Board of Trustees  
North Carolina State University  
Raleigh, North Carolina  
April 21, 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, April 21, 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  
Dr. Prestage made the motion, seconded by Mrs. Ward, to approve the open and closed session minutes of the February 17, 2017 meeting of the full board. The motion passed.

CHAIR’S REPORT- JIM OWENS  
Chair Owens reported that the new student body president for the 2017 academic year is Jackie Gonzalez. Jackie, a senior majoring in Political Science, is a first generation college student. She is involved in the Krispy Kreme Challenge, the Student Media Board of Directors, and the Student Centers Board of Directors.

Chair Owens listed upcoming events.

- The Celebration of Faculty Excellence is on May 2. This is the event where the Alexander Quarles Holladay Medal for Excellence, the highest faculty honor bestowed by the Board of Trustees, is presented.
- May Commencement is on Saturday, May 13, with dinner the evening before. Phil Freelon and David Christian will be receiving Honorary Degrees and Raleigh Mayor Nancy McFarlane will be the speaker.
- The Summer Board meeting will be a telephone meeting on July 17 at 2:00 p.m.

Chair Owens reported that NC State University, through the Board of Trustees, has the opportunity to recommend appointments to the Centennial Authority. The authority members are chosen for terms as follows:
• Five will be appointed upon recommendation of the House of Representatives, one of whom is recommended by the Board of Trustees.
• Ray Rouse is the House of Representatives appointment and his current term expires on June 30, 2017.
• The Chancellor is recommending Judi Grainger as the House appointment.

Mrs. Ward made a motion, seconded by Dr. Prestage, to recommend to the North Carolina House of Representatives that Judi Grainger be appointed to the Centennial Authority. The motion passed.

Five members are also appointed upon recommendation of the Senate, one of whom is recommended by our Board of Trustees. The Senate appointment, Cassius Williams, term will not expire until 2019.

Chair Owens thanked the Trustees for their thoughtful participation in the Trustee Self-Assessment survey and resulting conversations. The feedback will provide insight into continuing the constructive way that the Board of Trustees can provide support for NC State and Chancellor Woodson.

Chair Owens discussed the results of the Executive Committee meeting held prior to the full Board meeting. The Committee discussed making the Thursday meetings a full day from 10 a.m. - 5 p.m. so that all Trustees are able to attend all Committee meetings. Other topics of discussion included more extensive onboarding of new Trustees and meeting with each Committee Chair prior to joining Committees, leveraging consent agendas more effectively, and revisiting strategic plan metrics.

Chair Owens thanked Mr. Murphy for his work with the Committee in the selection of the head men’s basketball coach. He also expressed appreciation at having served as Chair for the past two years. He stated that it has been a privilege to work with each person on the Board of Trustees and Chancellor Woodson. He noted that in the years since he has been a Trustee, he has seen the role of the Board change to include strategic risk management as well as a more significant role in Chancellor selection and retention.

**CHANCELLOR’S REPORT – W. RANDOLPH WOODSON**

Chancellor Woodson reported that the Times Higher Education World (sponsored by Times of London) released a new ranking based on employment of graduates. They surveyed employers around the world asking about preferences for graduates of certain universities. Of U.S. universities, NC State was ranked 16th by employers based on their desire to hire our graduates. He noted that US News & World Report’s Rankings for Best Graduate Schools of Engineering ranked NC State’s College of Engineering 25th overall. The College of Engineering also ranked prominently in the latest issue of Diverse Issues in Higher Education for degrees awarded to African-American students in engineering - 6th nationally for bachelor’s degrees and 21st for master’s.

NC State will enroll 4,450 freshmen in class of 2021, approximately 208 more freshmen than previous class. There were 26,297 applications with an average SAT score of 1328.

Chancellor Woodson reported that Junior, Connor McKenney, was a named Goldwater Fellow. He is a Genetics major with minors in Statistics and Biotechnology. Senior, Ashle Page, was named Newman Civic Fellow. She is a double major in Chemical Engineering and Polymer and Color Chemistry and a Goodnight Scholar. Senior, Alex Hsain, was also named a Truman Scholar. He is a Materials Science and Engineering major.

