Board of Trustees  
North Carolina State University  
Raleigh, North Carolina  

February 19, 2010  

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 19, 2010. Chair Lawrence Davenport presided.

Members present:
Lawrence Davenport, Chair  
Jack L. Cozort  
Benjamin P. Jenkins III  
Bob Jordan  
Gayle S. Lanier  
Barbara H. Mulkey  
James W. Owens  
Randall C. Ramsey  
John P. Sall  
E. Norris Tolson  
Steve F. Warren  
Cassius S. Williams  
Jim Ceresnak, ex officio

Chair Davenport called the meeting to order at 9:40 a.m. He welcomed Chancellor-elect Randy Woodson and his wife Susan to the meeting as well as other special guests. Chair Davenport reminded all members of their duty to avoid conflicts of interest and appearance 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. There being 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. Tolson made the motion, seconded by Mr. Warren, to approve the open session minutes of the November 20, 2009, meeting of the full Board. The motion passed. Mr. Sall made the motion, seconded by Mr. Jenkins, to approve the closed session minutes of the November 20, 2009, meeting of the full Board. The motion passed.

Mr. Warren made the motion, seconded by Mr. Ramsey, to approve the open session minutes of the December 16, 2009, meeting of the full Board. The motion passed. Mr. Jordan made the motion, seconded by Mr. Owens, to approve the closed session minutes of the December 16, 2009, meeting of the full Board. The motion passed.
Mr. Tolson made the motion, seconded by Ms. Mulkey, to approve the minutes of the January 19, 2010, joint meeting of the full Board with the UNC Chapel Hill Trustees. The motion passed.

CHAIR’S REPORT
Chair Davenport stated that the appointment of the nominating committee is mandated by the Board of Trustees’ Bylaws, which give the committee responsibility for “presenting a slate of nominees to the board at its first meeting following the beginning of each university 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.” Steve Warren will chair the nominating committee; other members are Gayle Lanier, Randy Ramsey, John Sall, and Norris Tolson.

Chair Davenport reported that the February 18 welcome reception for Chancellor-elect Woodson at Reynolds Coliseum was a great event. He also reported that he and Chancellor Woodward had recently toured the Campbell University Law School in downtown Raleigh and were very impressed with their facilities. Upcoming events include Founders’ Day on March 8 where Watauga Medals will be presented to Charlie Bryant, Hou-min Chang, and Frank Grainger, and Spring Commencement on May 15 where Charlie Rose will be the speaker.

Chair Davenport closed his remarks by thanking the Trustees who attended the recent joint meeting with the UNC Chapel Hill Board of Trustees.

Chair Davenport gave the report from the February 18, 2010, meeting of the Endowment Fund. He stated that the Board of Trustees of the Endowment Fund heard a report on the priorities for University Advancement and the necessity of improving information technology in this area. The Board approved the estimated fiscal year 2010-11 assessment fee at 55 basis points. The Board also heard reports on the Hofmann Forest, Centennial Campus real estate holdings, and the Hillsborough Street corridor. They were also given an update on the investment performance, and the Board discussed issues including the NC State Investment Fund, Inc., portfolio performance and structure, and the 2009 ACUBO/Commonfund endowment survey.

The Board approved the following actions:
- To accept the estimated fiscal year 2010-11 assessment fee at 55 basis points
- To accept gifts in the amount of $2.1 million
- To delegate the Treasurer’s signature authority to the Assistant Treasurer and Director of Real Estate for certain real estate transactions involving contracting for professional services and entering into use and lease agreements
- To appoint the Endowment Fund to act as trustee for all NC State entities invested in the Academy Centennial Fund, LLC
- To re-evaluate the banking relationships for the fixed income portfolios
Chair Davenport reported that the board then went into executive session for a Centennial Campus update.

**CHANCELLOR’S REPORT-JAMES H. WOODWARD**

Chancellor Woodward began his remarks by welcoming the Woodsons to campus and to the Board meeting. He reported on campus activities that he considers a source of pride including “Howl for Haiti,” an effort by students to raise relief funds; the Krispy Kreme Challenge which raised approximately $40,000 for the NC Children’s Hospital; and the upcoming Polar Plunge.

