all of the Red and White week programming. Mr. Clark shared that at the public campaign launch, the total was $1.04 billion and that it has grown to $1.062 billion, which is 67 percent of goal. He referenced data that shows that 152 donors represent 69 percent of the monies raised in the campaign thus far, and he noted that 3 percent of the donor base represents 97.3 percent of total commitments. He reported that a large percentage of the $1 million plus donors has been commissioned. He noted that these figures underscore the need for more donors in the $1 million and less giving range.

Mr. Clark reported that the committee received an update on University Communications, including a breakdown of the four departments that make up the unit and their respective duties. Highlights included how the brand is presented consistently across all print, broadcast and social media platforms, and at the hundreds of events produced by the unit annually. He reported that University Communications strives to include development and campaign components as much as possible.

The committee received an annual giving overview, with data showing that annual giving leads to major giving. The presentation emphasized the importance of integrated strategies and goals in order to be successful, and he noted that personalization is critical, especially when it comes to cultivating leadership annual giving levels.

The committee received an Advancement data overview. He stated that there are 530,000 individuals in Advancement databases, over 220,000 of which are alumni. He reported that the committee received a demonstration, using an example of how the system can help target ideal audiences for high-level events and donor visits.

Mr. Clark reported that in closed session, the committee discussed a personnel matter.

UNIVERSITY AFFAIRS COMMITTEE – CHAIR STAN KELLY

Mr. Kelly reported that the committee approved conferral of tenure to four new faculty members, and they also approved the request to establish the Center for Human Health and the Environment. The Center was approved for planning in February, 2011. Since that time it has proven itself to be a productive, collaborative platform for interdisciplinary research and community engagement, and has been recognized by the National Institute of Environmental Health Sciences (NIEHS).

Mr. Kelly reported that the committee approved the 2015-2016 annual report to UNC General Administration on personnel actions covered by the university's management flexibility agreement. He noted that the report covers information pertaining to SAAO Tier I appointments, salary and non-salary compensation, the conferral of tenure, salary equity analysis, and related institutional policies. The committee also approved the updated Department of Athletics Men's and Women's Soccer Staff Bonus Structure, as required per Non-Salary and Deferred Compensation Policy 05.15.03.

The committee received several reports. The Student Body President report highlighted several items including Student Government's passage of Resolution 60 in support of undocumented students and students that are participants in the Deferred Action for Childhood Arrivals program. The committee also heard about progress with diversity initiatives and received an update on Student Government town halls. The creation of a Student Philanthropy Department within Student Government was designed to strategically align Student Government to support larger goals and initiatives of the university.

Mr. Kelly reported that the committee saw a brief presentation on the academic program planning and review process at NC State. They reviewed the two-step approval process, Request to Plan and Request to Establish, for new degree programs, which includes significant review of proposals by faculty and administrators on campus, including the Board of Trustees, and by UNC General Administration. He
noted that existing academic program metrics are assessed annually and programs undergo a comprehensive internal and external review every five years. From 2011-12 to 2016-17, NC State established 16 new degrees and 23 certificates. Over the same period, NC State consolidated several degrees and certificates and discontinued 16 degrees and six certificates.

The committee was provided information about the annual faculty reappointment, promotion, and tenure process. He reported that this year’s process is well underway with 159 faculty members participating. Faculty will be notified about the outcome of the review at the end of April. He also mentioned the appointment of new academic personnel in the Provost’s Office: Leslie Boney, Director of the Institute for Emerging Issues; Dr. Fashaad Crawford, Associate Vice Provost for Assessment and Accreditation; and Dr. Courtney Thornton, Associate Vice Provost for Academic Personnel and Policy.

In closed session, the committee approved head coach employment agreements pertaining to men and women’s soccer and a non-salary compensation request. The committee also made recommendations for the awarding of the Holladay Medal and Honorary Degrees. These recommendations were considered by the full board in closed session at the conclusion of the meeting.

CHAIR OF THE FACULTY REPORT – JEANNETTE MOORE
Dr. Jeannette Moore reported on topics discussed at the full Faculty Senate.

Dr. Moore noted that topics scheduled for upcoming Faculty Senate Meetings include:
- Dr. Linda McCabe Smith, Vice Provost/Office for Institutional Equity and Diversity, and Reggie Barnes, Senior Director of Campus Community Centers: Bias Incidence Response Team (BIRT)
- Deborah Yow, Athletics Director (annual presentation to the senate in Spring)
- Election for Associate Chair of the Faculty (formerly called Secretary of the Faculty)

CHAIR OF THE STAFF SENATE REPORT – ANGKANA BODE
Ms. Bode gave a summary of the main activities and initiatives conducted by Staff Senate since November:
- She reported that the Staff Senate continues to connect with employees via the weekly newsletter.
- On November 8 many staff attended the NC State campus forum on the UNC system’s strategic plan.
- At the December 5 Staff Senate General meeting, Staff Senate focused on promoting and facilitating staff participation in NC State’s Capital Campaign.
- She gave an update on Staff Senate’s pilot Ombuds program. They are working on implementing and promoting the Staff Ombuds position.
- Staff Senate held the first employee appreciation night on January 5, 2017 at Reynolds Coliseum.

Ms. Bode also gave an update about community service initiatives.
CLOSED SESSION
With no further business in open session, Mr. Clark made the motion, seconded by Mr. Jenkins, at 10:40 a.m. to go into closed session to prevent the premature disclosure of an honorary award and to consider the qualifications, competence, performance, character, fitness, conditions of appointment or conditions of initial employment of an employee or prospective employee. The motion passed.

RECONVNE IN OPEN SESSION
At 12:00 p.m., the board came out of closed session. With no further business in open session, Chair Owens adjourned the meeting at 12:03 pm.

Respectfully submitted,

[Signatures]
Assistant Secretary

Secretary

Approved:
[Signature]
Chair of the Board