

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

**November 17, 2006**

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 Friday, November 17, 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. Campbell made the motion, seconded by Mr. Close, to approve the open and closed session minutes of the September 22, 2006, meeting of the full Board. The motion carried.

**CHAIR'S REPORT-WENDELL MURPHY**

Chair Murphy stated that the Board of Trustees would be voting today on the Chancellor's recommendation for 2007-08 tuition and fees. He commented that the Student and Campus Affairs Committee thoroughly reviewed reports and information from the Tuition Administrative Advisory Committee and the Fee Review Committee.

Chair Murphy also stated that NC State has consistently been ranked nationally as a "best value" in higher education. Among our peer institutions, the median tuition and fee rate is about \$7,500 as compared with NC State's \$5,087. While our tuition is at the bottom, we are in the upper half of our peers in providing financial aid. NC State is successful in sending thousands of quality graduates into the workforce each year. This fact speaks to our core mission of being an engine for economic development. NC State is a model land-grant university, a national best value and a driver of North Carolina's economy. We are committed to ensuring that adequate need-based financial aid is available to our neediest students and Pack Promise is designed to do just that. While none of us likes the idea of raising tuition, there is no escaping its necessity.

Chair Murphy announced that UNC Board of Governors Chair Jim Phillips will make his campus visit to NC State on Tuesday, November 28. Trustees are invited to attend a luncheon with Mr. Phillips, executive officers and deans in the Park Alumni Center.

Chair Murphy reminded the group that Fall graduation is December 20 and that Ms. Bonnie McElveen-Hunter will be our speaker. Trustees will be awarding a total of five honorary degrees.

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

Chancellor Oblinger began his report by introducing and welcoming Kevin Howell who will assume the position of Assistant to the Chancellor for External Affairs. Mr. Howell is an NC State alumnus who served as Student Body President in 1987-88. He has worked in the Governor's Office for the past six years.

Chancellor Oblinger reported that NC State entered into a number of academic partnerships with some of the top-ranked universities in China. Five academic agreements were negotiated with Chinese universities, including the three highest ranked universities in China. Provost Larry Nielsen, Associate Dean Duane Larick, and Interim Vice Provost Bailian Li recently completed a successful visit to China in this regard.

Chancellor Oblinger reported on other highlights that have taken place since the September 22 meeting of the Board of Trustees:

- Dr. Mary Schweitzer, Assistant Professor of Paleontology with a joint appointment at the N.C. Museum of Natural Sciences, has been awarded a five-year, \$625,000 fellowship from the David and Lucille Packard Foundation.
- Dr. Vincent Chiang, Professor of Forest Biotechnology, has received a \$700,000 grant funded jointly by the U.S. Department of Energy and the U.S. Department of Agriculture to develop alternative fuel resources.
- Professor Chris Gould will head up our NC State University Energy Initiative. The Energy Initiative will seek to facilitate and serve as a point-of-contact for energy-related programs ranging from renewable, fossil and nuclear sources, to energy use, energy transmission, energy and the environment, and energy public policy issues.
- Researchers at NC State have received a \$3.5M grant from the National Institute of Allergy and Infectious Disease to develop mathematical and statistical models that will aid in designing new treatment strategies for HIV patients.
- Dr. Jason Haugh, Associate Professor of Chemical and Biomolecular Engineering, is working with researchers from 23 institutions in a collaborative effort to understand cell migration related to wound healing and cancer.
- NC State submitted its proposal and contribution to the UNC Kauffman Entrepreneurial Campus Initiative.
- Steven MacEachern of Apex, a senior majoring in business finance, was awarded a Congressional Award Silver Medal for his volunteer service. U.S. Senator Richard Burr presented the medal and afterwards toured many areas of Centennial Campus.

