

MINUTES

Board of Trustees
NC State University
Raleigh, North Carolina

November 16, 2001

The North Carolina State University Board of Trustees met in regular session in Room 3220, Nelson Hall, North Carolina State University Campus, at 10:15 a.m., Friday, November 16, 2001. Chair Peaches Gunter Blank presided.

MEMBERS PRESENT:

Peaches G. Blank
D. McQueen Campbell
Derick S. Close
Steven Edwards
Ann Goodnight
Suzanne Gordon
Edward E. Hood, Jr.
Vernon Malone
Bob L. Mattocks
Wendell Murphy
C. Richard Vaughn
Darryl Willie, ex officio

Chair Peaches Gunter Blank called the meeting to order at 10:20 a.m.

ROLL CALL

Assistant Secretary Clare Kristofco called the roll and certified that a quorum was present.

MINUTES

Mr. Close made the motion, seconded by Mr. Campbell, to approve the September 21, 2001 minutes; the motion carried.

CHAIR'S REPORT - CHAIR BLANK

Chair Blank reported that she had conveyed the Board's condolences to the family of Robert Zimmer, former Student Body President and member of the Board of Trustees. She commended the members of the Buildings and Property Committee – Wendell Murphy, Steve Edwards, Ann Goodnight and Suzanne Gordon – for their time and service to the Committee. Members of the Committee have met four times since the last full Board meeting, and will meet an additional ten times between November and the February Board of Trustees meeting.

Chair Blank reported that she was appointed by North Carolina Speaker of the House James Black to serve on the state Bond Oversight Committee. The group will meet quarterly and has responsibility to oversee the system-wide building projects that were funded through the \$3.1 billion Higher Education Bond referendum approved in the November 2000 election. Each Committee member is assigned to specific campuses, and Chair Blank reported that she has been assigned to UNC-Chapel Hill, UNC-Charlotte, and the NC School of Science and Mathematics.

Chair Blank thanked Trustees for their participation in the Board of Governors' Conference on Trusteeship held October 10-11, 2001. She commended Chancellor Fox for initiating the faculty salary equity study, and thanked Darryl Willie and the Student Senate for their work with the administration on the difficult task of reviewing proposed student fee increases.

Chair Blank announced that Commencement will be held on December 19, 2001 and the Trustees' annual retreat on February 20, 2002. She asked Trustees to send proposed topics to discuss at the retreat to Assistant Secretary Kristofco.

CHANCELLOR'S REPORT - MARYE ANNE FOX

Chancellor Fox provided an update on the latest state budget information, including the second round of budget cuts. The University must cut an additional 2.7%, but has been told to plan on a total additional cut of 4.0%. She announced that Dr. Charles Moreland, Vice Chancellor for Research and Graduate Studies, plans to retire June 30, 2002. She is in the process of appointing a Nominating Committee for the position, and Mr. Mattocks will serve as the Trustees' liaison with the Committee.

Chancellor Fox reported that the University has been working with General Henry "Hugh" Shelton, former Chairman of the Joint Chiefs of Staff, to develop an agreement to assist NC State in a variety of leadership development and fund-raising activities. She stated that, in September, the University awarded Distinguished Alumni Awards to 13 alumni for their accomplishments and service to NC State. Also, in a special induction in October, eight new members were inducted into the Academy of Outstanding Faculty Engaged in Extension. In addition, nine NC State students were selected as poster winners at the national Sigma Xi conference held in Raleigh.

Chancellor Fox reported that the Centennial Campus was selected by the City of Raleigh as the 2001 recipient of the Sir Walter Raleigh Award for Community Appearance. The University is continuing to negotiate for space in the Lucent Building on Centennial Campus by considering a number of possibilities for occupancy. University programs/offices such as DELTA (the distance education operation) and the College of Engineering are interested in leasing the space.

NC State has established an Office of Undergraduate Fellowship Advising with the Honors Program. The aim is to increase among students the visibility of national scholarship and fellowship opportunities, such as the Rhodes, Gates and Goldwater. Also, on Thursday, November 15, students formally kicked off the Wolfpack Student Initiative, an endowment aimed at providing need-based scholarships for students and serving as a remembrance of members of the student body who have died.

Chancellor Fox closed her report by providing an update of her activities to assist with fund-raising efforts and to advance the national reputation of NC State.

COMMITTEE REPORTS

Academic Affairs and Personnel Committee - Steve Edwards Presiding for Richard Robb

Acting Chair Steve Edwards reported that the committee approved the Existing Educational and Technology Fee (ETF) and the Existing College of Engineering Fee. Recommendations for both fees, which did not call for any increases for 2002-2003, were forwarded to the Finance and Planning Committee for its approval.

The Committee was notified of the Intent to Plan a New Master's Program of Financial Mathematics in the Departments of Mathematics, Industrial Engineering, Statistics, Economics, and Agricultural and Resource Economics, in the Colleges of Agriculture and Life Sciences, Engineering, Management, and Physical and Mathematical Sciences. The Committee discussed the University-Wide Salary Equity Study.

