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, November 20, 2009. Chair Lawrence Davenport presided.

Members present: Lawrence Davenport, Chair
                Jack L. Cozort
                Benjamin P. Jenkins III
                Gayle S. Lanier
                Barbara H. Mulkey
                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 9:20 a.m. 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. 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 September 11, 2009, meeting of the full Board. The motion passed. Mr. Tolson made the motion, seconded by Mr. Ramsey, to approve the closed session minutes of the September 11, 2009, meeting of the full Board. The motion passed.

CHAIR’S REPORT-LAWRENCE DAVENPORT
Chair Davenport began his report by presenting a Board of Trustees resolution to Senator David Weinstein who recently stepped down from his Senate seat to take a job as director of the Governor’s Highway Safety Program. Senator Weinstein is an NC State alumnus and has been a great friend and supporter of the university. Senator Weinstein thanked the Board of Trustees and said how much NC State has meant to him during his lifetime.
Chair Davenport interrupted his report to allow two students, Ms. Vidya Sankar and Ms. Dawn Iglesias, representing the Coalition of Student Voices to speak to the Trustees. Ms. Sankar stated that the group would like to cooperate with administrators to increase openness in university operations and facilitate communications with students. Questions of concern are: 1) What is the source of discretionary funds used for marketing the Rally4Talley campaign? 2) Funding for the Rally4Talley campaign was provided by the university, but students were used to represent the campaign on campus. Should this be considered “astroturfing?” 3) Is quality of education a top priority? Are we making the best use of our funds or are we spending in areas that are not critical during a time when budgets are being cut? 4) Are we being transparent in how architects, contractors and other outside services are selected? 5) Is the university giving sufficient attention to students’ needs, and is the university willing to listen to students?

Chair Davenport thanked the students for their presentation. He then resumed his report. He thanked members of the Chancellor’s Search Committee and stated that the committee is making excellent progress. He reported on the recent campus events including the groundbreaking for the James B. Hunt Library which will be located on Centennial Campus.

Chair Davenport reported that two members of the Board of Trustees have been named Distinguished Alumni in their respective colleges: Norris Tolson in CALS and Jack Cozort in CHASS. They will be recognized at the Evening with the Stars Gala in January.

Chair Davenport gave the Endowment report from the September 11 meeting. Three new members of the Endowment Board were recognized: Blas Arroyo, Suzanne Gordon, and Jim Peden. Norris Tolson also joined the Board as the Development chair of the Board of Trustees. The Board heard a report from Wachovia investment managers and reports on the Hofmann Forest, Centennial Campus real estate holdings, and the Hillsborough Street corridor.

The Endowment Board discussed the status of the Academy Centennial Fund, the performance of the NC State Investment Fund, and the final FY 2009-2010 budgets based on an actual investment loss of 20%. The board voted to accept gifts in the amount of $3.6 million; to approve $3.9 million for the FY 2010-2011 estimated spending budget, presuming a positive return for the current fiscal year; and to accept the FY 2008-2009 financial report.

**CHANCELLOR’S REPORT**

Chancellor Woodward began his report by introducing and congratulating Dr. Robert Beichner who has recently been named NC Professor of the Year by the Carnegie Foundation for the Advancement of Teaching and the Council for the Advancement and Support of Education. Dr. Beichner is a professor of physics and director of the Science, Technology, Engineering and Mathematics (STEM) Education Initiative at NC State.

Chancellor Woodward gave an update of events that have taken place since the September Board of Trustees meeting. The 25th anniversary of Centennial Campus and the groundbreaking for the
Hunt Library took place on October 23. Other events include the dedication of Thomas Hall on November 19, the November 5 celebration of the selection of alumnus Doc Hendley as a finalist for CNN’s Hero of the Year Award, and the October conclusion of the 2009 State Employees Combined Campaign (SECC). We exceeded our SECC fund-raising goal and increased our participation rate which is quite an accomplishment in these difficult economic times.

Chancellor Woodward provided a report on four areas that were identified as priorities for this year: Advancement, Research, a new Chancellor’s house, and a new Student Union. In the area of Advancement, NC State still does not have the overall fund-raising structure, staffing, and support that we need. IT support is critical, and approval has just been given for the hiring of the IT Director and the IT Team Leader/Analyst. Vice Chancellor Kessler is developing a staffing and budgeting plan for the next campaign. As part of this process, we have benchmarked three of our peers – Texas A&M, Purdue, and the University of Wisconsin-Madison. We have discovered an imbalance between centralized and decentralized resources and structures at NC State. Central staffing to support fund raising is fairly consistent at the three other universities, and NC State lags far behind in the number of staff positions. When we look at decentralized staffing, NC State is very competitive with our peers. The funding “gap” between what we have today and what we will need in personnel and operating budgets to implement our next campaign is $4 million to $5 million. The only two options to address this gap are state funding and a fee charged to gifts and perhaps to endowments. Such fees are very common among both public and private institutions and range from 2.5% to 8%.

