

Board of Trustees
North Carolina State University
Raleigh, North Carolina

September 21, 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 Centennial Campus, Raleigh, NC on Friday, September 21, 2007. Chair McQueen Campbell presided.

Members present:

- McQueen Campbell, III, Chair
- Derick S. Close
- Lawrence Davenport
- Suzanne Gordon
- Bob Jordan
- Gayle S. Lanier
- Burley Mitchell
- Barbara H. Mulkey
- John P. Sall
- Steve F. Warren
- Cassius S. Williams
- Bobby Mills, ex officio

Chair Campbell called the meeting to order. He 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. Mr. Sall recused himself from the vote regarding the property acquisition by lease to the Institute for Advanced Analytics because of his position with SAS Institute. Mr. Davenport recused himself from the vote regarding BTEC due to his membership on the Golden LEAF Foundation Board of Directors. Hearing 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. Close made the motion, seconded by Mr. Williams, to approve the open session minutes of the July 9, 2007, meeting of the full Board, and the open and closed session minutes of the July 24, 2007, meeting of the Executive Committee. The motion carried.

CHAIR'S REPORT-MCQUEEN CAMPBELL, III

Chair Campbell reported that Trustees Lanier, Mulkey, and Sall were officially sworn in at the July 9, 2007, telephone meeting of the full Board. There will be a ceremonial oath of office at today's meeting since all members of the Board of Trustees were not present on July 9. Chair Campbell asked the new Trustees and Chancellor Oblinger to stand together, and the Honorable Burley Mitchell administered the oath of office (Appendix A).

Chair Campbell stated that Board of Trustees' Bylaws require that the Chair nominate for the Board's approval one Trustee to serve at-large on the Executive Committee. He recommended Trustee Mattocks to serve as the fifth member of the Executive Committee. Mr. Davenport made the motion, seconded by Mr. Williams, to approve the election of Mr. Mattocks to the Executive Committee. The motion carried.

Chair Campbell reported that the Atlantic Coast Conference annually requires its university boards of trustees to certify that authority for the administration of intercollegiate athletics has been delegated to the Chancellor. Mr. Williams made the motion, seconded by Ms. Mulkey, to approve the ACC Governing Board Certification for 2007-2008. The motion carried (Appendix B).

Chair Campbell reported that the Endowment Fund Board of Trustees met Thursday, September 20, 2007; a quorum was present. Mr. John Atkins was appointed as Vice Chair of the Endowment Fund Board. Emily Mann Peck and Darrell Menscer were appointed as representatives to the NC State Investment Fund. Reports were heard from investment managers from SEI and Wachovia, as were reports on Hillsborough Square, Centennial Campus and Hoffmann Forest.

The Board approved the following actions:

- Acceptance of gifts totaling \$3,926,733.76.
- Approval of a change in procedures whereby new gifts would be invested upon receipt rather than after interim acceptance by the Board chair.
- Approval of an updated resolution to authorize and empower the treasurer and assistant treasurer to engage in certain kinds of transactions on behalf of the Board of Trustees of the Endowment Fund.
- Accepted the 2007 Financial Report; net assets grew by 13.2% to \$183.9 million on June 30, 2007.
- Approved \$5,442,625 in spending budgets for FY 2008-09, a 5.6% increase over current fiscal year spending budgets.
- Authorized the treasurer to negotiate the sale of Hillsborough Square property with the City of Raleigh for the planned roundabout at the intersection of Hillsborough Street and Oberlin Road, as well as the sale of any remaining property to other interested buyers.
- Authorized the treasurer to take actions necessary to move forward with development of the N4 (Alliance Center) tract on Centennial Campus.

Chair Campbell thanked the Board for their support in electing him Chair. He acknowledged the appointment of Steve Warren as the Chair of the NC State Investment Fund Members Board.

Chair Campbell reported that the first annual "State of NC State" address will be given by Chancellor Oblinger on September 27 in Stewart Theatre. He encouraged all members of the Board to attend. Chair Campbell welcomed Nevin Kessler who will become the Vice Chancellor for University Advancement on October 15.

Chair Campbell discussed the important role of NC State and stated that the University must be innovative and creative to be competitive in a global economy. He praised the leadership of Chancellor Oblinger and UNC President Erskine Bowles. He asked the Trustees to advise the University by bringing their ideas and experiences to the administrative team. He feels we should engage students more because they are the group that will create our future. In closing, he again thanked the Board for allowing him to serve as chair.

CHANCELLOR'S REPORT-JAMES OBLINGER

Chancellor Oblinger began by introducing Dr. Cheryl Brown who is an American Council on Education (ACE) Fellow in the Office of the Provost for this academic year. Dr. Brown is an associate professor of political science at UNC Charlotte. One of our professors, Dr. Jerome Lavelle, is serving as an ACE Fellow at UNC General Administration this year.