In Closed Session, the Committee approved personnel actions, including eight new appointments; one contract extension; three conferrals of Emeritus Status; and three salary adjustments resulting in

salaries 15% above the June 30, 2001 salary. The Committee also approved the nominations for Watauga Medals, and recommended approval by the full Board.

Acting Chair Edwards stated that at its October 18, 2001 Telephone Conference Meeting, in Closed Session, the Committee approved personnel actions including salary increases for the Executive Officers and Senior Academic Officers, six salary adjustments resulting in salaries 15% above the June 30, 2001 salary, and one new appointment.

Acting Chair Edwards recommended that the Board go into Closed Session at the end of the full Board meeting to consider the Watauga Medal nominations.

Buildings and Property Committee - Chair Wendell Murphy

Chair Murphy reported that the committee approved three property matters, one designer selection, one developer selection and the acceptance of completed buildings and projects. The property matters include three leases. The lease of office space to the Garden Club of North Carolina is in return for a \$300,000 donation toward construction of the Ruby C. McSwain Education Center at the JC Raulston Arboretum. The lease to provide space for the Expanded Food and Nutritional Education Program (EFNEP) requires full board approval (Appendix A). The program is currently housed in Ricks Hall and the homes of several staff members. The lease to Sigma Nu Fraternity also requires full board approval (Appendix B). The lease will provide student housing and organization space for the fraternity on Greek Court.

Chair Murphy made a motion, seconded by Mr. Vaughn, to approve the lease for the EFNEP and the lease to Sigma Nu Fraternity; the motion carried.

Chair Murphy stated that the Committee reviewed the site plans for the College of Engineering - Phase II on Centennial Campus. The Committee also approved the site plans for the Upper Class Housing-Master Plan, Public Safety Building, Support Services Building and Baseball and Tennis Stadium Improvements; reviewed the design plans for the Centennial Campus central utility plant and baseball and tennis stadium improvements; approved the design plans for the Visitor Center and Advancement Services Building subject to additional design review; and changed a procedure in the selection committee for construction manager at risk.

Chair Murphy reported that the Committee reviewed the status of 14 projects in planning and construction on Centennial Campus. They received information reports on the status of the Bond projects, legislative budget actions and the enrollment and space allocation plan, as well as other projects in planning and construction.

Development Committee - Chair Edward E. Hood, Jr.

Chair Hood reported that the Committee heard the following informational reports: 1) gifts and pledges received for the first quarter totaled \$33,055,654, compared to \$22,941,630 at the same time last year. The amount is just over 25% of the \$130 million goal set for the fiscal year. 2) a status report for current capital projects. Four of five of the projects received significant gifts and pledges since the last report to the Board at its September meeting. Of special note were the \$25 million received in gifts and pledges for the Goal Line Drive, as announced at a kickoff event on October 26, and the \$11.4 million received by the Alumni Association for its Campaign for Excellence. 3) a report on the Gift Planning program at NC State and a seminar on various gift planning tools. Chair Hood recommended that the Gift Planning report and seminar be presented to the full Board at the February retreat.

Finance and Planning Committee - Chair Richard Vaughn

Chair Vaughn stated that Mr. Malone, chair of the Student and Campus Affairs Committee, reviewed with the Committee the proposed increases to mandatory student fees. The Student Senate review committee, the Student and Campus Affairs Committee, and the Academic Affairs and Personnel Committee had previously reviewed the recommended increases for 2002-2003 fees. The Finance and Planning Committee concurred with the recommendations. Proposed fee increases are Student

Center (Operations 7 Repairs) - \$20.00, Intercollegiate Athletics - \$10.00, Student Health Services Operations - \$4.00, and Transit Operations (Bus Service) - \$4.00. The student fee increases proposed total \$38.00, a 3.9% increase. Chair Vaughn made a motion, seconded by Mr. Close, to approve the recommendations of the various Committees of the Trustees regarding the mandatory student fees for 2002-2003 (Appendix C); the motion carried.

The Committee heard a report from Chancellor Fox regarding the previously approved special tuition increases for the Master's of Accounting and Master's of Science in Management programs in the College of Management. The increases, which are to be phased in beginning Fall 2002, were approved by the Board of Trustees in February 2001. The Committee reaffirmed its support for the increases.

Chair Vaughn reported that the committee was provided an update on the September 30, 2001 investment performance of the NC State Investment Fund, Inc. The Fund had a one-year net return of (12.1%), compared to the anticipated benchmark of (14.8%). Also, the Committee heard an update on Centennial Campus activities, including the number of resident companies, employees, and pending construction projects on the campus.

The Committee heard an informational report about the intent to plan a new Master's Degree in Financial Mathematics. The program will provide students with competencies for a career in quantitative financial analysis. In addition, Dr. Stephen B. Jones, Vice Chancellor for Extension and Engagement, discussed his vision for the University's future extension and engagement efforts. These efforts will focus on partnering opportunities, collaborative extension activities, leadership initiatives, and statewide economic development-related programs.