In the area of Research, Chancellor Woodward reported that the dollar value of the grants awarded is up 50% over the same period last year. Excluding stimulus funding, the increase is 25%. The dollar value of the grant proposals submitted is up 42%. In order to continue this trend, a strategic plan for Research is being developed, and results will be shared with Trustees at the April meeting.

Chancellor Woodward said that excellent progress has been made on plans for a new Chancellor’s house. The initial plans for the house were not entirely satisfactory, and the planning effort has been renewed following the acceptance of certain constraints on size and cost. The new house is now approximately 8,500 square feet and the estimated cost dramatically decreased. At an upcoming meeting on November 28, the external steering committee expects to confirm the interior design and the “external look” as well as overall orientation and parking. The goal is to begin construction early in 2010.

Chancellor Woodward stated that while he would not restate all of the details, he did want to emphasize the importance of the Student Union project. He considers this project pivotal to our future ability to attract and fully educate the students we serve. This facility will be the first stop for prospective students and their families.
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COMMITTEE REPORTS
Academic Affairs and Personnel Committee-Chair Cassius Williams
Chair Williams stated that the committee heard a report on exit interview data for faculty and EPA professionals for fiscal year 2008-2009. A copy of the full report is in the Trustee board book.

The committee recommended approval of a revision to Policy 05.20.2: Emeritus/Emerita Faculty. These revisions are to expand information on responsibilities and privileges of emeritus/emerita faculty; to clarify that eligibility for emeritus/emerita status requires ten years in a faculty position at NC State, not ten years combined experience in non-faculty and faculty positions; and to add the term “emerita” to accurately reflect terminology for female faculty who have achieved emeriti status. Chair Williams made the motion, seconded by Mr. Tolson, to approve Policy 05.20.2 on Emeritus/Emerita Faculty found behind Tab 4.3A in the Trustee notebook. The motion carried.

Chair Williams reported that the committee also recommended approval of a revision to Policy 04.25.01: Equal Opportunity and Non-Discrimination. The revisions are to consolidate several related and duplicative policies to increase ease of use for the campus community. Policies and regulations being consolidated include the following: Equal Opportunity and Non-Discrimination Policy Statement (REG 04.24.01); Racial Harassment Policy (POL 04.25.2); Sexual Harassment Policy (POL 04.25.3); Sexual Orientation Policy Statement (REG 04.25.3); Unlawful Harassment Policy Statement (REG 04.25.4). The consolidation involves both policies as well as regulations; consequently, this regulation will become a policy. Chair Williams made the motion, seconded by Mr. Warren, to approve Policy 04.25.01 on Equal Opportunity and Non-Discrimination found behind Tab 4.3B in the Trustee notebook. The motion carried.

Chair Williams said the committee recommended approval of a new dual degree program: Juris Doctor (JD)/Master of Public Administration with Campbell University. He made the motion, seconded by Mr. Ramsey, to approve this dual degree program; the motion carried.

The committee also recommended approval of a new degree program: BA in Film Studies. Chair Williams made the motion, seconded by Mr. Warren, to approve this new degree program. The motion carried.

Chair Williams stated that Interim Provost Arden shared the position description for General Counsel and Vice Chancellor for Legal Affairs. A search committee has been formed, and the search process has begun. The search committee for the position of dean of the College of Education has also been appointed, and this search process has begun as well.
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The committee was notified of revisions to several policies and regulations: REG 05.50.2, Review of College Deans; REG 04.25.01, Equal Opportunity and Non-Discrimination Policy; REG 04.25.2, Resolution Procedures for Harassment Complaints; POL 07.55.7, Tuition Waivers for Faculty and Staff; and REG 07.55.8, Tuition Waivers for Faculty and Staff. The committee was also notified that the Department of Graphic Design and the Department of Industrial Design are merging into one department – Graphic Design and Industrial Design.

Chair Williams reported that in closed session, the committee approved recommendations for the awarding of Watauga Medals and Honorary Degrees and approved a recommendation for a non-salary compensation request. These recommendations will be considered in closed session following the full Board meeting. The committee also approved tenure for one new faculty hire and received a report on counter offers made during the past year.

Audit, Finance and Planning Committee-Chair Steve Warren
Chair Warren stated that the committee heard reports on a new degree program in Film Studies and a new dual degree program with Campbell University: JD/Master of Public Administration.

