

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

**September 22, 2006**

The North Carolina State University Board of Trustees met in open meeting in the Hood Board Room of the Dorothy and Roy Park Alumni Center on Friday, September 22, 2006. 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

**ROLL CALL**

Assistant Secretary PJ Teal called roll and certified that a quorum was present.

**MINUTES**

Mr. Williams made the motion, seconded by Mr. Vaughn, to approve the minutes of the July 12, 2006 teleconference meeting of the full Board; the motion carried.

**CHAIR'S REPORT-WENDELL MURPHY**

Chair Murphy commented on the wonderful new Dorothy and Roy Park Alumni Center built with private funding. He thanked Trustee Cassius Williams for his role in making this building a reality as a member of the Building Committee.

Chair Murphy reported that Trustee Bylaws require that the Chair nominate for the Board's approval one Trustee to serve on the Executive Committee. He recommends Mr. Bob Mattocks to serve in this capacity. Mr. Mitchell made the motion, seconded by Mr. Williams to approve Mr. Mattocks' appointment as the fifth member of the Executive Committee; the motion carried.

Chair Murphy stated that annually the Atlantic Coast Conference requires the Boards of Trustees to certify that authority for the administration of intercollegiate athletics has been delegated to the Chancellor. Mr. Vaughn made the motion, seconded by Mr. Campbell, to approving the motion delegating authority to the Chancellor; the motion carried.

Chair Murphy reported on the following items from the Endowment Fund meeting held on Thursday, September 21, 2006:

- John Atkins was reappointed Vice Chair;
- Emily Peck was appointed as an alternate for the NC State Investment Fund Board;
- The acceptance of gifts totaling \$7,784,918;
- 2007-08 Spending Budgets of \$5.1 million;
- Approval of an exception to the spending rule for one fund;
- 2005-06 Financial Report was accepted with net assets of \$162.4 million;
- Approval of an asset allocation policy clarifying that assets invested with the NC State Investment Fund, Inc. (Fund) will follow the Fund's strategic asset allocation policy. The Board may also choose to hold assets outside the Fund in various types of investments;
- Approval of the Treasurer's authorization to rebalance the asset allocation when appropriate and to report rebalancing decisions at the next board meeting;
- Approval of the sale of 11 acres of the Hofmann Forest.

Chair Murphy thanked the Trustees for their support and for re-electing him as Chair. He has thoroughly enjoyed serving as chair

Chair Murphy announced that he appointed Suzanne Gordon to the NC Investment Board.

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

Chancellor Oblinger began his report by thanking the members of the Board of Trustees for all of their time and effort and for all that they do on behalf of NC State. He reported that the Park Foundation Board of Directors met in Raleigh for the first time in early September, and the meeting was a great success. Dorothy Park toured the new Park Alumni Center and was very impressed with the building. She also toured the new Park Scholarships Office in Peele Hall as well as her childhood home at 220 Hillsborough Street. While she was here, Mrs. Park interacted with all of the Park Scholars at a reception.

Chancellor Oblinger told the group that in a publication titled "A Mind to Market," the Milken Institute ranked NC State 20<sup>th</sup> in the nation in the area of research and development. NC State is ranked the highest of any school in the UNC system.

Chancellor Oblinger reported on some of the highlights that have taken place since the April 28 meeting of the Board of Trustees as follows:

- Pack Promise will help more than 300 NC State freshmen from low-income families this fall by meeting 100% of their financial aid needs. Pack Promise is a plan for student success, delivering additional academic support and advising, mentoring and work-study jobs connected to undergraduate research.
- NC State University and SAS, Inc. announced an initiative to create a new graduate degree program in data analytics.
- NC State University announced the new School of Public and International Affairs housed within the College of Humanities and Social Sciences.
- The Howard Hughes Medical Institute has given NC State a \$1.5 million grant to improve science education. The four-year project began September 1, and the first component of the grant calls for the development of a new introductory biology course for non-science majors at NC State.
- Clancy & Theys Construction Company in Raleigh has pledged \$1 million to the College of Engineering to create the E.I. Clancy Distinguished Professorship in

Construction Engineering Management in the Department of Civil, Construction, and Environmental Engineering.