Chancellor Woodson then updated the Board on a proposed legislative enrollment funding change based on Senate Bill 379, UNC Funding Model Study. It encourages the Board of Governors to revisit the current enrollment funding formula.

Chancellor Woodson gave a Board of Governors appointment update.
The Senate elected six individuals to Board of Governors:

- Tom Fetzer of Wilmington, president of Fetzer Strategic Partners and former Raleigh mayor
- William M. Kotis, III of Summerfield, commercial real estate investor and restaurateur with Kotis Properties, Inc.
- Steven B. Long of Raleigh, tax attorney and partner with Parker, Poe, Adams & Bernstein, LLP
- Randall Ramsey of Beaufort, founder of Jarrett Bay Boatworks, Inc.
- Robert Rucho of Matthews, retired dentist and former 8-term legislator
- Harry L. Smith, Jr. of Greenville, business executive

The House of Representatives elected 6 individuals to Board of Governors:

- Kellie Hunt Blue, member of UNC-Pembroke Board of Trustees
- Robert P. Bryan III, former Republican member of North Carolina House of Representatives for District 88
- Carolyn Lloyd Coward, member of Western Carolina University Board of Trustees
- N. Leo Daughtry, former Republican member of North Carolina House of Representatives for District 26
- Wendy Murphy, former member of UNC-Wilmington Board of Trustees
- Roderick Doyle Parrish, current member of the board

Chancellor Woodson requested motions to approve appointments for the Board of Trustees of the Endowment Fund as the terms of Derick Close and Frank Culberson expire effective June 30. He recommended that Jim Owens and Ben Jenkins be appointed to the Endowment Board for three year terms beginning July 1, 2017. Dr. Prestage made a motion, seconded by Mr. Kelly to approve the Endowment Board appointments. The motion passed.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS

Mr. Cabaniss reported that the Committee approved the proposed fiscal year 2018 audit plan. They heard the annual report on endowment and investments. The University reported an endowment of $998.6 million at the close of fiscal year 2016 and a total combined investment return for all University-related endowments of negative 1.47 percent. Despite a slight loss, this performance compared favorably to other large endowments, and NC State’s ranking for endowment size moved up to the 94th largest of the 815 endowments in the annual NACUBO survey. Performance for the current fiscal year has substantially improved from last year.

Mr. Cabaniss reported that the committee was presented with an annual review of associated entities to satisfy the annual associated entity review required by the Board of Governors. All audits have been sent to General Administration and the copies of the audits were made available to the Committee. He noted that there were no management issues this year in the audits for these entities and that all of the entities have an operating agreement with the University in place. He also provided information on net assets and endowments for the associated entities.

Mr. Cabaniss reported that the Committee discussed the University budget and legislative priorities. The State of North Carolina revenue and individual taxes are projected to be above target, but it depends on final tax return filings. The North Carolina economy shows steady growth. For NC State, student tuition receipts are tracking as projected. There currently are no budget reversions or reductions expected this year. The Committee heard highlights from the Governor’s proposed budget, which includes funding for enrollment change, employee compensation, the NC State innovation in manufacturing biopharmaceuticals initiative, Food Processing Innovation Center, and repairs and renovations. Current legislative activities include repealing House Bill 2, strengthening the state’s savings reserve, and North
Carolina Retirement Reform. Other legislative activities include a UNC Funding Model Study, implementing a UNC Undergrad completion plan, and clarifying the definition of "education property" as it relates to possession or carrying of weapons.

Mr. Cabaniss noted that the Committee was provided interim financials for third quarter. He noted that performance is consistent with prior years, and the net position increased for the first three quarters compared with the same period last year.

The Committee received a debt update. They reviewed a 10-year history of the University's outstanding debt, by amount, type, and purpose. A new fixed rate, 15-year bond issue closed in March 2017. Future debt will increase due to funding of Carmichael Renovations, Engineering Oval and Plant Sciences projects.