Chair Warren said that the committee heard an update on the planning for a campus in South Korea. The committee supports the continued investigation of this initiative while acknowledging the need for academic and financial due diligence. Chair Warren read an e-mail from Trustee Jim Owens regarding the Korea campus:

“The Audit, Finance and Planning Committee of NCSU expressed strong support for the university initiative to establish a campus presence in the global university complex in Songdo City, South Korea. South Korea is a leading national economy in the dynamic greater Asian economic region. This region (which includes China, India, and the ASEAN countries) is the fastest growing region in the world and is rapidly integrating with intra-regional trade and investments. Our state’s, and indeed our national, economic health for decades to come will be heavily influenced by how we integrate into, and effectively compete in, a global economy. Establishing this campus presence in South Korea with NCSU will drive global thinking and should create significant growth opportunities for our faculty and students.”

Chair Warren reported that Treasurer Kathy Hart presented the quarterly performance of the NC State Investment Fund through September 30, 2009, of 6.21%. She also reported on campus-wide impacts from the negative endowment return as of June 30, 2009. The Chancellor allocated funds for scholarships and fellowships in the current fiscal year to ensure all continuing commitments to students were met. A special allocation is likely for fiscal year 2011. Due to the multi-year impacts on spending, endowment donors are continuing to be solicited to provide annual gifts over the next several years.
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Chair Warren stated that the committee heard a report on support to the university from the Student Aid Association. They also heard informational reports on on-going Internal Audit activities.

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

Chair Lanier reported that the committee reviewed and approved eight property matters, five of which require full Board approval. They are:

- Disposition to release approximately 1.17 acres to Historic Yates Mill County Park that had been retained by the University for programmatic use when the park land was leased to Wake County.
- Acquisition by lease of approximately 5,000 usable square feet (USF) for classroom and administrative space for the College of Management MBA program to be located in the Research Triangle Park for a term of 5 years.
- Disposition by easement of approximately 0.12 acres across Mountain Horticultural Crops Research Station to Cane Creek Water and Sewer District in Henderson County for extension of utilities to a 263-acre private development named Ferndale Industrial Park.
- Expansion of Centennial Campus designation of additional land that is either owned, recently acquired, or intended for acquisition that the University seeks to formally add to the designated area for Centennial Campus. The parcels of land are:
  - 800 Lake Raleigh Road that was recently acquired in the name of the State of North Carolina.
  - Flex Lab Building that is an existing University building located at 1575 Varsity Drive.
  - 1101 Trailwood Drive that was a recent gift by William L. and Agnes F. Brown to the Endowment Fund.
  - Southeast corner of Trailwood Drive and Main Campus Drive that is an intended acquisition from the City of Raleigh.
  - Northeast corner of Trailwood Drive and Main Campus Drive that is an intended acquisition from the North Carolina Department of Transportation.
- Land exchange between the State of North Carolina and the Board of Trustees of the Endowment Fund of North Carolina State University regarding a yet to be determined number of acres to accommodate private development of Town Center. Property to be exchanged will be equal in size and value. All acreage will be within Centennial Campus.

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

Chair Lanier reported that the committee approved four designer selections and one construction manager-at-risk selection. The committee approved four designer selections for projects that each costs $500,000 or less and accepted three completed capital projects with a combined value of $3.3 million. The committee also approved two property matters that were received after the full Board mailing. Both require full Board of Trustees approval. The matters are:
- Disposition by easement of approximately 1,400 square feet for a sanitary sewer easement to Capstone Development Corporation as part of their $85 million development of student housing just off Hillsborough Street. Once installed, the sewer line will be dedicated to the City of Raleigh along with the dedication or assignment of this easement.
- Disposition by easement of approximately 4,500 square feet for a storm water sewer easement to Capstone Development Corporation as part of their $85 million development of student housing just off Hillsborough Street. Once installed, the sewer line will be maintained by the developer.

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

Chair Lanier said the committee heard an informational report on the reallocation of approximately 6 acres of the Swannanoa 4-H Education Center in Buncombe County. They reviewed design plans for the Atrium renovation and approved design plans for the parking decks on central and Centennial campuses, the Cates co-generation plant, and energy and water savings improvements in 13 buildings. The committee approved four other projects that each costs less than $2 million. They also received an update on the work that the Campus Environmental Sustainability Team is doing and heard reports on the status of capital projects and projects in planning.

**Development Committee-Chair Norris Tolson**

Chair Tolson reported that the committee received an update on capital fund raising projects along with the most recent fiscal year reports on gifts and pledges to the University. The committee participated in a discussion about a three-year strategic IT plan to prepare for the next campaign. Some of the priorities include installation of new software to allow for enhanced online giving, a new alumni relations portal, new analytic and reporting capabilities in partnership with SAS, and the accessibility of information on alumni and friends. The committee discussed ways to encourage all university entities to use one database and reporting system.

Chair Tolson stressed the importance in his role as chair of putting a process in place that ensures all entities have an opportunity to participate in planning for the next campaign. In closed session, the committee reviewed and approved two proposals to name specific university facilities. These proposals will be considered in closed session following the full Board meeting.

