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, February 22, 2013. Chair Barbara Mulkey presided.

Members present: Barbara H. Mulkey, Chair  
                  Jimmy D. Clark  
                  Jack L. Cozort  
                  Lawrence Davenport  
                  Benjamin P. Jenkins III  
                  Gayle S. Lanier  
                  Robert L. Mattocks II  
                  James W. Owens  
                  Randall C. Ramsey  
                  E. Norris Tolson  
                  Susan P. Ward  
                  Andy Walsh, ex officio

Chair Mulkey called the meeting to order at 9:25 a.m. She reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearance of conflict with respect to any matters coming before the board at this meeting. Gayle Lanier recused herself from voting on an item on the Buildings and Property Committee agenda, and Bob Mattocks recused himself from voting on another matter. There being 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. Tolson made the motion, seconded by Ms. Ward, to approve the open and closed session minutes of the January 24, 2013, meeting of the full board and the minutes of the January 24, 2013, joint meeting of the NC State University and UNC-Chapel Hill Boards of Trustees. The motion carried.

CHAIR’S REPORT
Chair Mulkey spoke briefly about the January joint meeting of the NC State and UNC-Chapel Hill Boards of Trustees. The current collaborations as well as the potential to grow our partnerships are impressive. The self-assessment pre-retreat was a valuable opportunity to reflect on the purpose and function of the board. The self-assessment on-line survey will be sent to all Trustees on February 27. The survey is confidential and will close on March 15. A discussion of
the survey results will take place on April 18, and Chancellor Emeritus Jim Woodward will facilitate the assessment. The survey results will then be forwarded to President Ross and followed by a meeting with President Ross, Chancellor Woodson and Chair Mulkey.

Chair Mulkey reported on upcoming events. Founders’ Day and the 125th anniversary conclusion will be held on March 4 at the McKimmon Center. 2013 Watauga Medal recipients are Tom Cabaniss, Tom Kenan and Bob Kennel. May Commencement is on Saturday, May 11, and Phil Freelon is the Commencement speaker. Honorary degrees will be given to Indra Nooyi, CEO of PepsiCo, Inc., and Michael Wingfield, a world-renowned scientist in the fields of forest science, forest pathology and pest management.

Chair Mulkey stated that the Board of Trustees’ Bylaws give the nominating committee responsibility for “presenting a slate of nominees to the board at its last meeting before the beginning of each fiscal year. The slate of nominees shall contain at least one nominee for each of the offices of Chair, First Vice Chair, Second Vice Chair and Secretary.” She appointed the 2013 nominating committee as follows: Susan Ward, Chair; Bob Mattocks and John Sall.

Chair Mulkey closed her remarks by giving the Endowment Fund Board report. The Endowment Fund Board accepted gifts of $2,235,300 since the last meeting. They also received an investment performance report as of December 31, 2012. The NC State Investment Fund, Inc. returned 5.3% for the fiscal year-to-date as compared to the UNCMC composite benchmark of 5.7%. The board was updated on the annual NACUBO Commonfund Endowment survey. NC State was ranked 118 in endowment size among the 843 participating colleges and universities. The board heard reports on fiscal year 2013-14 endowment spending budgets and specific endowment-owned real estate including the Hofmann Forest, Centennial Campus projects and the Bell Tower block on Hillsborough Street. The board also went into executive session to discuss several real estate and gift matters. After careful deliberation and based on the recommendation of the NC State Natural Resources Foundation, Inc., the board approved unanimously a resolution authorizing the Treasurer to negotiate the sale of Hofmann Forest provided price and other conditions can be achieved.

CHANCELLOR’S REPORT—W. RANDOLPH WOODSON

Chancellor Woodson began by discussing the recent Emerging Issues Forum that focused on manufacturing opportunities in North Carolina and collaboration possibilities with universities like NC State. Governor Pat McCrory, Senators Kay Hagan and Richard Burr and Andrew Liveris from Dow Corning Chemical all spoke, and Trustee Jim Owens led a panel discussion on the view from Capitol Hill. Chancellor Woodson also reported that NC State would host an important symposium on February 26 titled Transforming Economies: The Role of Public University Innovation in Economic Growth. Leaders from across the state and nation will explore a big-picture conversation about the role of and challenges confronting higher education in America, particularly in regards to economic development.