He also reported that NC State has had success in improving the graduation rates of minority students. In a recent report issued by the Education Trust that looked at six-year graduation rates for 2002 and 2007, NC State was among the Top 25 Gainers, ranking 17th overall among 134 research universities.

Chancellor Woodward gave a status report on the following areas that he identified at the July 2009 Board of Trustees meeting as areas where we needed to make progress this year:

**Advancement**

He discussed the critical role that private fund raising will play in the future of NC State. Vice Chancellors Kessler and Hoit have developed a plan for the needed IT support structure, and the first elements of that structure are being implemented. Through bench-marking studies, we have confirmed and quantified the funding shortage in central development and advancement services at NC State to be $4-$5 million. In order to conduct a campaign of $1-$2 billion within several years, we must continue to close that funding gap. Sources for funding are limited to state funds, an annual assessment fee on endowments, and a one-time assessment fee on new gifts. Chancellor Woodward recommended we now add an assessment fee on new gifts and asked the Board to endorse the implementation of this fee at their April meeting.

**Research**

Chancellor Woodward stated that he is very proud of the success of our faculty in attracting research funding this year. Through February 15, our faculty has submitted grant and contract proposals totaling $706,291,069, an increase of 37.1% over the same period last year. Awards have totaled $173,646,589, an increase of 39.5%. Excluding stimulus funds, awards are at $153,642,979, an increase of 23.4%.

**Chancellor’s Residence**

Chancellor Woodward said that construction for the new Chancellor’s home, “The Point,” will take 16-18 months. He said special thanks should be given to Ann Goodnight, Marvin Malecha, Jon Rufty, and Kevin MacNaughton.
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Student Union
Chancellor Woodward reported that the UNC Board of Governors gave final approval of the debt service fee needed to support the $120 million expansion and renovation of the Talley Student Center. The expansion will start in the spring of 2011 and be completed in early 2013, and the renovation of the existing structure will be completed in the fall of 2014. He thanked Jim Ceresnak and the other students who worked very hard on this project.

Alumni Association
Chancellor Woodward stated the importance of the Alumni Association in the future of NC State, and he complimented our alumni for their support and connection to their alma mater. He also complimented the leadership of Interim Executive Director Kevin Howell and Alumni Association President Dennis Howard for their collaboration in confronting and dealing with our challenges. He updated the Board on the status of the search for the Executive Director and Associate Vice Chancellor for Alumni Affairs. He said the committee expects to complete its work some time in March and submit 2 to 3 names for consideration.

Chancellor Woodward then invited Dennis Howard to make remarks. Mr. Howard welcomed the Woodsons on behalf of the Alumni Association. He stressed that the association wants to fully cooperate with NC State in all areas and that we are all working towards the same goal—to make NC State an even better university. He discussed upcoming events including the Summer Send-offs, the May Board of Directors meeting, and Legacy Day which is jointly hosted by the Alumni Association and Admissions. He asked that the Trustees feel free to contact him if he or the Association can ever be of assistance.

COMMITTEE REPORTS
Academic Affairs and Personnel Committee-Benjamin P. Jenkins III
Chair Jenkins reported that the committee heard an update on fall graduation statistics and graduation trends. It was announced that starting in May, undergraduate students will wear red gowns for Commencement. The committee also heard a presentation on the Academic Support Program for Student-Athletes.

Mr. Jenkins stated that the committee recommended approval of a revision to Policy 05.30.1: Medical and Parental Leave for 9-month Faculty. These revisions put NC State in compliance with recent amendments to the Family Medical Leave Act (FMLA) and with UNC policy (300.2.11), Serious Illness and Disability Leave for Faculty and associated guidelines (300.2.11[G]). Revisions include change in the paid leave title from “replacement pay” to “continuation pay;” clarification of modified duties when faculty return mid-semester; clarification that “continuation pay” does not apply in the summer; and expanded description of the FMLA qualifying reasons covered by the policy. He made the motion, seconded by Mr. Cozort, to approve revisions to Policy 05.30.1 on Medical and Parental Leave for 9-month Faculty. The motion passed.
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Mr. Jenkins said that the committee recommended approval of a new policy on Non-Salary and Deferred Compensation. UNC Policy 300.2.14 required that all constituent institutions have a policy on Non-Salary and Deferred Compensation covering EPA employees. Mr. Jenkins made the motion, seconded by Mr. Owens, to approve this new policy. The motion passed.