- The Technology Entrepreneurship and Commercialization (TEC) Program in the College of Management has received \$629,000 over three years from the University of North Carolina General Administration (UNC-GA) to support the commercialization of intellectual property developed through the research activities of each UNC campus.
- The newly renovated Leazar Hall was rededicated on August 25. Leazar Hall will house the College of Design's materials lab, loom, painting and sculpture studios, seminar spaces and faculty offices. The \$8.3 million renovation project was funded by the North Carolina Higher Education Bond Referendum that was passed in 2000.
- NC State launched a new Website for news and features about the university. The new site is part of the overall redesign of the university's Web presence.
- Executive officers and deans met for a day-long retreat to begin developing action steps needed to implement the University's strategic plan.

Chancellor Oblinger also announced the following leadership changes:

- Dr. Robert D. Brown was named the new dean of the College of Natural Resources effective August 1.
- Dr. Toby L. Parcel assumed her new duties as Dean, College of Humanities and Social Sciences, on August 1.
- Dr. Louis A. Martin-Vega started work on August 7 as Dean of the College of Engineering.
- Dr. Terri Lomax has been named dean of the Graduate School effective September 29.
- On July 1, Jim Martin, professor of Chemistry, assumed the position of Chair-Elect of the Faculty. Bob Bruck, professor of Plant Pathology, Forestry, Environmental Technology, will continue his second term as Secretary of the Faculty.
- In August, JC Boykin began his one-year term as Chair of the Staff Senate, and Gail Willis was elected Chair-Elect.
- Will Quick has transitioned to Student Body President, and Zach Adams was elected Student Senate President.

Chancellor Oblinger discussed the following external activities:

- He traveled to New York in July with Charles Hayes, member of the Board of Governors and President and CEO of the Research Triangle Regional Partnership; Tom Rabon, executive vice president of Red Hat; and Bill Owens, vice president of services and support for Lenovo. The purpose of this trip was to meet with the national media to discuss the Triangle's role in attracting Asian investment to our local economy. The Chancellor took this opportunity to discuss our Centennial Campus concept and our economic development activities.
- NC State was host to Bob Berdahl, president of the Association of American Universities. Dr. Berdahl toured the campus and discussed NC State's academic initiatives, research highlights, and extension and economic development efforts.
- In October, Chancellor Oblinger will travel to Washington, DC for the National Academies of Science Leadership Summit to Effect Change in Teaching and Learning. He is chairing the summit's committee which will conclude with a committee report that identifies opportunities to effect change in undergraduate

- programs that will produce a flexible, well-prepared workforce that is appropriately skilled, socially responsive and technically proficient.
- Provost Larry Nielsen and Student Body President Will Quick are serving on the Tuition Advisory Task Force. Vice Chancellor for Student Affairs Tom Stafford is chairing the Fee Committee.

### **COMMITTEE REPORTS**

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

Chair Campbell reported that the committee heard a report on the Fall 2006 Enrollment and Characteristics of the Student Body. Fall 2006 had the largest enrollment ever for NC State, exceeding 31,000 students. The committee also heard a summary of the impact of management flexibility

Chancellor Oblinger discussed the December Commencement speaker, Bonnie McElveen-Hunter, Chairman of the American Red Cross.

Chair Campbell stated that Provost Nielsen notified them of the following:

- There is a new regulation: Review of Dean of Undergraduate Academic Programs, Dean of Graduate School, and Vice Provosts.
- Updates were presented on the childcare center, compact planning, the student success project, the Health Related Sciences Task Force, the University Strategic Marketing Committee and the Tuition Administrative Advisory Committee.
- The second Millennium Seminar given by David Gergen, Editor-At-Large at *US News and World Report*, was a success. Lindsay Graham will present the next Millennium Seminar on October 17 at 2:00 p.m.

Chair Campbell reported that the Committee approved personnel actions, including approval of conferrals of tenure, a salary increase, and a contract addendum. The conferral of Emeritus Status upon faculty was approved. A motion was approved to postpone any decision related to head coaches' contract extensions until the April meeting in order to review all contracts at one time. This postponement will bring contracts back into a review cycle following the close of athletic seasons.