Chancellor Woodson stated that Dr. Carl Koch, Distinguished Professor of Material Science Engineering, has been elected to the National Academy of Engineering. He is NC State’s 11th member of the Academy of Engineering, and this is the fourth consecutive year that we have had
a faculty member elected to the National Academy of Science or Engineering. Chancellor Woodson said that the Princeton Review has named NC State the 6th best value in public higher education. And U.S. News and World Report’s rankings of “2013’s Best Online Education Programs” named three of NC State University’s programs to its list: the College of Engineering ranked 7th among Engineering online programs, Computer Information Technology ranked 9th and the College of Education ranked in the top 20.

Chancellor Woodson reported that the 9th annual Krispy Kreme Challenge was a huge success, raising $177,000 for the NC Children’s Hospital. He discussed other activities including the University Council retreat, his annual half-day visits to the colleges and alumni outreach trips. He stated that Vice Chancellor Nevin Kessler’s five-year review is scheduled for the spring.

Chancellor Woodson closed by saying that NC State has taken a number of steps in recent years to position itself for creating the next generation of innovators. He mentioned the 125th anniversary celebration, the completion of the Hunt Library, the new College of Sciences, the reinvention of the College of Agriculture and Life Sciences, and Phase I of the Talley Student Center, among others. NC State remains committed to striking a balance between our historic strengths and the future need for greater adaptability and collaboration.

COMMITTEE REPORTS
Audit, Finance and Planning Committee-Lawrence Davenport
Mr. Davenport stated that State Auditor Beth Wood and her staff were available to report on the University’s financial audit. The University was complimented on its clean audit opinion and healthy financial position as of June 30, 2012. The committee authorized the establishment of two centers. The first was the Advanced Self-Powered Systems of Sensors and Technologies (ASSIST). The vision of ASSIST is to use nanotechnology to improve global health by enabling correlation between personal health and personal environment and by empowering patients and doctors to manage wellness and improve quality of life. The second center that was approved was the Center for Dielectrics and Piezoelectrics, a joint effort between NC State University and Pennsylvania State University. The mission of this center is to serve as a leading international research and education center dedicated to improving the science and technology of dielectric and piezoelectric materials and their integration into various devices. Both of these approved centers will work with the National Science Foundation.

Mr. Davenport said the committee was given a budget and legislative update. The legislative agenda for fiscal year 2013-14 is expected to focus on operational efficiencies and effectiveness and personnel efficiencies and services. Board of Governors budget priorities for fiscal years 2013-15 focus on the new strategic plan and include funding to support student success, academic quality, research and innovation. Other priorities include savings by shared services, strategic sourcing, improved energy savings and carry-forward reform.

Mr. Davenport said that University Treasurer Mary Peloquin-Dodd reported on the NC State Investment Fund, Inc. Performance was up for the quarter at 2.2% which is in line with the BNY Mellon index. The committee also received a report on Internal Audit activities which included one update reported in closed session.
Buildings and Property Committee-Chair Gayle Lanier
Ms. Lanier reported that the committee reviewed and approved three property matters that require full board approval. Ms. Lanier recused herself from the first property matter; Mr. Ramsey will report on that particular matter. The two other property matters were:

- Disposition by lease of approximately 3,500 usable square feet to Mann + Hummel in Partners I Building, 1017 Main Campus Drive, Centennial Campus, for up to five years. The amount represents an increase over the previous amount requested on November 15, 2012.
- Disposition by deed of approximately 0.6 acres to the City of Raleigh near the intersection of Trailwood Drive and I-40 at the southernmost corner of Centennial Campus in exchange for an approximately equal sized tract at the southeast corner of Trailwood Drive and Main Campus Drive to facilitate the installation of a Centennial Campus gateway road improvement.

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

Mr. Ramsey stated that the property matter from which Ms. Lanier recused herself was the disposition by easement of approximately 100 square feet of North Carolina State University’s property at 2620 Hillsborough Street (Hillborough Building) along the western boundary and adjacent to Gardner Street to Progress Energy in connection with the development of the property located at 2604 Hillsborough Street. The State Property Office will determine if there is any value associated with the disposition. Mr. Ramsey made the motion, seconded by Mr. Clark, to approve this property matter. The motion carried.