**Student and Campus Affairs Committee-Chair Barbara Mulkey**

Chair Mulkey stated that Chancellor Woodward gave the committee an overview of the campus process to arrive at the tuition and fee recommendations to the Trustees and described his recommendations. The Chancellor recommended the proposal set forth by the Tuition Advisory Committee, with one exception. He withdrew the four campus-initiated tuition increases requested by four professional programs because the administration learned that 50% of the increase charged to the students in these programs would have to be used to support financial aid for the entire student body.
Chair Mulkey reported that Chancellor Woodward recommended the proposals set forth by the Fee Review Committee with a slight revision to the Educational Technology Fee and Athletics Operations Fee, based on the recommendations of the student leadership. Student Body President Jim Ceresnak described the level of student input and feedback regarding the Talley/Atrium project. He noted that students recognize the need to renovate and expand Talley, and cost is their main concern. Therefore, the Student Senate felt it was critical to approve this debt service now in order to prevent escalated future costs to address this need. Committee members applauded the leadership shown by Student Senate.

Chair Mulkey said the committee discussed Chancellor Woodward’s recommendations on tuition and fees and voted to recommend approval of the Chancellor’s recommendations by the full Board. She presented a motion on each of the tuition and fees recommendations.

Chair Mulkey made the motion, seconded by Mr. Sall, to approve a campus-initiated tuition increase of:
- $150 for undergraduate residents
- $200 for undergraduate non-residents
- $200 for graduate residents
- $200 for graduate non-residents
The motion carried.

Chair Mulkey made the motion, seconded by Mr. Warren, to approve the following student fee increases:
- Talley Student Center and Atrium debt service:
  - Fall 2010: $83.00
  - Fall 2011: $185.00
  - Fall 2012: $275.00
  - Fall 2013: $290.00 (not to exceed)
- Athletics operations: $8.50
- Educational and technology: $8.50
- Student media: $.50
- Transit: $5.00
- Union Activity Board: $.50
The motion carried.

Chair Mulkey made the motion, seconded by Mr. Sall, to approve all existing fees that proposed no increases and to reduce the following two existing fees:
- Recreational sports from $121.10 to $118.10
- Student Center operations from $218.40 to $217.80
The motion carried.
The committee heard a report from Student Body President Jim Ceresnak on recent Student Government activities including the Talley Student Center renovation project, fighting the legislatively mandated tuition increase and surcharge, visits by public officials to Student Senate meetings, the sale of student tickets to help support the Bell Tower campaign, and the switch to red commencement gowns in May.

Chair Mulkey said the committee heard a report from Staff Senate chair Steve Carlton highlighting activities including the first UNC Staff Assembly meeting of the year, improving technology across campus, the Chancellor’s search public forums, and increased staff giving to the State Employees Combined Campaign. The committee heard a report on Alternative Spring Break trips; two students discussed their experiences with service trips, both domestic and international. The committee encouraged the group to pursue corporate funding for these worthwhile trips.

**Board of Visitors Report-Chair Jimmy Clark**
Chair Clark reported on the September 25 meeting of the Board of Visitors. The board welcomed nine new members. They heard a legislative update from Rep. Rick Glazier; he discussed the current budget and the upcoming legislative session.

Chair Clark said that each member of the Board of Visitors was asked to submit two initiatives that they would like the Board to consider this year. The final list will be submitted to Chancellor Woodward. He closed by thanking the Trustees for allowing him to serve as chair this year.

**Chair of the Faculty Report-Chair Margery Overton**
Chair Overton discussed the structure of the Faculty Senate and the role of the Chair. Highlights from meetings held this academic year include discussions of the budget and administrative processes and the Korean campus. Areas of concern involve the status of several degree programs and statements in the media concerning performance-based budgeting. Discussions are also ongoing regarding our grievance policy.

Chair Overton said that the Executive Committee is working on improved communication strategies with the campus. They would like to communicate the high impact accomplishments of the group; items selected from the 2008-2009 Senate term are improvement of the university regulation on evaluation of teaching, improvement of post-tenure review, and engaged budget discussions that resulted in increased transparency and having information posted on the “Budget Central” website.

Chair Overton reported that the Fall General Faculty meeting was held on October 20. The guest speaker was Rep. Rick Glazier, chairman of the Appropriations Subcommittee on Education. He discussed the third quarter tax revenues and implications for this fiscal year, the legislative budgeting process that occurred last year, and the expected changes in this process and the impact on campuses.
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With no further business in open session, Chair Davenport made the motion, seconded by Ms. Lanier, 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 11:45 a.m., the Board came out of closed session. With no further business, Chair Davenport adjourned the meeting at noon.

Respectfully submitted,

[Signature]
Assistant Secretary
[Signature]
Secretary

Approved:

[Signature]
Chair of the Board