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

Chair Vaughn reported that the committee approved the Internal Audit Plan for fiscal year 2007. In addition, a resolution was presented to authorize NC State University to add the proposed self-liquidating projects in the 2006 legislative bill to the current bridge-financing program. Chair Vaughn made the motion, seconded by Mr. Warren, to approve the resolution to enable issuance of special obligation bonds for the specific projects described in the meeting materials; the motion carried.

Chair Vaughn stated that the committee heard an informational report on the NC State Investment Fund through June 30, 2006. The \$297 million Fund had one-year performance of 8.87% net of fees. The Fund will be transitioning to a manager-of-managers model effective September 30, 2006.

Chair Vaughn said that reports were also presented on NC State's Fall 2006 enrollment and the 2006 legislative overview for capital and operating budget initiatives, and NC State University specific non-budget legislation.

Chair Vaughn reported that updates were provided on two institutional initiatives – Strategic Marketing at NC State and PACE (President’s Advisory Committee on Efficiency and Effectiveness). The PACE initiative addresses efforts at the UNC system-wide level as well as NC State campus-based activities.

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

Chair Close reported that the committee reviewed and approved seven property matters, five designer selections, and a list of completed buildings and projects. Four property matters require Full Board approval:

- The lease of 12.89 acres at Lake Wheeler Road Field Laboratory to USDA
- The lease of house at 2601 Fraternity Court to Kappa Sigma to be used for student housing and organization space for the Beta Upsilon chapter of Kappa Sigma
- The lease of laboratory and office space in Partners I to Talecris Biotherapeutics
- The lease of office space in Partners I to MeadWestvaco

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

Chair Close stated that the committee approved two building plans, two site plans, and plans and specifications for projects costing less than \$1 million. They also received informational reports about capital construction projects and a report on the final sale of Chinqua-Penn Plantation.

**Development Committee-Chair Bob Jordan**

Chair Jordan stated that the committee heard reports regarding fundraising for fiscal year 2006. Total gifts and pledges were \$186.8 million. This amount exceeded the previous fiscal year total of \$164.8 million.

He reported that the committee was briefed on the progress of the *Achieve! Campaign for NC State*. As of June 30, the campaign has raised over \$950 million and is at 95% of its \$1 billion goal.

Chair Jordan reported that the committee reviewed and approved the pan-university annual fund-raising goal for fiscal year 2007. Next year, the university has a fund-raising goal of \$157,991,600. The committee also received updates on fund raising for the five current capital projects.

Chair Jordan said that the Greek Court Redevelopment Task Force gave a presentation on the status of their plan. The proposed plan is modeled after one at the University of South Carolina in which chapters lease the land and the national offices build and own the houses.

In closing, Mr. Jordan stated that the committee reviewed and approved nineteen proposals to name University facilities. These proposals will be considered in Closed Session.

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

Chair Warren reported that the committee reviewed their responsibilities, including appeals, policy development, and tuition and fees. He said that Student Body President Will Quick then gave the committee a report on Student Government’s recent activities.

Chair Warren stated that the committee received an update on the process for recommending tuition and fees for 2007-2008. Guidelines from the Board of Governors are not expected until October, but informal indications are that each campus will have a 6.5% cap on tuition and fee increases combined. The Chancellor has charged both the Tuition and Fee Committees to give him recommendations that would not exceed 6.5% for each category. The Chancellor will then bring forward his recommendations to the Board of Trustees at their November meeting.

Chair Warren said the committee heard a report from Student Affairs staff members on activities geared toward helping students make healthy lifestyle choices including healthy eating, proper weight, and exercise activity. They also heard a report on the status of our international students at NC State from Associate Vice Provost Michael Bustle from the Office of International Services. Of our 1700 international students, which make up 5.5% of the student body, approximately 90% are graduate students. Three students shared their stories and experiences with the committee. Our international students represent approximately 90 countries.

**Faculty Senate Chair, Nina Allen**

Chair Allen reported that Jim Martin from Chemistry is the new chair-elect of the Faculty, and Bob Bruck continues as secretary. She commented on the excellent communications between the Faculty Senate and Chancellor Oblinger and other members of the administration. Dr. Allen stressed the importance of good communication between faculty and administration at all levels. An example of good communication is the November 30 Budget Forum.