Mr. Jenkins reported that the committee recommended approval of a change in title of the current B.S. in Fisheries and Wildlife Sciences to B.S. in Fisheries, Wildlife and Conservation Biology. The title change more accurately reflects changes in the profession since the late 1970s. Mr. Jenkins made the motion, seconded by Mr. Warren, to approve this title change. The motion passed.

The committee was notified of a new undergraduate certificate in Animal Nutrition and of revisions made to REG 05.20.24 Scholarly Assignment Off-Campus. They were also notified that the Department of Curriculum and Instruction in the College of Education has been renamed the Department of Curriculum, Instruction and Counselor Education. Interim Provost Arden shared the position description for the Dean of the College of Education and discussed the search process.

Mr. Jenkins stated that the committee heard a briefing on the Songdo, South Korea Campus that included descriptions of the opportunities and liabilities associated with the project. Interim Provost Arden reported that 144 dossiers were considered in the 2009-10 Reappointment, Promotion and Tenure Process and that leadership and program reviews are underway in the Colleges of Textiles, Design, and Physical and Mathematical Sciences.

Mr. Jenkins reported that in closed session, the committee approved a recommendation for the awarding of the Holladay Medal which will be considered by the full Board in closed session at the conclusion of this meeting. The committee recommended deferring a decision to award an honorary degree and such nomination will be reconsidered at a future meeting. The committee took action to appoint a Vice Chancellor and General Counsel and approved a non-salary compensation request associated with this offer. The committee approved the appointment of a head volleyball coach and approved one conferral of tenure for a new hire and recommended for approval by the UNC Board of Governors a salary increase from federal funds that will result in an increase of at least 15% and $10,000 above the faculty member’s previous June 30 salary. The committee was notified of one successful retention offer made from the UNC General Administration Faculty Recruiting and Retention Fund that resulted in a salary increase of at least $10,000 and 15% above the faculty member’s previous June 30 salary. Interim Provost Arden informed the committee that General Administration has advised us that further funding from this source will not be available this fiscal year.
Audit, Finance and Planning Committee-Chair Steve Warren

Chair Warren stated that State Auditor Beth Wood and her team reported on the University’s financial audit. The University was complimented for its clean audit opinion and healthy financial position as of June 30, 2009.

Chair Warren reported that the committee authorized the establishment of the NCSU Silicon Solar Research Center. The center will play an active role in reestablishing a global leadership role for the U.S. silicon photovoltaic industry.

The committee heard a report on the planning initiative and the year-long feasibility study for opening a campus in Songdo, South Korea. The Incheon Free Economic Zone Authority would like NC State to establish operations at the Global University Campus with a study abroad program for NC State students and a non-credit program for foreign students to enhance their English proficiency and prepare them for an American university experience. If the project appears financially feasible and all necessary approvals are received, NC State could begin degree programs as part of the Global University Campus. NC State received $1 million in funding for the first year of planning which expires in March 2010. In order to continue planning and begin implementation, a subsequent funding agreement may be necessary. Additional authorization is requested from the Board of Trustees in order to continue the planning and implementation process. Specifically:

1. University administration is authorized to submit an application to the Korean Ministry of Education Science and Technology for the purpose of operating a degree granting campus. This application would include reference to non-degree programs offered as early as the fall of 2010 and degree programs no earlier than the fall of 2011 at the Global University campus in Songdo. Such application is conditioned upon written commitment of adequate funding, over and above tuition receipts, by the appropriate Korean entities to cover the on-going operating and administrative cost so that NC State does not sustain a financial loss related to the Songdo campus. It is further conditioned that operations cannot begin until approval by all necessary entities in North Carolina and Korea has been granted.

2. University administration is authorized to continue in planning activities that lead to and include a study abroad program for NC State students, a preparatory program for foreign students in Songdo, and the delivery of degree academic programs.

3. University administration may enter into a subsequent Fund Support Agreement so the university can receive additional funds needed to continue planning and begin implementation for Songdo campus operations.

4. Additional approval will be requested prior to entering into a final agreement and commitment of delivering degree program.