Student and Campus Affairs Committee - Chair Vernon Malone

Chair Malone stated that the Student and Campus Affairs Committee voted unanimously to recommend approval of the proposed student fee increases for Student Health Services, Transit Operations, and Intercollegiate Athletics, and the continuation of all fees not requesting an increase. By a vote of 3-1, the Committee recommended approval of the proposed Student Center fee increase.

The Committee heard an update on the status of Greet Court. Initial estimates from DTW Architects and their consultants indicate that renovations will focus heavily on systems, including HVAC, electrical, plumbing, and fire safety. The Greek Court Operations Board has met three times and is developing its mission statement, operating guidelines, and leadership structure. Four chapters have not made full payment on their rent for Fall 2001. All chapters, except one, have provided proof of liability insurance. Chair Malone commented that the relationship between the chapters and Greek Life has improved considerably.

Chair Malone stated that the Committee heard a report from Ms. Rosalind Thomas, Staff Senate Chair. The Staff Senate continues to be concerned with issues of recruitment and retention of employees, SPA salaries and benefits, potential reductions-in-force, and the provision of adequate operating budgets.

The Board of Trustees of the Endowment Fund - Chair Peaches G. Blank

Chair Blank announced that \$675,370 of new gifts were accepted. The Endowment Fund's long-term portfolio returned (6.9%) for the year ending September 20, 2001 as compared to a composite benchmark for the same period of (9.6%). The quarterly return was (5.2%). The September 30 market value of the portfolio was \$107 million.

Chair Blank reported that \$3.8 million in fixed-income was taken from First Union and placed into the equity portfolio. First Union was selected for the reduction due to performance over the past several years. Discussion was held concerning university entities not invested in the Investment Pool. Consensus is that we should stay the investment course, and share information regarding the investment pool returns with these entities.

Chair Blank stated that the Hofmann Forest had income for \$1.2 million and expenses and school support of \$1.5 million during FY2001. The reserve balance is \$450,000.

The Board of Trustees of the Endowment Fund approved bylaw changes recommended by the NC State Board of Trustees regarding vacancies on the Endowment Board (Appendix D). The Board also approved the reduction of the programmatic spending policy from \$4.75% to 4.6% and the 2002-2003 fiscal year budget with budgeted program expenditures in excess of \$5 million.

Faculty Senate Report - Chair of the Faculty Philip Carter

Chair Carter stated that in his opening remarks at the General Faculty meeting, he encouraged faculty to work toward making the University a more congenial place. To facilitate faculty interaction and afford more direct information exchange with the Faculty Senate and the Chair of the Faculty, a brown-bag lunch is held every Wednesday during the academic year in the Faculty Senate Chambers.

The Senate is working closely with the University committee on Life-long Faculty Involvement to identify how retired faculty can best continue to contribute to teaching and advising and have representation. The current chair of this committee serves as a Faculty Senator. The Senate is also working with the Staff Senate, the Council on the Status of Women, the administration and other interested parties to develop responsible recommendations to improve faculty and staff benefits.

Chair Carter reported that the Faculty Senate is reviewing the final report of the Knight Foundation Commission on Intercollegiate Athletics, entitled "A Call to Action." The Senate is working with the Athletics Council on a response for NC State.

College bylaws have been drafted for one-half of the colleges, and recommendations are being developed to encourage all colleges to develop bylaws. Other Senate business included a Resolution of Commendation and a letter of condolence and support to the Chairman of the Joint Chiefs of Staff.

Student Government Report - President Darryl Willie

President Willie reported that Student Government has been working very diligently to address student issues and concerns. Several projects and programs have been completed, including a voter registration drive, a visit to off campus apartment complexes, a Homecoming Plan of Action, Campout proposals and a number of other projects. President Willie expressed his appreciation to Chancellor Fox and the administration for their willingness to hear students' concerns regarding tuition and fees. He stated that Chancellor Fox is always eager and responsive to addressing the needs of students. He said he also appreciates her willingness to meet with Student Leaders monthly at the Student Liaison Committee meetings.

Board of Visitors' Report - Chair Jane Cockrell

Chair Cockrell stated that the Board of Visitors has reorganized to position the Board to be more active. The Visitors will continue efforts to generate ideas and to develop concrete plans in the following areas: Public Affairs, Governmental Affairs, and Visitors' Center Fundraising. Senator David Weinstein was the speaker at the Board's October meeting. He recommended that the Visitors: 1) develop a grass-roots network that reaches statewide and can respond quickly, 2) recruit people who have close contacts or ties with legislators from their area, 3) assist with the hosting of events in the legislator's home districts and involve county extension agents and major donors from that district, and 4) develop events between sessions so legislators get to know Visitors on a personal level. Chair Cockrell reviewed the accomplishments of each of the subcommittees.

With no further business for Open Session, Chair Simpkins asked Ms. Kristofco to read the motion, seconded by Mr. Hood, to go into Closed Session to prevent the premature disclosure of an honor or scholarship, according to North Carolina General Statute, Section 143.318.11 (a)(2). The motion carried.

After the Board returned to Open Session, Chair Blank adjourned the meeting at 11:45 a.m.