The Faculty Senate passed a resolution recommending that changes be made to the newly renovated graduate student payment scheme so that graduate students would not have hardships because of the timing of their paychecks. She mentioned that one concern of the Faculty Senate is the stated need to increase the number of graduate students at the University. A Faculty Senate initiated committee has given a report to Vice Chancellor John Gilligan about the Graduate Student Support Plan and is recommending that this plan be revisited.

She reported that the Personnel Policy Committee has been busy and spent considerable time reviewing and revising the regulation regarding the post-tenure review of faculty.

Faculty Senate members are pleased with the 6% raise for faculty and staff. Chair Allen said that more needed to be done in the way of raises to retain good faculty. Faculty and staff also support legislation to give 25% tuition assistance to faculty and staff. She stated that the Faculty Senate needed support from the Trustees in talking with the NC General Assembly on this issue.

Chair Allen reported that the Faculty Senate is engaged in legislative outreach endeavors along with their counterparts at UNC-CH and the UNC Faculty Assembly. The UNC Faculty Assembly put together "a day in the life of a professor" at the request of President Bowles.

**Staff Senate Report, J.C. Boykin**

Chair Boykin brought greetings to the Board of Trustees on behalf of the 5,118 support staff on campus. He asked Melissa Watkins, chair of the Staff Senate until August 2006, to present the Staff Senate report to the Board.

Ms. Watkins stated that building relationships across campus and the UNC system was the major theme of the 2005-2006 Staff Senate. She stated five goals for the past year and gave examples of ways these goals were accomplished as follows:

1. To work with other UNC system Staff Senates to bring issues of concern to the Office of the President. As a result, President Bowles has approved the formation of a Staff Assembly with three representatives from the 17 UNC campuses and three representatives from his staff serving on the Assembly.
2. To raise awareness of their concerns about employee benefits including the rising costs of the State Health Plan. As a result, the State Health Plan offered a PPO choice this year that will provide better coverage at a better cost.
3. To continue to support the mission of NC State by building teamwork, relationships, and improving communications between the Staff Senate and the staff, faculty and administration of the University. This was accomplished through voicing their concerns as a group about issues such as temperature cutbacks, Transportation permit increases, and the requirement for all employees to have ID's while on University property. Staff Senate sponsored two trips to the Mississippi Gulf Coast with students, and they participated in functions such as International Housekeepers Week, Martin Luther King, Jr. Service Challenge, and numerous diversity-related events across campus. Staff Senate initiated discussions with administrators about how lower paid staff, especially those with non-traditional work hours, could be given lower cost parking options and transportation to their work site. Staff Senate interacted with members of the NC General Assembly on a regular basis, both on campus and in legislative offices.
4. To have all employees represented on the Staff Senate. They began discussions to include EPA non-teaching staff in the Staff Senate. Improvements were made to the College of Agriculture and Life Sciences district so that county extension and research personnel will have representatives elected to serve on the Senate.
5. To increase constituent awareness of their role and function. This was accomplished through publication of *The Voice*, an electronic one-page newsletter giving highlights of the monthly Staff Senate meetings. The Senate website was recreated and made ADA compliant. A new Staff Senate brochure was created. Improvements were made to the Staff Senate Open Forum by changing location and time of the event that led to increased participation.

Ms. Watkins stated that it was a great opportunity and an honor for her to serve as Staff Senate chair.

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

Trustee Gordon commented on how beautiful the NC State campus has become. She said that we have an image of not having a beautiful campus, and we need to correct that assumption. Trustee Warren stated that a North Carolina artist, William Mangum, has asked about locations to paint on campus.

Trustee Jordan commented on the general atmosphere when you visit campus that NC State is thriving. He commended Chancellor Oblinger, Chair Murphy and the entire Board of Trustees for their excellent work. He stated that other institutions get more recognition, and it is a challenge to let people know about the great things that are going on at NC State.

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) and NCGS 143-318.11 (a)(6). Mr. Warren made the motion, seconded by Mr. Close, 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 10:53 a.m., the Board came out of Closed Session. With no further business, Chair Murphy adjourned the meeting at 10:55 a.m.