- NC State student Ryan Michael Field of Concord was awarded a \$10,000 scholarship from the Astronaut Scholarship Foundation for the 2006-07 academic year. Former astronaut Ed Mitchell, one of twelve to walk on the moon, was on campus to present the scholarship.
- Dr. James Goodnight, chief executive officer of SAS Institute, delivered the annual Entrepreneurs' Lecture Series address, titled "Growing and Sustaining the Long-Term Enterprise."
- NC State's first African-American undergraduate students returned to campus to help the university launch a yearlong 50<sup>th</sup> anniversary celebration of the enrollment of the individuals who integrated the student body at NC State.
- U.S. Senator Lindsey Graham (R-S.C.) spoke at NC State's Millennium Seminar Series. He spoke on leadership and the debate over torture, terrorism and America's place in the world.
- NC State University broke ground on a new \$32.5 million, 119,000 square-foot Mathematics and Statistics Building at the former site of Riddick Stadium.
- NC State will host the fifth annual General Henry Hugh Shelton Leadership Forum titled "Leadership From the Top: Shaping the Organizational Culture."
- The National Association of Academic Advisors for Athletics has established permanent headquarters on the campus of North Carolina State University at the newly renovated Case Athletics Center.
- Both men's and women's cross country teams won the ACC Championship as well as the NCAA Regional Championship. Both teams, coached by Rollie Geiger, will compete in the NCAA National Championship.
- Both undergraduate and master's accounting programs have been named in the top 20 accounting programs in the country.

Chancellor Oblinger also announced that Anita Brown-Graham has been named Director of the Institute for Emerging Issues. She worked for twelve years at UNC-Chapel Hill's School of Government and served as a policy advisor to N.C. Department of Commerce Secretary Jim Fain and Governor Mike Easley.

### **COMMITTEE REPORTS**

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

Chair Campbell reported that Chancellor Oblinger discussed with the committee a draft document distributed by UNC-GA outlining goals, measures and metrics associated with UNC's priorities.

Nina Allen, Chair of the Faculty, gave an update on the Faculty Senate. The Senate has endorsed the Strategic Plan and is discussing issues such as campus security, the proposed revision to the general education requirements, on-line course evaluations, the graduate student support plan and effectiveness of grievance and hearings proceedings.

Provost Nielsen notified the committee of Intent to Plan and Authorization to Establish a New Masters Degree in Analytics and shared the exit interview results of faculty and EPA employees.

Chair Campbell stated that the committee approved personnel actions, including approval of granting of faculty emeritus status, salary increases and appointment of a head coach. The committee received the annual Phased Retirement Report and the annual Counter Offer Report.

Watauga Medal nominations and granting of SAAO emeritus status were approved. A faculty appeal was discussed, and a recommendation was approved by the committee. These items will be considered by the full Board in closed session at the conclusion of this meeting.

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

Chair Vaughn stated that the committee heard an informational report on the NC State Investment Fund through September 30, 2006. The one-year net performance was 7.29%. By October 11, SEI Global Institutional Group had completed the transition and transfer of all public legacy manager assets. The fund maintained market exposure throughout the transition. On October 17, the Member's Board approved a new objectives-based investment policy for the fund. An update was presented on Internal Audit activities.

Chair Vaughn said that Chancellor Oblinger gave a report on the ongoing efforts to establish the priorities of the University of North Carolina including objectives and metrics for measuring success. An informational report was also given on the Intent to Plan and Authorization to Establish a Master's Degree in Analytics.

Vice Chancellor Zuiches presented to the committee his vision for the Office of Extension, Engagement and Economic Development. He disclosed that the UNC Board of Governors has \$2 million in its current legislative budget request for entrepreneurship and economic development initiatives at NC State.

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

Chair Close stated that the committee met jointly with the Student and Campus Affairs Committee to discuss Greek Court redevelopment on South Campus. This redevelopment is a result of a site plan that allows chapters the opportunity to lease land from the University for the purpose of constructing houses they pay for and manage. At full build out, this will result in the formation of 20 buildable lots, townhouses built by University Housing, and amenities. The committee approved the site plan based upon satisfactory cash flow models being developed.

Chair Close said that the committee reviewed and approved five property matters, one designer selection, one construction manager at risk selection, and a list of completed buildings and projects. Three property matters require full Board approval:

1. Lease of office space in Partners I to MeadWestvaco. The lease will provide temporary office space during the construction of a new build-to-suit Packaging Innovation Center.