Ms. Lanier said the committee approved seven designer selections and accepted 16 completed projects with a combined value of $9.1 million. The list includes acceptance of the Hunt Library Gallery Exhibit at a cost of $1.8 million and acceptance of the Hunt Library Plaza between Corporate Research I Building and Partners I Building at a cost of $900,000. The committee approved the design plan for the Gregg Museum of Art & Design relocation and approved four plans and specifications of formal projects less than $2 million. They received an update on the status of capital projects and projects in planning and a description of three property matters approved under the new delegation authority. The committee also received a detailed study concerning strategic space utilization.

University Advancement Committee-Chair Benjamin P. Jenkins III
Mr. Jenkins stated that the committee was updated on capital projects and progress on fund raising through January 31, 2013. New gifts and commitments are up 36% year to date, totaling $34.5 million. Annual Giving has raised 77% more than last year at this time. The committee approved the counting guidelines that will be used July 1, 2013, through June 30, 2021, for the upcoming campaign.
Mr. Jenkins reported that the committee was updated on a task force being established to recommend priorities for the next campaign. There was also discussion about the profile for volunteer leadership in the pre-phase of the campaign. In closed session, the committee reviewed and approved two proposals to name specific university facilities. A motion will be made at the end of this meeting to go into closed session to consider these naming opportunities.

**University Affairs Committee-Chair Norris Tolson**

Mr. Tolson stated that the committee received a summary of Fall graduation activities and graduation rate trends. They were also briefed on technological enhancements that are being used to assist with student success. The committee also reviewed the data submitted for the annual Board of Governors Intercollegiate Athletics Report on Minimum Course Requirement exceptions, distribution of student-athletes among majors, and the incoming academic profiles of football and men’s and women’s basketball student-athletes. They received a document entailing the NC State practices and processes to monitor the academic status of student-athletes. They also reviewed the NCAA Division I Academic Progress Rate data to be shared publicly in early summer 2013.

Mr. Tolson said that the committee recommended approval of revisions to Policy 05.20.01, Appointment, Reappointment, Promotion and Permanent Tenure. The revisions reflect the formation of the Division of Academic and Student Affairs (DASA) as the academic home for the departments of Music, and Health and Exercise Studies; specifies that faculty in these departments can function as a departmental voting faculty for appointment and promotion decisions; and specifies that DASA will have a Division Promotion Committee for promotion decisions comparable to a College Reappointment, Promotion and Tenure Committee. Mr. Tolson made the motion, seconded by Ms. Ward, to approve these revisions to Policy 05.20.01. The motion carried.

The committee also recommended approval of the request to change the degree program title of Master’s in Agricultural Education to Master’s in Agricultural and Extension Education. The department is not requesting a new degree program. The new name would be less confusing to our students in deciding which program to apply to and would more realistically reflect what graduates of the program do after graduation. The department proposes this change take place in Fall 2013. Separately, the department requests that the Master’s programs in Extension Education be dropped. Mr. Tolson made the motion, seconded by Mr. Mattocks, to approve the change in the degree program title. The motion carried.

Mr. Tolson reported that the committee recommended approval of two degree program discontinuations. The first is the request to discontinue the Master and Master of Science in Extension Education. The second is the request to discontinue the Associate of Applied Sciences in Pest Management Technology. This program is being discontinued due to consistently low enrollment. The program will not be terminated until May 2015 in order to allow remaining majors to complete their programs. Mr. Tolson made the motion, seconded by Mr. Ramsey, to approve these two degree program discontinuations. The motion carried.
Mr. Tolson stated that the committee approved the updated Department of Athletics football
bonus structure as required by Non-Salary and Deferred Compensation Policy 05.15.03. The new
bonus structure is for football staff aligned with Coach Doeren’s contract bonus categories. The
new structure includes increased opportunities for academic achievement – both for federal
graduation rates and for academic progress rates (APR).