Mr. Cabaniss reported that the Committee received an update on Internal Audit activity since the February meeting. They discussed the successful implementation of corrections in response to one minor finding reported in the Office of the State Auditor's NCSU statewide federal compliance audit procedures for the year end June 30, 2017. He announced that the university's compliance and integrity program and Internal Audit division have partnered to launch the Ethics Line, a new online portal for reporting compliance and ethics concerns of all kinds. With the launch of Ethics Line, students, faculty, and staff now have a central reporting resource that eliminates the need to label their concern and report concerns to a specific compliance unit. In addition, the Ethics Line allows for anonymous reporting and provides case management and trending capabilities.

The Committee discussed the process for identifying and assessing strategic risk. A survey was taken by the Trustees, the Chancellor's Cabinet and the Deans. The results of the risk assessment survey were reviewed and an on-line survey was developed to gather additional information necessary to assess and prioritize the risks that the Chancellor's Cabinet identified. The Trustees, the Chancellor's Cabinet and the Deans were asked to take the survey in March 2017. The Enterprise Risk Management Initiative in the Poole College of Management compiled the survey results to create a prioritized list of risks. For each risk, the survey responses for the likelihood and impact criteria were averaged and then multiplied together to create an overall risk score. The results identified key strategic risks for the University. Top risk concerns include reduction in federal research and state funding, cyber-security breaches, decline in out-of-state and international enrollment, and faculty losses. The Committee discussed the strategy behind the survey and the benefit of input from different sources. Assessing the risks allows the Chancellor's Cabinet to evaluate how to mitigate risks. The next steps will include the Chancellor assigning risks to cabinet members as risk owners and the cabinet reviewing each risk over the course of the next fiscal year.

BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS

Mr. Andrews presented three property matters that require full board approval. They are:

- Disposition by easement: + 42,000 square feet (approximately 0.8264 acres) to Duke Power Energy, LLC (Duke Energy Power) across State-owned land allocated to NC State University for the installation of overhead power lines to provide a 3-phase power source for a new irrigation pump to be located at the Lake Wheeler Road Field Lab. The proposed installation will involve + 0.9642 acres for the purpose of a permanent easement.

- Disposition by easement: North Carolina Department of Transportation (NCDOT) has requested an easement from NC State University for the proposed Broadpointe Drive Bridge Improvement project, located in Mills River, North Carolina, which will improve the current grading, drainage, and traffic safety, along Broadpointe Drive. The proposed easement will involve + 0.831 acres of permanent and temporary easements. This project will run southwesterly,
along Broadpointe Drive for approximately 0.246 miles (1,300 Linear Feet). The proposed improvement will affect two separate properties owned by the State of North Carolina. The properties are located on the eastern and western side of the road, which have been designated as Parcel #3 on the NCDOT’s project plans. The easements will involve + 0.733 acres for the purpose of new right of way and 0.098 acres as temporary construction easement. Note that the temporary areas should convert back to the landowner at the completion of the project.

- Disposition by ground lease: Forty year, ± 9.0 acres ground lease to the Tammy Lynn Memorial Foundation, Inc. The property is located on Centennial Campus, at 739 Chappell Drive, Raleigh, NC 27606. The lease will continue Tammy Lynn Memorial Foundation’s use of this property. It will also include favorable revisions of an access easement adjacent to the land that currently impairs further development of North Shore Project, and provide a limited license to access an adjoining trail on NC State land.

Mr. Andrews made a motion, seconded by Mr. Murphy, to approve the three property matters. The motion passed.

Mr. Andrews reported that the Committee approved ten designer selections and accepted five building projects at a combined value of $6.9 million, which included the Harrelson Hall demolition.

He reported that the Committee received proposed revisions to Policy 7.60.1 Parking and Transportation Ordinances 2017-2018 that require full board approval. Mr. Andrews made a motion seconded by Mrs. Ward to approve the revisions to Policy 7.60.1. The motion passed.