Chancellor Oblinger reported the following campus highlights since the April meeting of the Board:

- NC State welcomed 4,792 freshmen, the largest freshman class in NC State history. This entering class has an average weighted high school GPA of 4.11, and 35% were in the top 10 percent of their high school class. The freshman class includes students from 99 of North Carolina's 100 counties, 39 states and 29 countries.
- U.S. Representative Bob Etheridge visited NC State on Tuesday, August 7, to promote efforts to produce renewable fuels
- NC State's Transportation Department added 29 new "green" buses to the Wolfline fleet. The new buses have a much longer lifespan than the old fleet and meet the standards of the Environmental Protection Agency's 2007 Highway Diesel Rule.
- The 2007-08 Millennium Seminar on September 12 featured an address from U.S. Acting Surgeon General, Rear Admiral Kenneth P. Moritsugu, M.D. This remarks focuses on "Three Guides to Action for Underage Drinking." In October, Charlie Rose will lead a Millennium Seminar panel discussion on "The 'Green' Millennium."
- NC State's College of Management received a \$2 million contribution from BB&T to establish the BB&T Center for the Study of Free Markets and Institutions. The College of Management also hosted the Wachovia Lecture, and alumnus Jim Owens, CEO of Caterpillar, Inc., spoke to a standing-room only crowd in Nelson Auditorium.
- Four new Reynolds Professors have been named, and they are Dr. Rick Brandenburg, professor of entomology; Dr. Margaret Daub, professor and head, Department of Plant Biology; Dr. Walter Thurman, professor of agriculture and resource economics; and Dr. Michael Schulman, professor of sociology and anthropology.
- NC State-sponsored Insight Racing Team's Lotus Elise, dubbed "Lone Wolf," is one of only 36 participants from an original field of 89 invited to participate in the Defense Advanced Research Project Agency (DARPA) Urban Challenge National Qualification Event in October.
- The Center for Student Leadership, Ethics & Public Service (CSLEPS) recruited approximately 1,300 volunteers August 24 and 25 to aid in packing a total of 301,752 meals for earthquake survivors in Peru and for school children in Haiti. The project also raised \$5,090 in donations.
- NC State's facilities division has received the Award for Excellence in Facilities Management, the highest institutional honor bestowed by APPA, the organization that serves educational facilities professionals.
- NC State celebrated the dedication of the Golden LEAF Biomanufacturing Training and Education Center on September 19. It was a great event with remarks by Governor Easley, UNC President Erskine Bowles, President of NC Community Colleges Martin Lancaster, Chancellor Oblinger, and others.
- NC State is awaiting notification from UNC General Administration regarding tuition and fees. We have formed advisory committees and plan to make recommendations to the Board of Trustees as the November meeting.

- NC State has established a Vice Chancellor for Information Technology. This individual will serve as the chief information officer for the university. The nominating committee has been appointed.
- Chancellor Oblinger had the privilege to join an economic development delegation from the Research Triangle on a trip to China May 24 through June 3. Last fall, NC State signed 13 academic agreements with universities in China, creating new opportunities for our students and faculty and their counterparts in China.
- A North Carolina consortium organized by NC State is one of five consortia the Department of Homeland Security is still considering for locating the National Bio and Agro-Defense Facility (NBAF). This facility would serve as a federal research center, addressing national public and animal health interests. The final site selection is set for October 2008.

COMMITTEE REPORTS

Academic Affairs and Personnel Committee-Chair Cassius Williams

Chair Williams stated that the committee heard a report on the Fall 2007 enrollment and characteristics of the student body. We have the largest enrollment in NC State's history- 31,792 students. The Committee also reviewed the Academic Affairs and Personnel Committee responsibilities as outlined in the Board of Trustees Policy 01.05.02.

The committee approved a revision to Policy 04.20.06: Interpersonal Relationships Among Faculty, Staff and Students. Revisions to the Policy emphasize the possibility of disciplinary action against individuals in violation of the Policy as well as reduce the current Policy's redundancy with the Equal Opportunity and Non-Discrimination Policy Statement. Mr. Williams made the motion, seconded by Mr. Warren, to approve the revisions to Policy 04.20.06; the motion carried.

The committee approved a proposed resolution to adopt personnel policies governing employees of the NC Cooperative Extension Service of NC State University who are employed in county operations and who are not exempt from the State Personnel Act pursuant to N.C.G.S. 126-5(c) subdivision (8) or (9). Mr. Williams moved for approval of this resolution, and Mr. Warren seconded the motion. The motion carried.

