

**Board of Trustees**  
**North Carolina State University**  
**Raleigh, North Carolina**

**February 16, 2007**

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 Friday, February 16, 2007. Chair Wendell Murphy presided.

Members present:

- Wendell Murphy, Chair
- McQueen Campbell III
- Derick Close
- Lawrence Davenport
- Ann Goodnight
- Suzanne Gordon
- Bob Jordan
- Bob Mattocks
- Burley Mitchell
- Richard Vaughn
- Steve Warren
- Cassius Williams
- Will Quick, ex officio

At the beginning of the meeting, the Chair 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 as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Board at this meeting. Hearing none, the Chair 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. Campbell made the motion, seconded by Mr. Vaughn, to approve the open session minutes of the November 17, 2006, meeting of the full Board. The motion carried.

Ms. Goodnight made the motion, seconded by Mr. Jordan, to approve the closed session minutes of the November 17, 2006, meeting of the full Board. The motion carried.

**CHAIR'S REPORT-WENDELL MURPHY**

Chair Murphy gave the report from the February 16, 2006, meeting of the Endowment Fund. The net return for the one-year ending December 31, 2006, was 10.3% with a market value of \$147,309,660. According to the June 30, 2006, annual survey by the National Association of Colleges and University Business Officers (NACUBO), the total endowment for NC State of \$412.2 million ranks 141 out of 765 participating institutions.

Reports were heard from Voyager Asset Management on their performance, from Dean Johnny Wynne on the William Neal Reynolds Professorship and the semi-annual report on the Hofmann Forest.

The Board approved the following actions: to accept gifts totaling \$874,206.80; to allow a spending budget exception for fiscal year 2007-08 for the Jordan Family Professorship in the College of Natural Resources; to continue the .40% assessment for University Advancement and .15% assessment for the capital campaign; and to recommend that the Chancellor present a name change of a professorship to UNC General Administration.

Chair Murphy reported that the Board of Trustees of the Endowment Fund bylaws call for six members to be elected by the Board of Trustees to three-year terms with two members to be elected each year. The bylaws also call for the filling of vacancies created prior to the expiration of a full term of appointment. Chair Murphy nominated the following individuals to be considered by the Board of Trustees for appointments to the Board of Trustees of the Endowment Fund: Mr. Lonnie Poole for appointment to a regular three-year term beginning July 1, 2007, and ending June 30, 2010; and Mr. Bob Dick for reappointment to a three-year term ending June 30, 2010. Mr. Warren made the motion, seconded by Mr. Mitchell, to approve both of these appointments. The motion carried.

Chair Murphy stated that the Board of Trustees bylaws state that a Nominating Committee be appointed each year by the Chair. The Nominating Committee has the responsibility for presenting a slate of nominees to the Board at its first meeting following the beginning of each University fiscal year. Chair Murphy appointed the following 2007 Nominating Committee: Cassius Williams, Chair; Lawrence Davenport; Bob Mattocks; and Burley Mitchell.

Chair Murphy reported that Founders' Day will be held on Wednesday, March 7, 2007. Watauga Medals will be presented to Elizabeth Johnson Aycock, Governor Robert Walter Scott, and Randall B. Terry, Jr. Spring Commencement will be held on Saturday, May 12, and two honorary degrees will be conferred. He also offered his congratulations to Director of Athletics Lee Fowler for hiring Head Football Coach Tom O'Brien. Chair Murphy also stated that the recent Conference on Trusteeship in Greensboro was very well attended and thanked the Trustees for their participation.

#### **CHANCELLOR'S REPORT-JAMES OBLINGER**

Chancellor Oblinger stated that both President Bowles and Board of Governors Chair Jim Phillips personally thanked him for the excellent participation of our Trustees at the recent Conference on Trusteeship. Having so many of our Trustees at the conference made a very positive statement about NC State.

Chancellor Oblinger said that he was very pleased with Senator Marc Basnight's participation in the Trustee lunch on Thursday, February 15. Senator Basnight's insights were very helpful to our Trustees and executive officers.

