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, Raleigh, NC, on Friday, February 17, 2012. Chair Barbara Mulkey presided.

Members present: Barbara H. Mulkey, Chair
               Jimmy D. Clark
               Jack L. Cozort
               Lawrence Davenport
               Philip G. Freelon
               Benjamin P. Jenkins III
               Robert L. Mattocks II
               James W. Owens
               Randall C. Ramsey
               John P. Sall
               E. Norris Tolson
               Susan P. Ward
               Chandler Thompson, ex officio

Chair Mulkey called the meeting to order at 9:27 a.m. She introduced special guests David Powers, a member of the UNC Board of Governors, and the family of new Trustee Jimmy Clark. She 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. John Sall recused himself from voting on a disposition by lease to the U.S. Army Corps of Engineers. There being no other conflicts, 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. Tolson made the motion, seconded by Mr. Cozort, to approve the open and closed session minutes of the November 18, 2011 meeting of the full board. The motion carried.

CHAIR’S REPORT
Chair Mulkey called upon Trustee Cozort to administer the oath of office to newly appointed Trustee Jimmy D. Clark. She then reported that Trustee bylaws provide that when a vacancy occurs in one of the officer positions, the full board should vote to approve someone to serve the remaining portion of the term. Chair Mulkey recommended Jack Cozort to fill the Secretary
position. Mr. Jenkins made the motion, seconded by Mr. Owens, to approve Jack Cozort to fill the Secretary position. The motion carried.

Chair Mulkey stated that the 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.” She appointed the 2012 nominating committee as follows: Jim Owens, Chair; Phil Freelon and John Sall.

Chair Mulkey also reported that she had received a letter from President Tom Ross outlining the requirements for Chancellor Woodson’s biennial review. The UNC Board of Governors requires that the members of the NC State Board of Trustees complete a review of Chancellor Woodson in the second spring after his appointment. The review will provide feedback for the Chancellor about his leadership and effectiveness. The review will consist of a confidential on-line questionnaire that must be completed between March 1-12. The survey results will be discussed in closed session at the April Board of Trustees meeting. The survey results will be forwarded to President Ross and followed by a meeting with President Ross, Chancellor Woodson and Chair Mulkey.

Chair Mulkey updated the Trustees on her recent activities. She thanked Trustees for serving on nomination committees for deans of the College of Natural Resources, the College of Agriculture and Life Sciences, and Academic and Student Affairs.

She reported that our Founders’ Day dinner on March 5 will kick off the 125th anniversary celebration. Watauga Medal recipients are Hugh Shelton, Ed Vick and Cassius Williams. Philip Rivers will be our May Commencement speaker, and honorary degrees will be awarded to Bob Jordan and David Murdock.

Chair Mulkey closed her remarks by giving the Endowment Fund Board report. The Endowment Fund Board accepted gifts of $2,519,347 since the last meeting. The board also received an investment performance report as of December 31, 2011. The NC State Investment Fund returned 2.63 percent for the six months then ended as compared to the UNCMC composite benchmark of 1.90 percent. The board was updated on the annual NACUBO endowment survey. NC State was ranked 123rd in endowment size among the 839 colleges and universities participating. The board also heard reports on fiscal year 2012-13 endowment spending budgets and specific endowment-owned real estate holdings including the Hofmann Forest, the bell tower block of Hillsborough Street and Centennial Campus projects. The board then went into executive session.

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

Chancellor Woodson began his report by welcoming new Trustee Jimmy Clark and thanking Gayle Lanier for her excellent service to the university. He updated the board on recent events including the very successful Emerging Issues Forum and the Krispy Kreme Challenge that raised over $100,000 for the NC Children’s Hospital. He reported that NC State students won 1st
Place and “Best in Show” at Disney’s Imagineering ImagiNations Competition. It is the third time in four years an NC State team has placed in the top three of this competition.

Chancellor Woodson stated that the annual value of an NC State degree is almost $1 billion, based on value of additional lifetime income earned by graduates due to having a degree. The value of an NC State degree is just one of the many ways this university delivers economic and community impact. Each year, our staff and faculty are engaged in job recruitment and retention, including those who work in our Cooperative Extension and Industrial Extension Services. Our Economic Development Partnership Office is constantly working with the state’s Department of Commerce to recruit business to the area. Our researchers are developing new technologies to drive innovation and job creation, and these technologies lead to start-ups which create jobs. The annual economic impact in North Carolina of federal and private research attracted by NC State is $320 million.

Chancellor Woodson said that NC State is also engaged in shaping our future workforce before they come to college. The Wake NC State Early College High School, a partnership between NC State and the Wake County Public School System, is for students who specialize in STEM fields. When fully subscribed, the high school will have a maximum of 250 students. NC State’s impact on the people and communities of North Carolina is undeniable.