Chancellor Oblinger reported that the December Commencement speaker is Billy Ray Hall, President of the NC Rural Economic Development Center. The Committee also received a report on the individuals known to meet the UNC Nepotism Policy's criteria during the preceding year.

The committee was notified of a new regulation: Online Course Material Host Requirements. The regulation on Professorships of Distinction has been revised to clarify that those professorships funded with matching funds from the Distinguished Professors Endowment Fund are not subject to the 4% cap. The Department of Food Science is changing its name to the Department of Food, Bioprocessing and Nutrition Science. The Provost provided updates on the Spangler Foundation endowment, implementation of the Analytics degree, upcoming Millennium Seminars, the UNC President's recruitment and retention fund, the First-Year College commons building, Center for Excellence in Curricular Engagement, summer school reorganization, and library planning. He informed the committee on the status of the search for a Vice Chancellor for Information Technology.

Chair Williams reported that the committee approved personnel actions, including approval of three conferrals of tenure and an appointment to a distinguished professorship. They also

approved recommendations for the awarding of Honorary Degrees and a faculty member to engage in political activity that will be considered by the full Board in closed session at the conclusion of this meeting.

Audit, Finance and Planning Committee-Chair Lawrence Davenport

Chair Davenport reported that the committee reviewed its delegated responsibilities. The committee authorized the establishment of the NC State Center for Quantitative Sciences in Biomedicine.

He stated that a resolution was presented to authorize NC State to add the self-liquidating projects in the 2007 legislative bill to the current bridge-financing program. Chair Davenport made the motion, seconded by Ms. Gordon, to approve the resolution to enable issuance of special obligation bonds for the specific projects (Appendix C). The motion carried.

Mr. Davenport said that the committee heard an informational report on the NC State Investment Fund through June 30, 2007. The \$348 million fund had a one-year performance of 15.4% net of fees. Informational reports were also presented on special affiliated entity financing and NC State's Fall 2007 enrollment.

Buildings and Property Committee-Chair Derick Close

Chair Close reported that the committee reviewed and approved sixteen property matters, six designer selections, one construction manager selection, and a list of twelve completed buildings and projects. Eleven property matters require full Board approval. The property matters are:

- Acquisition by purchase of 2209 Hope Street, Raleigh (behind North Hall) from the Endowment Fund for approximately \$300,000
- Acquisition by purchase of 2.82 acres on Windy Hill Drive, Raleigh, from the State of North Carolina
- Acquisition by gift of the Buster Sykes Agricultural Demonstration Farm in Alamance County from the N.C. Agriculture Foundation
- Disposition by lease to MeadWestVaco of a minimum of approximately 65,000 gross square feet consisting of the Corporate Research I building and a maximum of approximately 130,000 gross square feet to be determined by the size of a potential addition to the building
- Disposition by lease to Capital Associates of approximately 2.64 acres from the NC State University Partnership Corporation (through the NC State CBC Land I, LLC) for development of the CBC Flex Laboratory Building
- Disposition by lease to American Home, LLC of approximately 7 acres from the State of North Carolina
- Acquisition by lease to the Institute for Advanced Analytics for approximately 4,000 usable square feet in Venture III
- Disposition by easement to NC Department of Transportation in Stokes County for intersection improvements impacting less than one quarter acre of the Sertoma 4-H Camp
- Disposition by easement to NC Department of Transportation in Durham County for roadway improvements to Cassam Road along approximately 3,775 feet of frontage of the Butner Beef Cattle facility and impacting approximately 5.2 acres of University land.
- Demolition of the College of Veterinary Medicine Annex to accommodate Progress Energy transmission line access to the proposed electric substation on Centennial Biomedical Campus
- Demolition of four structures at Reedy Creek Road Field Lab to accommodate the installation of transmission power lines by Progress Energy

Chair Close made the motion, seconded by Mr. Warren, to approve these eleven property matters. The motion carried.

Chair Close reported that the committee approved two site plans, two design plans, and five project plans and specifications less than \$1 million. They reviewed two other design plans and received informational reports about the status of capital projects on campus including an update on renewed residential development on Centennial Campus. They also were updated on the transition of Greek Court to Greek Village that will provide ground lease opportunities for organizations to construct new chapter-owned houses. A total of twenty building lots will be available in a phased plan that will remove existing university-owned houses. Phase 1 includes four houses that are tentatively scheduled to open in August 2009.

Chair Close congratulated the Facilities Division on receiving the APPA Award for Excellence. This award recognizes and advances excellence in the field of educational facilities.

Development Committee-Chair Bob Jordan

Chair Jordan reported that the committee reviewed and approved a proposal for a fund-raising project and a new fund-raising feasibility study. They met the Vice Chancellor-elect for University Advancement.