He reported on the following highlights since the November meeting of the Board of Trustees:

- In rankings released on January 8, NC State was ranked the 12<sup>th</sup> "best value" among the nation's colleges and universities by Kiplinger's Personal Finance.
- NC State celebrated reaching the \$1 billion milestone in its Achieve! capital campaign on November 17. As of December 31, the total raised is \$1,053,341,456.
- The Carnegie Foundation for the Advancement of Teaching selected NC State among 76 U.S. colleges and universities for its new Community Engagement classification.

- The third annual Krispy Kreme Challenge was held on January 27 to benefit the N.C. Children's Hospital. More than 1,300 participated in the race, and the event raised \$10,000 for the hospital.
- The second annual NC State "Hoops for Hope" event was held on January 28 to support the Susan G. Komen Breast Cancer Foundation. More than \$43,000 was raised, and nearly 8,000 fans came out to support Coach Kay Yow in her fight against breast cancer.
- Chancellor Oblinger has been invited by Under Secretary of State Karen Hughes to participate in an educational delegation to Pakistan and India in March. He is one of six university presidents going on this trip.
- NC State signed an academic agreement with Chile's Universidad de Concepcion. NC State now has centers in Prague, Chile, and China as additional options for students to immerse in overseas studies.
- "Transforming Higher Education" was the theme of the 22<sup>nd</sup> annual Emerging Issues Forum on February 1-2.
- GlaxoSmithKline president Chris Viehbacher was the keynote speaker at the NC State Millennium Seminar on January 16. He discussed the global pandemic flu.
- Dr. Clayborne Carson, a leading authority on the life of Dr. Martin Luther King, Jr. and the civil rights movement, was keynote speaker at NC State's annual MLK Commemoration on January 11.
- Seven NC State scientists have been elected Fellows of the American Association for the Advancement of Science (AAAS).
- At Fall Commencement, 2,866 graduating students received their degrees.
- NC State's College of Textiles and College of Design were both featured in the January issue of Our State magazine. One article profiled innovative textile research that contributes to the economic development of the state, and the second article profiled the Seaboard Project, a collaborative effort between Textiles and Design to bring economic resources to Northampton County.

Chancellor Oblinger closed his remarks by thanking the members of the Board of Trustees for everything they do for NC State and for representing the university so well.

### **COMMITTEE REPORTS**

#### **Academic Affairs and Personnel Committee-Chair McQueen Campbell**

Chair Campbell reported that the committee heard information related to the Academic Progress Rate report including our data and strategies for improvement.

The committee approved a new Policy 07.55.8, Tuition Waiver. This new policy is to correct the PRR classification as well as to provide clarity on program requirements. The Board of Governors Policy 1000.2.2.1 was amended to authorize constituent institutions in the UNC system to increase tuition waivers for eligible faculty and staff from two to three courses per year. Chair Campbell made the motion, seconded by Mr. Williams, to approve Board of Trustees Policy 07.55.8; the motion carried.

Chair Campbell stated that the committee heard a report on the progress of the Student Success Project being conducted by all of the vice provosts.

The committee was notified of updates to several regulations. Authorizations to establish new degrees have been processed for an undergraduate degree in Design Studies and a distance education degree program in Mechanical and Aerospace Engineering. A notification of intent to plan a new distance education Master of Materials Science and Engineering degree is being processed. The committee also received updates on the Visitor Center, the first-year college building and planning for the new library.

Chair Campbell stated that the committee approved the granting of faculty emeritus status and tenure appointments. Recommendations for awarding Honorary Degrees and Holladay Medals will be considered by the Full Board in closed session at the conclusion of this meeting. A faculty appeal was discussed, and a recommendation in this regard approved by the committee will also be considered in closed session.

**Audit, Finance and Planning Committee-Chair Richard Vaughn**

Chair Vaughn reported that the committee approved the establishment of the Nonwovens Institute. State Auditor Les Merritt and Deputy Auditor Jeff Henderson reported on the University's financial audit. NC State was complimented on its clean audit opinion and healthy financial position.