Trustee Owens gave his insights into this initiative. He supports the Songdo campus and asked for the Board’s support. He realizes the budget concerns and stressed the need for a full-time,
high-level project manager. Chancellor Woodward stated that we need to be more active than reactive and that the graduate programs would be easier to put in place than undergraduate programs.

Mr. Warren made the motion, seconded by Mr. Owens, to authorize the additional planning activities for the South Korea campus. The motion passed.

Mr. Warren stated that the committee heard an overview of the University budget and discussed the planning process for meeting a recurring budget reduction plan of up to 5% for fiscal year 2010-11. The committee also heard reports on the NC State Investment Fund, Inc., the annual review of Associated Entities, and Internal Audit activities.

**Buildings and Property Committee-Chair Gayle S. Lanier**

Chair Lanier reported that the committee reviewed and approved nine property matters. Seven of the property matters require full Board approval. They are:

- Severance of timber in Schenck Memorial Forest, Wake County. Timber management will include even-aged harvesting on approximately 14 acres, seed tree harvesting on approximately 25 acres, and shelter wood harvesting on approximately 12 acres. The value will be determined by the State Surplus Property bid process.

- Severance of timber in Hill Forest, Durham County. Timber management will include even-aged harvesting of approximately 41 acres and selective and thinning harvesting on approximately 86.5 acres. The value will be determined by State Surplus Property bid process.

- Disposition by easement to Capstone Development for access along Yarbrough Drive between its western-most terminus and Dan Allen Drive. This easement will be given with the condition that the developer provide several improvements to University property as part of the adjacent housing development.

- Disposition by sub-lease to Green Energy Corporation of approximately 10,000 square feet in the Centennial Science Center building for a term of 10 years. Terms and rate will remain unchanged at approximately $32.46 per square foot with escalations.

- Disposition by lease to Cytosource Labs Incorporated of approximately 1,900 square feet in the Partners II building for a term of 3 years with possibly (2) one-year renewals for a rate of approximately $39.86 per square foot including operating costs and annual escalators.

- Acquisition by lease for the Center for Applied Aquatic Ecology of the College of Agriculture and Life Sciences of approximately 9,275 square feet of laboratory and office space for a term of 3 years with (2) one-year renewal options. This is a replacement lease for space currently occupied.
• Acquisition by lease for the Center for Urban Affairs and Community Services of approximately 39,000 square feet of office and warehouse space in Raleigh for a term of 5-10 years for relocation and consolidation. The new lease will be open for bid by the State Property Office.

Chair Lanier made the motion, seconded by Mr. Tolson, to approve these seven property matters. The motion carried.

Chair Lanier reported that the committee approved three designer selections and one performance contractor selection. They approved six designer selections for projects that each costs $500,000 or less and accepted seven completed capital projects with a combined value of $26.5 million. The committee approved one property matter that was received after the full Board mailing; this was a disposition by lease to Talecris Biotherapeutics Incorporated of approximately 1,165 square feet of office space in the Research II building for a term of 6 months with (4) one-month renewal options. This property matter required committee approval only.

The committee approved a recommended change in the Campus Design Review Panel Procedure that adds the Associate Vice Chancellor for Centennial Campus Development as a standing member and replaces the Director of Facilities Planning and Design (eliminated position) with the Director of Capital Project Management as an ex-officio member. The amendment also changes appointment authority from academic deans to the University Architect for appointment of an at-large faculty member and appointments of members from each campus area.

Chair Lanier said that the committee approved the design plans for The Point, the new Chancellor’s residence on Centennial Campus. They approved site plans and reviewed design plans for the J.W. Isenhour Tennis Complex expansion and the Derr Track improvements. They also approved the design plans for the Atrium renovation and approved one other project that costs less than $2 million.

The committee heard an update on the wolf sculptures that will be placed at the south terminus of the Free Expression Tunnel. They heard a report on firms that received building contracts during 2006-2009 as well as a report on the Facilities Condition Assessment Program which is the basis for prioritizing future repair and renovation requests. The committee also received status reports on Centennial Campus development projects, other capital projects that are in design or construction, and projects in planning.