Mr. Tolson reported that award winning architect and NC State alumnus Phil Freelon will deliver
the May 2013 Commencement address. Student Government has established a committee to
develop a strategic plan for the organization. Student Government has prioritized an agenda that
includes the introduction of core signature student events, representation of the student voice,
gathering feedback from students across campus and realigning statutes for future successes. The
committee was notified of a new undergraduate certificate in Microbiology and the change in
title of the Graduate Certificate in Agricultural Education to Agricultural and Extension
Education. The committee was informed that 133 faculty members submitted dossiers for
consideration in the 2012-13 reappointment, promotion and tenure process. Faculty will be
notified of decisions at the end of April.

Mr. Tolson said that in closed session, the committee approved conferral of tenure to a new
faculty member, a non-salary compensation request, new employment agreements for four head
coaches (volleyball, women’s soccer, gymnastics and football) and recommended for approval
by the Board of Governors a salary increase that was greater than 15% and $10,000 from the
employee’s previous June 30 salary. The committee also made recommendations for the
awarding of an honorary degree and the Holladay Medal. These recommendations will be
considered by the full board in closed session at the conclusion of this meeting.

Chair of the Faculty Report-Chair-elect David A. Zonderman
Dr. Zonderman reported that the Faculty Senate has been focused on the issue of an ombuds for
NC State. The Senate has passed a resolution and has written the proposal for this office. In
January, two ombuds from UNC-Chapel Hill addressed our Faculty Senate.

Dr. Zonderman stated that there has been much discussion in the Faculty Senate and the UNC
Faculty Assembly of various aspects of the UNC strategic plan. The faculty believes that
campus-based faculty expertise must remain the decisive factor in academic decision making.
The Faculty Senate, along with other senates and councils across the UNC system, has endorsed
the UNC Faculty Assembly resolutions on the strategic plan.

Dr. Zonderman said that the faculty is pleased about the recent joint meeting of the NC State and
UNC-Chapel Hill Boards of Trustees. Relationships among the campuses are valuable, and we
can all benefit from each other. He also hopes to begin regular lunch discussions involving the
Chairs of the Staff Senate, Student Government and Faculty Senate. The faculty will also closely
follow the branding refresh process, the current legislative session, and the proposed sale of the
Hofmann Forest.
Chair of the Staff Senate Report-Chair Susan Colby
Ms. Colby reported that the Staff Senate appreciates the recognition from our administration that
the staff adds value to NC State and supports staff through participation, attendance and financial
support of University and Staff Senate-sponsored events. She has been studying the Staff Senate
and how the organization can best help staff. After evaluating NC State’s strategic plan to see
where staff can have the most influence, the Staff Senate will focus primarily on “enhancing
organizational excellence by creating a culture of constant improvement.”

Ms. Colby stated that the Staff Senate collaborated with the Department of Athletics and the
Office of Institutional Equity and Diversity to host an employee appreciation event at the NC
State vs. Duke women’s basketball game. The Senate is also collaborating with the Faculty and
Staff Assistance Program to provide personal improvement seminars for employees. In February,
the Staff Senate will collect canned goods and non-perishable food items across campus for the
“Feed the Pack” on-campus food pantry and the Food Bank of Central and Eastern N.C. The
Staff Senate looks forward to continuing to enhance our community and advocate for our staff.

With no further business in open session, Ms. Ward made the motion, seconded by Mr. Clark, at
10:45 a.m. to go into closed session to prevent the premature disclosure of an honorary award
and to instruct University staff concerning the position to be taken in negotiating the price and
other material terms of proposed contracts for the acquisition of two parcels of real property
under NC General Statute 143-318.11(a)(2)(5). The two parcels are:

- The parcel located at the rear of 1520 Blue Ridge Road in Raleigh from the Board of
  Trustees of the Endowment Fund of North Carolina State University for the construction
  of a redundant data center for the University’s Office of Information Technology
- The parcel located at 3501 Avent Ferry Road in Raleigh from the NU Club, Inc. for the
  accommodation of administrative space needs and to allow for the reassignment of space
  in the North and Central Campus Precincts

The motion carried.

At 11:00 a.m., the board came out of closed session. With no further business, Chair Mulkey
adjourned the meeting at 11:05 a.m.

Respectfully submitted,

[Signatures]

Assistant Secretary
Secretary

Approved:

[Signature]

Chair of the Board