Chair Vaughn stated that the committee heard informational reports on the NC State Investment Fund through December 31, 2006, a review of the associated entities, and reports on the Conflict of Interest Regulation and the Centers and Institutes Regulation.

The committee heard information regarding the Notification of Intent to Plan a New Distance Education Degree Program in Master of Materials Science and Engineering. The committee also heard updates on Centennial Campus relative to facility growth and development.

Chair Vaughn concluded his report by reporting that Internal Audit gave an update on the current activity from September 1, 2006, to January 31, 2007. The update included audits initiated by the Internal Audit Department and the Office of the State Auditor.

**Buildings and Property Committee-Chair Derick Close**

Chair Close reported that the committee reviewed and approved seven property matters, three designer selections, one construction manager at risk selection, and a list of 22 completed buildings and projects. Five property matters require Full Board approval:

1. Lease of 20 acres of Centennial Biomedical Campus land to the NC State Partnership Corporation to accommodate the Centennial Biomedical Campus Flex Building and future developments.
2. A Reciprocal Easement Agreement with NC State Partnership Corporation for the Centennial Biomedical Campus land leased to the Partnership.
3. Lease of lab space in the future Centennial Biomedical Campus Flex Building to the College of Veterinary Medicine.
4. Lease of 11 acres of Centennial Campus land to the NC State University Residence, LLC for the construction of a new Chancellor's residence.
5. Lease of 1900 square feet of space in Partners II to Erimos Pharmaceuticals, LLC.

Chair Close made the motion, seconded by Mr. Williams, to approve these five property matters; the motion carried.

Chair Close stated that the committee also reviewed one project plan, approved three site plans and plans and specifications for projects costing less than \$1 million. They received informational reports about construction and campus beautification projects and were given an update on the status of Centennial Campus and the Dix property.

**Development Committee-Chair Bob Jordan**

Chair Jordan reported that the committee reviewed and approved a proposal for a fund-raising project and heard a report on the status of the Vice Chancellor for University Advancement search. The search firm of Witt/Kieffer has been retained to assist with the search.

The committee heard reports regarding fund-raising for the second quarter of fiscal year 2007. Total gifts and pledges were \$119.43 million. As of December 31, the *Achieve! Campaign for NC State* has raised over \$1.053 billion and is at 105% of its \$1 billion goal. The committee reviewed the progress of the university entities toward their working campaign goals.

Chair Jordan stated that the committee received updates on fund-raising for the five current capital projects and heard a presentation by the Dean of the Graduate School regarding improving graduate education and fund-raising opportunities for renovating Winslow Hall. In addition, the Associate Vice Chancellor for Alumni Relations made a presentation about the comprehensive annual giving program.

Chair Jordan said that the committee reviewed and approved eleven proposals to name specific university facilities; these proposals will be considered in Closed Session at the end of this meeting.

**Student and Campus Affairs Committee-Chair Steve Warren**

Chair Warren stated that the committee joined the Academic Affairs and Personnel Committee to hear a report from the Director of the Academic Support Program for Student Athletes on the academic progress report for student athletes. They also received an update on the Derr Track and softball and soccer fields projects.

Our Student Body President highlighted recent Student Government activities including a trip to Washington, DC where student leaders met with members of Congress; the Krispy Kreme Challenge; the Polar Plunge; efforts to work more closely with the Graduate Student Association; Hillsborough Street revitalization efforts; upcoming Student Government elections; and representation on the Football Task Force.

The Committee also heard a report on current student life issues including plans to redevelop Greek Court and a description of the topics that will be addressed by the Football Task Force.

**Faculty Report- Chair Nina Allen**

Chair Allen began her report by thanking the Board of Trustees for all of the support they give the faculty. The Faculty Senate meets every two weeks, and the Senate has been addressed at each meeting by either the Chancellor or Provost. The Senate unanimously passed a resolution supporting the Rocky Branch Creek Restoration Project, Phase 3 and urged that it be absolved from the requirement to replace parking spaces taken by the restoration.