The Committee reviewed the annual update of the Physical Master Plan. They approved site selection for Engineering Oval on Centennial Campus, the site selection and design plans for the Reedy Creek Equine Farm Therio Phase A in the West Campus Precinct, and the six plans and specifications of formal projects costing less than $2 million. The Committee also received updates about capital projects and 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 that began with sad news of Associate Vice Chancellor for Development Francine Cronin’s passing.

The Committee received an update on the organizational changes within Advancement that included:

- Reid Ricciardi, Executive Director for Talent Management
- Ann Horner, Executive Director for Development in the College of Education
- Anya Reid in a part-time leadership role in University Development while the search for a permanent Associate Vice Chancellor for University Development is underway
- Kushal Dasgupta in a part-time leadership role in Annual Giving while the search for a permanent Executive Director for Annual Giving is underway
- Chandy Christian, assisting Brian Sisco and Christina Walker in Principal Gifts
- Carrie Bhada as new Executive Director for Development in the College of Textiles
- Adam Compton as Director of Special Projects for University Advancement

Mr. Clark noted that the search is underway for new Executive Directors for Development in both the College of Agriculture and Life Sciences (CALS) and the College of Design, as well as searches for key development staff in the College of Sciences and in the Poole College of Management. The Committee received updates on University Communications, the Alumni Association, and Advancement Services.

As of March 31, 2017, the campaign total now stands at $1.072 billion and shared a breakdown of colleges and foundations’ progress toward the 67% of goal benchmark. Some are on target, some have
admitted through this process are lower and fluctuate more than those of the overall student population. The numbers are good given the small number of students admitted through the process and the unique circumstances of those individuals. The process is continuously monitored, but no changes are planned for the immediate future. Applicants admitted through this process have graduated in a variety of majors, including Engineering.

The Committee received updates from the Faculty and Staff Senates on discussion topics and current initiatives. Mr. Kelly thanked Chair of the Faculty Jeannette Moore and Staff Senate Chair Angkana Bode on behalf of the University Affairs Committee, for keeping the committee apprised of the important work being done by faculty and staff in support of NC State. The Committee is looking forward to working with the incoming senate chairs in the same regard.

Mr. Kelly reported that the Committee saw a presentation on the promotion and tenure process. They reviewed the tenure track faculty life cycle, which begins with a rigorous and competitive search process. The promotion and tenure decision process includes a comprehensive internal review at the department, college and university levels as well as external evaluations by at least five accomplished scholars who are not part of the NC State community. Once tenure is achieved, faculty receive a post-tenure review by peers, the department head and dean every five years.

Mr. Kelly informed the Board of three recent distinguished professorship appointments:

- Dr. Phil Castellano, a Professor in the Department of Chemistry, has been named as the College's first Goodnight Innovation Distinguished Chair.
- Dr. Marie Davidian, Professor in the Department of Statistics in the College of Sciences and formerly William Neal Reynolds Distinguished Professor of Statistics in the College of Agriculture and Life Sciences, has been named J. Stuart Hunter Distinguished Professor in Statistics.
- Dr. Len Stefanski, Professor in the Department of Statistics in the College of Sciences and formerly Drexel Professor of Statistics, has been named R.A. Fisher Distinguished Professor in Statistics.

He noted that in accordance with the UNC Policy on the Employment of Related Persons (Anti-Nepotism Policy), NC State did not have any reported employees out of compliance with the policy for calendar year 2016. Mr. Kelly reported that Raleigh Mayor Nancy McFarlane will deliver the commencement address.

In closed session, the committee approved the head men's basketball coach employment agreement and a non-salary compensation request. They also recommended for approval by the Board of Governors two salary increases that are greater than 20% and $15,000 from each employee's previous June 30th salary.