COMMITTEE REPORTS

University Advancement Committee-Chair Benjamin P. Jenkins III

Mr. Jenkins stated that the committee was given an update on capital fund raising projects and reports on fund raising results for the second quarter of fiscal year 2012 as well as an update for the period ending January 31, 2012. It was reported that the fund raising goal for the new chancellor’s residence had been met, and great progress is being made on fund raising for the Carol Poole Clubhouse on the Lonnie Poole Golf Course, with $4.1 million raised to date against a tentative goal of $6 million. With many proposals in front of donors, the staff is optimistic that NC State will achieve its $110 million fund raising goal for this fiscal year.

Mr. Jenkins reported that the committee reviewed and approved a proposal for counting gifts made prior to July 1, 2013, the beginning of the silent phase of the next campaign. Our campaign consultant from Bentz Whaley Flessner led a discussion on planning for the next campaign. The consultants will focus on three main areas as they prepare their report that will be delivered at the September 2012 meeting of this committee. First, they are conducting an internal audit to assess our readiness to embark on an aggressive campaign. Second, the consultants will work with the university leadership in developing big ideas that will motivate donors to make stretch gifts. Finally, the consultants will help assess the capacity of our donor pool to support a campaign in the $1.5 billion range.

University Affairs Committee-Chair Norris Tolson

Mr. Tolson stated that the committee received a summary of fall graduation activities and graduation rate trends as well as an update on academics relative to student-athletes and the Academic Progress Rate. The committee recommended approval of revisions to Policy 05.20.1: Appointment, Reappointment, Promotion and Permanent Tenure. The revisions incorporate
language requested by UNC-GA and also incorporate contents of the Regulation on Qualifications for Rank and the Regulation on Joint and Associate Faculty Appointments allowing these two regulations to be repealed. The revisions also allow for minor edits or updates to other sections. Mr. Tolson made the motion, seconded by Mr. Davenport, to approve revisions to Policy 05.20.1: Appointment, Reappointment, Promotion and Permanent Tenure. The motion carried.

Mr. Tolson reported that the committee also recommended approval of the request to change the BA degree program title of Arts Applications to Arts Studies. The current name is misleading and does not reflect the content of the degree, which is a liberal arts “area studies” degree. Mr. Tolson made the motion, seconded by Ms. Ward, to approve to change the degree program title to Arts Studies. The motion carried.

Mr. Tolson said that Student Body President Chandler Thompson provided a recap of Student Government activities in 2011 and their goals for 2012. Activities for spring 2012 include campout, community service events, tuition and fees, 125th anniversary celebration, the search committee for the Vice Chancellor and Dean of Academic and Student Affairs, improved communication strategies and the tradition keeper program. In the Provost’s update, the committee was notified of a new university associate of applied science certificate in Agribusiness Management. The committee was updated on the dean searches and on the strategic planning process.

Mr. Tolson stated that, in closed session, the committee approved a non-salary compensation request and recommended for approval by the Board of Trustees a salary increase that was greater than 15 percent and $10,000 from the employee’s previous June 30 salary. The committee also made recommendations for the awarding of an honorary degree and the Holladay Medal. These recommendations will be considered by the full board in closed session at the conclusion of this meeting.

**Buildings and Property Committee-Chair Jack Cozort**

Mr. Cozort reported that the committee reviewed and approved three property matters which require full board approval. The first two are:

- Disposition by easement to the City of Raleigh for access to a city-owned water tower on Blue Ridge Road adjacent to the Centennial Biomedical Campus
- Acquisition by deed of an approximately 0.67-acre parcel at the southeast corner of Trailwood Drive and Main Campus Drive on Centennial Campus from the City of Raleigh for a price to be determined by appraisal and negotiations but not to exceed $90,000

Mr. Cozort made the motion, seconded by Mr. Mattocks, to approve these two property matters. The motion carried.
The third property matter that requires full board approval is:

- Disposition by lease of approximately 18,000 square feet in Corporate Research I, 1021 Main Campus Drive, Centennial Campus, to the U.S. Army Corps of Engineers for a term of up to 10 years at a rate to be determined.

Mr. Cozort made the motion, seconded by Mr. Freelon, to approve this property matter. Mr. Sall recused himself from voting. The motion carried.

Mr. Cozort reported that the committee approved eight designer selections and accepted seven completed projects with a combined value of $4.4 million. They approved plans and specifications of one formal project that costs less than $2 million. The committee received reports on utilities systems and energy savings, deferred maintenance, Centennial Campus projects, the status of capital projects and the status of projects in planning. He closed by saying the committee is meeting in different campus locations and plans to go on a windshield tour of campus at the April meeting.