2. Lease of office and classroom space for Distance Education and Learning Technology Applications (DELTA) to take on the responsibility of Distance Education Student Services in May 2007.
3. Lease of space at Talley Student Center for an automatic teller machine (ATM). The present lease expires January 31, 2007.

Chair Close made the motion, seconded by Ms. Gordon, to approve these three property matters; the motion carried.

Chair Close stated that the committee also reviewed two building plans and approved two property matters received after the Trustee mailing. They also approved plans and specifications for projects costing less than \$1 million. The committee also received informational reports about capital construction projects and an update on utilities budget and energy conservation.

Chair Close asked Ann Goodnight to discuss the plans for the new Chancellor's residence. Ms. Goodnight said that the subcommittee has been working very hard in this regard, and she asked Dean Marvin Malecha to give the Trustees a brief update. Dean Malecha showed new architectural drawings of the residence that will be both an "ambassadorial" residence as well as a family home. North Carolina building products will be used such as brick, stone and lumber. Board Chair Wendell Murphy stated that a new Chancellor's residence will be the best investment we will make in terms of the future of NC State. He is hoping for close to 100% financing from current and former members of the Board of Trustees

#### **Development Committee-Chair Bob Jordan**

Chair Jordan stated that the committee reviewed four proposals for fund-raising projects and heard reports regarding fund-raising for the first quarter of fiscal year 2007. Total gifts and pledges were \$42.132 million. This amount exceeded the first quarter goal of \$39.5 million.

Chair Jordan reported that the committee was briefed on the progress of the *Achieve! Campaign for NC State*. As of September 30, the campaign has raised over \$988 million and is at 99% of its \$1 billion goal. The committee reviewed the progress of the university entities toward their working campaign goals.

The committee received updates on fund-raising for the five current capital projects. The Associate Vice Chancellor for Advancement Services made a presentation on donors to the *Achieve! Campaign*.

Chair Jordan said the committee reviewed and approved seven proposals to name specific university facilities that will be considered in Closed Session at the end of this meeting.

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

Chair Warren stated that the committee met with the Buildings and Property Committee to hear a report on the master plan to redevelop Greek Court. The committee then heard and discussed Chancellor Oblinger's recommendation on tuition and fees. Student Body President Will Quick expressed his opposition to the proposed Athletics indebtedness fee increase of \$41.00 but indicated his support for all of the other fee requests. The committee

voted to recommend approval by the full Board the Chancellor's recommendations to approve a campus-initiated tuition increase of \$230 per year for all students; to approve continuation of existing fees, to approve the elimination of one fee, to approve nine proposed student fee increases; to approve a tuition increase of \$100 per year in the Professional Golf Management Program; and to approve an increase in the application fees. The following motions were made:

1. Chair Warren made the motion that the Board A) approve a campus-initiated tuition increase of \$230 per year for all students for 2007-08, with 37.7% of the revenue allocated to financial aid, 9.4% to the Graduate Student Support Plan, 7% to the Pack Promise, 20.9% to improve the quality and accessibility of the NC State educational experience, and 25% to salary incentives for exceptional faculty who are involved primarily in teaching and academic matters; and B) for planning purposes, endorse an increase in tuition of 6.5% each year for four years with an annual review of the amount and distribution of the increase, taking into consideration and welcoming any increase in funding from the Legislature. The motion was seconded by Mr. Vaughn.

Chair Warren asked if there was any discussion. Student Body President Will Quick stated that students are more supportive of these tuition and fee increases than they have been in the past, and they realize that the increases are necessary. Mr. Quick said that he disagrees with the increases in two areas. First, of the 20.9% to improve the quality and accessibility of the NC State educational experience, only .33% is going to the libraries. He stated that the libraries are something that the students really care about because everyone benefits from them. The students would like more money going towards the libraries, and he mentioned that the libraries have lost over 1,000 journals due to cuts in funding. Secondly, Mr. Quick stated that the approval of a 6.5% increase for four years sends the wrong message. He said that even though this will be reviewed annually, he feels that the maximum increase of 6.5% will be approved automatically. Mr. Davenport said that he was also disappointed that we took the 6.5% maximum increase.