**NOMINATING COMMITTEE – CHAIR BEN JENKINS**
Chair Jenkins reported that the Committee recommended the following slate of officers for 2018-19:
Chair – Jimmy Clark
Vice Chair – Tom Cabaniss
Second Vice Chair – Stan Kelly
Secretary – Ann Goodnight
Assistant Secretary – PJ Teal

The Nominating Committee also recommends Chip Andrews to serve as the fifth member of the Executive Committee since the past chair’s term will expire on June 30, 2017. Voting on the new slate of officers will be held at the July meeting.
BOARD OF VISITORS (BOV) REPORT – CHAIR CHUCK FLINK
Chair Flink reported that the BOV welcomed six new members: Brenda Brickhouse, Dwight Armstrong, Danny Peebles, Erik Dixon, General Ray Odierno and Pamela Townsend. He reported that at the last meeting, they heard a brief update on the repeal of House Bill 2.

The BOV received an overview of research being conducted at NC State, specifically research productivity, partnerships and new ventures. NC State ranks in the top ten of those universities without medical schools in the following categories: total research expenditures (7th), industry supported research (3rd), licenses and options (2nd) and startups launched (3rd).

Faculty and students continue to make tremendous strides in collaborative research, and NC State is one of two universities with two National Science Foundation research centers, the only university to lead one of the manufacturing innovation institutes, and one of four federally funded collaborative institutes.

He reported that Dr. Rodolphe Barrangou, recipient of the 2017 National Academy Sciences award in Molecular Biology, made a presentation on CRISPR technology and its impact on North Carolina and the world.

Four members of the Board of Visitors serve on the University Capital Campaign Committee: Chuck Flink, Judi Grainger, Henry Campen and Jon Rutfy. Mr. Flink reported that he serves as the official representative of the BOV on the Committee and he noted that he has been working with Vice Chancellor Brian Sisco on an engagement strategy for the Board of Visitors. The goal is to have 100% participation of the BOV in various aspects of the Campaign.

Chair Flink reported that at the conclusion of the BOV meeting, he asked members to achieve two important goals: 1) 100% participation in philanthropic giving and support of the Capital Campaign in 2017 and 2) serving as ambassadors of the University by connecting with alumni and friends that can also contribute to the capital campaign.

He reported that the BOV heard a report from Men’s and Women’s Swimming and Diving Coach Braden Holloway, who was recently named 2017 ACC Coach of the year in both the men’s and women’s programs. They also heard a legislative update and an overview of the current legislative agenda before the General Assembly.

STUDENT BODY PRESIDENT PAUL NOLAN
Mr. Nolan gave an overview of activities held since the last board meeting.
- On February 20, 2017 students gathered to rally on Stafford Commons for the United Not Divided event.
- The inaugural run for Razan 5K is an upcoming event inspired by Razan Abu-Salha, one of three student killed in the 2015 Chapel Hill shooting that took the lives of Razan, her sister Yusor and brother-in-law Deah.
- Student Giving Day is a University-wide celebration and encouragement of philanthropy that was held on March 29, 2017.
- Our Three Winners Public Art is in collaboration with the College of Design and University Architects to create a public art display on the College of Design campus. The design of the public art piece is a recreated and scaled up lamp that Rasan Abu-Salha one of Our Three Winners made in first year studio.
- He also updated the Board on Student Senate Legislation.
PRESENTATION OF WALTER HINES PAGE AWARD
Chancellor Woodson recognized Ben Jenkins, Jim Owens, Randy Ramsey and Paul Nolan as recipients of the Walter Hines Page award in appreciation of their service to the Board and to the university. The Order of Walter Hines Page is an honorary order exclusively for former members of the Board of Trustees of NC State University. Trustees are named to the Order by the Chancellor upon the expiration of their terms of office and are designated as “Trustees Emeritus.” Chancellor Woodson thanked them for their service to NC State.

CLOSED SESSION
With no further business in open session, Dr. Prestage made the motion, seconded by Mr. Jenkins, at 11:15 a.m. to go into closed session to prevent the premature disclosure of an honorary award. The motion passed.

RECONVNE IN OPEN SESSION
At 11:30 p.m., the board came out of closed session. With no further business in open session, Chair Owens adjourned the meeting at 11:34 a.m.

Respectfully submitted,

[Signatures]
Assistant Secretary
Secretary

Approved:

[Signature]
Chair of the Board