Chair Allen also reported that the Faculty Senate voted unanimously to support the student resolution on textbooks. The faculty is aware that textbooks continue to be a large financial burden for students. UNC-General Administration is discussing the possible textbook rentals.

She said that the new faculty survey shows that we need to improve communication from administration and the Faculty Senate with faculty members. A forum on the general education requirement (GER) was well attended, and the new GER was presented and discussed at length.

The next General Faculty meeting will be a panel discussion on how to improve our graduate education including the Graduate Student Support Plan (GSSP). The meeting will be held on March 13, and Trustees are welcome to attend.

Chair Allen reported that the second annual Budget Forum was held in November. Teaching evaluations of professors by students will become electronic. Since these evaluations are used in both tenure and post-tenure reviews, it is important that the evaluations be done fairly. There is concern among the faculty that fewer students will respond to electronic surveys, and it is not clear how well protected the data will be.

Chair Allen stated that the Faculty Senate heard a report on the PACE effort. There are now two faculty members on the PACE Committee. She also hopes that faculty will use the excellent Center for Teaching and Learning facilities.

The Faculty Senate Executive Committee expressed disappointment that their Hearing Committee reports regarding a dismissal case had not been heeded by the Trustees.

#### **Staff Senate Report-Chair J.C. Boykin**

Chair Boykin reported that the Staff Senate supports the University's position regarding the Hillsborough Street revitalization efforts. The Staff Senate and Faculty Senate co-sponsored a budget forum in November. He also stated that the energy conservation holidays in December were successful in saving money for the university, and he pointed out the role of the staff in this conservation effort.

Chair Boykin reported that the Staff Senate was involved in the recent Martin Luther King, Jr. activities. Campus Police is sponsoring the second annual Polar Plunge that raises money for Special Olympics. He also mentioned the involvement of Staff Senate in Employee Appreciation Week in March and Earth Week in April.

Chair Boykin said that Career Banding is 80% completed and has been very successful. In closing, he expressed appreciation for the partnership between the Staff Senate, University administration, and the Board of Trustees.

#### **Items of Interest to Members of the Board**

Trustee Gordon asked how NC State's co-op programs affect our graduation rates. Chancellor Oblinger responded that our co-op programs are very valuable and important to us, and we encourage our students to participate.

Trustee Williams asked about data security on campus. Vice Chancellor Leffler responded that data security is very important to us, and we are always monitoring the situation. He feels good about data security on our campus but realizes that we must always be vigilant.

Trustee Quick stated that the students are very supportive of efforts to revitalize Hillsborough Street. He also mentioned the recent tuition increase at UNC-Chapel Hill and asked that our Trustees remember our out-of-state students.

Trustee Jordan mentioned the very positive atmosphere on campus and the unity of the Board of Trustees. He stated how proud he is to be a part of it.

Chancellor Oblinger congratulated Jim and Ann Goodnight for being named 2006 Tar Heels of the Year by the News and Observer. Chair Murphy thanked the Goodnights for all they have done for North Carolina and NC State University.

With no further business for Open Session, Chair Murphy called for the motion to go into Closed Session according to NCGS 143-318.11 (A)(2); NCGS 143-318.11 (a)(3) and NCGS 143-318.11 (a)(6). Mr. Davenport made the motion, seconded by Mr. Close, to go into Closed Session to prevent the premature disclosure of an honorary award or scholarship, to consult with an attorney to protect the attorney-client privilege, to consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action and to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee; the motion carried.

At 11:20 a.m., the Board came out of Closed Session. Trustee Campbell made the motion that the Board accept and adopt the recommended decision of the Academic Affairs and Personnel Committee in the matter of the discharge of a tenured member of the University faculty, uphold the Chancellor's decision to discharge the faculty member, and instruct the Chancellor to proceed immediately to separate the faculty member from University employment. The motion was seconded by Mr. Vaughn. There being no discussion, the motion passed unanimously.

With no further business, Chair Murphy adjourned the meeting at 11:25 a.m.