Provost Nielsen stated that at the end of the year, there should be funds available for the libraries. He said that library funds are very important but must be put in the context of other funding sources available to the libraries. Mr. Leffler commented that the libraries can also request funds in the change budget. Chancellor Oblinger commended the students for supporting the libraries because they are a core value of the university. He said that our top priority for the next legislative session is the Hunt Library.

There being no further discussion, Trustee Chair Murphy called for a vote. The motion passed with Mr. Quick being the only dissenting vote.

2. Chair Warren made the motion that Trustees approve all existing fees that proposed no increases; approve the elimination of the Student Center Indebtedness Fee; and approve the following student fee increases:

- Union Activity Board: \$3.00/year
- Student Center Operations: \$15.00/year
- Recreational Sports: \$15.00/year
- Intercollegiate Athletics (Operations): \$7.50/year
- Student Health Services: \$15.00/year
- Education and Technology: \$4.00/year
- Transit: \$10.00/year
- Thompson Theatre Building (Indebtedness): \$8.00
- Intercollegiate Athletics (Indebtedness): \$41.00/year

The motion was seconded by Mr. Vaughn, and Chair Warren asked if there was any discussion. Student Body President Will Quick said that he has an issue with the Athletics Indebtedness Fee because it is a 164% increase. He thinks that an incremental approach would be better such as a 10% increase over four years. Mr. Quick said that while students are very supportive of Athletics, a lack of planning in the past has caused this to be a problem for current students. He stated that students would like more money to go to the Union Activity Board and to Recreational Sports.

There being no further discussion, Board Chair Murphy called for a vote. The motion passed with Mr. Quick being the only dissenting vote.

3. Chair Warren moved that the Board approve a fee increase of \$100 per student per year in the Professional Golf Management Program for 2007-2008. The motion was seconded by Ms. Gordon. The motion carried.
4. Chair Warren moved that the Board approve a \$10.00 fee increase for both undergraduate and graduate applications for 2007-2008; the motion was seconded by Mr. Quick, and the motion carried.

Chair Warren reported that the Committee heard a report on the activities related to the 50<sup>th</sup> Anniversary Celebration commemorating the enrollment of the first African-American students at NC State. He also stated that Staff Senate Chair J.C. Boykin gave a report of activities including Mr. Boykin's election to a two-year term as Chair of the UNC Staff Assembly; the Staff Senate's co-sponsorship of a budget forum with the Faculty Senate; and the establishment of an internal staff fund to address proposals such as textbook vouchers and the computer loan program.

#### **Board of Visitors Report, Vice Chair Jack Cozort**

Mr. Cozort reported that the Board of Visitors met in October and focused on informational sessions for new members. Lisa Navas, NC State softball coach, was the lunch speaker. Mr. Cozort said that the Board of Visitors has many enthusiastic members, and they are instituting a committee structure to keep members involved and engaged. The committees are Advocacy and Grassroots Efforts, Traditions and History, and Admissions and Recruitment. Mr. Cozort commented that the Board of Visitors is very happy to be a part of NC State.

Chair Murphy expressed his thanks to the Board of Visitors for all of their dedicated and hard work.

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

Trustee Campbell reported that the golf course project is gaining momentum and is very close to fruition. He commented on the importance of this project to Centennial Campus. He stated that we have been very successful in bringing down the cost of the project with in-kind gifts. At this point, half of the holes have been named.

Chair Murphy reported that a member of the Wolfpack Club had suggested that we offer a prayer before NC State athletic events. University Counsel Mary Beth Kurz stated that her office has looked into the legal ramifications of this request and that state-sponsored prayer is a violation of the First Amendment of the Constitution. She said that a moment of silence would be acceptable.

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); NCGS 143-318.11 (a)(3) and NCGS 143-318.11 (a)(6). Mr. Warren made the motion, seconded by Mr. Williams, to go into Closed Session to prevent the premature disclosure of an honorary award or scholarship, to consult with an attorney to protect the attorney-client privilege, 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 11:58 a.m., the Board came out of Closed Session. With no further business, Chair Murphy adjourned the meeting at 12:00 p.m.