Chair Jordan stated that the College of Management reported on fund-raising for the fourth quarter of the 2007 fiscal year. Total gifts and pledges for fiscal year 2007 were \$195.6 million. The committee was briefed on the progress of the *Achieve! Campaign for NC State*. As of June 30, the campaign has raised \$1,125,000,000 and is at 112% of its \$1 billion goal. The committee reviewed the progress of university entities toward their working campaign goals; they also received updates on fund-raising for the current six capital projects.

Chair Jordan said that the committee reviewed and approved thirty-two proposals to name specific university facilities; these proposals will be considered at the end of this meeting in closed session.

Student and Campus Affairs Committee-Chair Suzanne Gordon

Chair Gordon reported that the committee reviewed delegated responsibilities including appeals, policy development, and tuition and fees. Student Body President Bobby Mills reported on the recent activities of Student Government including working on legislation for tax-free textbooks; working with the University Bookstore to begin a program to guarantee textbook buy-backs; working to extend dining hall hours; and working with New Student Orientation to encourage students to become involved on campus.

Chair Gordon stated that committee was provided an overview of the Division of Student Affairs as well as the Wolfpack in the House (WITH) Program. This program promotes good sportsmanship and communicates the importance of responsible tailgating behavior. The WITH program also conducts a Designated Driver Program and collaborates with the WE Recycle program.

The committee received an update on the process for recommending tuition and fees for 2008-2009. The Tuition Committee and Fee Review Committee will make recommendations on tuition and fee increases to the Conference Committee, who will then make recommendations to the Chancellor. The committee will consider these recommendations at their November meeting and

will give their recommendations to the Board of Trustees. The campus is awaiting final instructions from UNC General Administration, but we anticipate the same 6.5% cap on tuition and fees as last year.

Chair of the Faculty Report-Chair James D. Martin

Chair Martin began by thanking the Board of Trustees for all that they do for NC State. He stated that the Executive Committee of the Faculty Senate met twice during the summer to consider requests by the UNC Faculty Assembly to provide perspective on the UNC Tomorrow initiative and the proposed revisions to the UNC code 603/604 Discharge and Grievance Policy. The committee drafted a document that provided faculty perspective on UNC Tomorrow. The first Faculty Senate meeting of the academic year was held on August 28, and Chancellor Oblinger provided a legislative budget update. At this meeting, Chair Martin provided the required annual report on Grievances and Hearings.

Dr. Martin discussed the Discharge and Grievance Policy, stating that we should nurture faculty and not over-emphasize accountability to the point of negative results. In reviewing the history of grievance and hearings cases between 1993 and 2006, he expressed concerns as to the fairness of the process, issues of imbalance of power, and the appearance that the process seems to be inadequate in cases where malice or discrimination are charged. He feels there is need for a task force to review our grievance and hearings process to ensure fair and due process for faculty and administrators. Another item of concern is faculty workload, and Chair Martin advocates a study to determine what workload is appropriate.

Chair Martin reported that the faculty was very pleased with the 5% salary increase and with President Bowles' goal to bring salaries up to the 80th percentile of peer institutions.

Staff Senate Report-Chair Gail Willis

Chair Willis gave an overview of the Staff Senate for 2007. She stated that EPA non-teaching faculty are now included in the Staff Senate membership. Total membership of the Staff Senate is now 5,217.

NC State has three delegates on the UNC Staff Assembly. They are J.C. Boykin, Laura Massengill, and Gail Willis. Chair Willis also serves on a task force established by UNC President Erskine Bowles to study the relationship between the Office of State Personnel and the University of North Carolina.

Items of Interest to Members of the Board

Trustee and Student Body President Bobby Mills reported that students are still pursuing tax-free textbooks with the NC General Assembly.

Trustee Mitchell asked the Trustees to put the February 11-12 Emerging Issues Forum (EIF) on their calendars. The EIF focus will be on energy.

Trustee Davenport invited Trustees to a reception prior to the NC State vs. ECU game in Greenville on October 20.

With no further business in Open Session, Chair Campbell called for the motion to go into Closed Session according to NCGS 143-318.11 (A)(2); and NCGS 143-318.11 (a)(6). Mr. Williams made the motion, seconded by Ms. Mulkey, to go into Closed Session to prevent the premature disclosure of an honorary award or scholarship, 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 11:35 a.m., the Board came out of closed session. Chair Campbell reported that a request was reviewed in closed session for a faculty member to engage in political activity. Mr. Kevin Hill is requesting approval to run for a seat on the Wake County Public School System Board. Mr. Williams made the motion, seconded by Mr. Jordan, to approve Mr. Hill's request to run for a seat on the Wake County Public School System Board; the motion carried.

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

Respectfully submitted,

Assistant Secretary

Secretary

Approved:

Chair of Board