**Audit, Finance and Planning Committee-Chair James W. Owens**

Dr. Owens stated that the committee approved a revised internal audit charter. The committee heard an update regarding internal audit activities since the last meeting; in particular, the management corrective actions relating to the results of the audit of non-instructional summer salary. The committee also heard a report on the university financial audit. The university had a clean audit opinion and healthy financial position as of June 30, 2011.

Dr. Owens said that Chancellor Woodson gave the committee an overview of the information regarding 2012-13 tuition and fees approved by the UNC Board of Governors last week. The Board of Governors also approved an initial NC State undergraduate resident student tuition increase of $290.00 for 2013-14.

The committee also heard reports on planning and development activity on Centennial Campus as well as data security. They also received information to satisfy the annual associated entity review required by the Board of Governors as well as the quarterly performance report for the NC State Investment Fund.

**Chair of the Faculty Report-Chair Hans Kellner**

Dr. Kellner reported on activities and issues that have been addressed by the Faculty Senate since the last Trustee meeting. He said that Chair Barbara Mulkey visited the Faculty Senate and spoke about the role of the Board of Trustees and their interest in the strategic plan and the future of the university. Three dean searches are getting underway, and all of them have faculty involvement. One of the greatest issues of concern for the Faculty Senate this past year has been business operations—BORST—and its impact on the professional lives of faculty who have a lot of grant responsibilities. Another area of concern has been the reform of distance education. The money for distance education was the only source of discretionary funds for many departments without grant monies and an important source of income for many faculty. Vice Provost Miller spoke to the Faculty Senate to explain how the funding would be impacted by the changes.
Dr. Kellner said that the Faculty Excellence Plan, which calls for proposals for clusters of interdisciplinary new positions funded by the Chancellor, has also been a topic of great interest and concern. It is important to the faculty that the choices made by the committee do not favor one part of the university over another.

Dr. Kellner reported that the reaffirmation process by SACS is slowly beginning with very preliminary committees. The focus of this early work was the selection of a theme for the Quality Enhancement Plan which is mandated to produce a university-wide effort to improve some aspect of our academic endeavor. The approved theme is “critical and creative thinking.”

On January 20, President Ross spoke to the UNC Faculty Assembly about tuition. At the same meeting, officials from the John William Pope Center for Higher Education Policy and representatives from the NC Policy Watch and the NC Budget and Tax Center made presentations and offered very differing pictures of what the state should be doing.

Dr. Kellner reported that the Faculty Senate election process is at hand. The selection of Faculty Senators, hearing panelists, grievance committee members, delegates to the Faculty Assembly and the Athletics Council are all coordinated by the Faculty Senate. The most important election is that of the Chair-elect of the Faculty who will begin a four-year term next fall, including two years as Chair of the Faculty.

The Faculty Senate has also heard this semester from the leaders of Student Government and the Staff Senate.

Chair of the Staff Senate Report—Chair David DeFoor
Mr. DeFoor stated that the Staff Senate continues to discover and refine avenues of communications for NC State’s staff members as they seek to educate employees about issues affecting their lives and work, and as they convey staff concerns to university leadership. Guests at Staff Senate meetings this fall include the executive director of the Hillsborough Street Community Service Corporation, the interim executive director for business operations and Dean Dan Solomon who discussed plans for the university’s 125th anniversary celebration. Our new police chief attended a meeting and discussed public safety efforts that impact staff, and the January meeting featured the assistant equal opportunity officer who has been assisting the Staff Senate’s Diversity Committee in their efforts to become more active and engaged.

One area of concern for the Staff Senate is Senate Bill 575 which would move supervision of SPA employees from the Office of State Personnel to the UNC Board of Governors. The Staff Senate is assessing the implications of such a move and will make recommendations to the administration.

Mr. DeFoor reported that upcoming education and outreach efforts include a series of “Lunch and Learn” brown-bag lunches. The Senate is in the early stages of a potential collaboration with Habitat of Wake County to sponsor a project to build at least 11 houses in 11 months. He closed
by asking the Trustees to keep all NC State staff in mind as they address the major issues facing the university.

With no further business in open session, Mr. Sall made the motion, seconded by Mr. Freelon, at 10:30 a.m. to go into closed session to prevent the premature disclosure of an honorary award, to consider the qualifications, competence, performance, conditions of appointment of a public officer or employee or prospective public officer or employee, and to consult with our attorney to protect the attorney-client privilege under NC General Statute 143-318.11(a)(2)(3)(6). The motion carried.

At 11:20 a.m., the board came out of closed session. With no further business, Chair Mulkey adjourned the meeting at 11:25 a.m.

Respectfully submitted,

[Signature]
Assistant Secretary

[Signature]
Secretary

Approved:

[Signature]
Chair of the Board