Development Committee-Chair Norris Tolson
Chair Tolson reported that the committee heard a report on capital fund-raising projects including gifts and pledges to the University. We are seeing steady improvement in fund-raising totals each month and hope to meet or exceed last year’s totals by the end of the fiscal year. Annual giving figures are up by more than 20% this year, both in dollars raised and number of donors.
Chair Tolson said that the committee participated in a round-table discussion with Deans Malecha and Martin-Vega and Bobby Purcell, Wolfpack Club executive director. The conversation focused on the importance of working together to ensure the success of the next capital campaign. As chair of the committee, Mr. Tolson is committed to creating additional opportunities of this sort to discuss issues that will help us move forward together as we prepare for the campaign.

Chair Tolson stated that the committee reviewed and approved one proposal to name a specific university facility. This proposal will be considered in closed session follow this meeting.

**Student and Campus Affairs Committee-Chair Barbara Mulkey**
Chair Mulkey said the committee heard a report on Student Government activities from Jim Ceresnak. Highlights included Howl for Haiti, packaging meals for Stop Hunger Now, and the “Think Outside the Brick” competition where students submit ideas on ways to make NC State a more sustainable university.

The committee heard a report on the Hard Waiver Medical Insurance Plan. Beginning in Fall 2010, every undergraduate student in the UNC system taking six or more credit hours must either demonstrate evidence of health insurance or purchase a health plan through their university. Pearce and Pearce is the vendor that has been selected, and the annual premiums are considerably less costly than the current student health plan.

Chair Mulkey reported that Student Body President Jim Ceresnak showed the committee several short videos of students enjoying the recent snows, proof that despite budget woes, students still find ways to have fun.

The committee heard updates on additional student life activities including alternative spring break trips, the Krispy Kreme Challenge, tuition and fees approval, upcoming Student Government elections and upcoming revisions to the residence hall visitation policy.

**Chair of the Faculty Report-Chair Margery Overton**
Chair Overton said that a synopsis of Faculty Senate meetings since the November Board of Trustees meeting is in the Trustee notebooks. She highlighted the report to the Faculty Senate from the Sustainability Office titled “Climate Impact at NCSU.” Working groups were identified, and faculty were invited to get involved.

Provost Arden led a discussion on issues associated with implementing undergraduate interdisciplinary programs. Because interdisciplinary programs cut across colleges, the relationship between ownership of these programs and resource allocations is a central issue that needs resolving before moving forward.
Chair Overton reported that the Executive Committee has been discussing the role of the Faculty Senate. She gave the IT communication efforts as an example of an initiative that was important to have Faculty Senate involvement. She thanked Lawrence Davenport and Barbara Mulkey for attending the Faculty Senate meeting on January 26.

**Chair of the Staff Senate Report-Chair Steve Carlton**
Chair Carlton thanked the University for allowing him to serve on the Chancellor Search Committee. He stressed the importance of staff involvement in decisions such as this. He was pleased with the staff turnout for Chancellor-elect Woodson’s welcome reception at the Park Alumni Center.

Chair Carlton gave a brief report on each of the Staff Senate committees. He closed by mentioning two fundraising events that the Staff Senate has been involved in: the “Have a Heart” Campaign through the UNC Staff Assembly that collected 7,000 pounds of food and the upcoming Polar Plunge and 5K run to benefit the Special Olympics.

**Items of Interest to Members of the Board**
Trustee Lanier expressed thanks on behalf of the Board of Trustees to Chancellor Woodward for his service to NC State since this is his last board meeting as chancellor.

With no further business in open session, Chair Davenport made the motion, seconded by Ms. Mulkey, to go into closed session according to North Carolina General Statute, section 143-318.11 (a)(2)(6) to prevent the premature disclosure of an honorary award and to consider the qualifications, competence, performance, condition of appointment of a public office or employee or prospective public officer or employee.

At 12:42 p.m., the Board came out of closed session. Chair Davenport called upon Trustee Cozort who asked everyone to stand and made the motion to adjourn the meeting in honor of Professor Abraham Holtzman who passed away recently. Professor Holtzman taught Political Science and was a legend at NC State. The motion, seconded by Mr. Tolson, carried. Chair Davenport adjourned the meeting at 12:47 p.m.

Respectfully submitted,

[Signature]
Assistant Secretary

[Signature]
Secretary

Approved:

[Signature]
Chair of the Board