

Board of Trustees
North Carolina State University
Raleigh, North Carolina

February 20, 2009

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 20, 2009. Chair McQueen Campbell presided.

Members present:

- McQueen Campbell, III, Chair
- Derick S. Close
- Lawrence Davenport
- Bob Jordan
- Gayle S. Lanier
- Robert L. Mattocks, II
- Burley Mitchell
- Barbara H. Mulkey
- John Sall
- Steve F. Warren
- Cassius S. Williams
- Jay Dawkins, *ex officio*

Chair Campbell called the meeting to order at 9:15 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. Warren made the motion, seconded by Mr. Davenport, to approve the open and closed session minutes of the November 21, 2008, meeting of the full Board. The motion passed.

CHAIR'S REPORT-MCQUEEN CAMPBELL, III

Chair Campbell gave the report from the February 19, 2009, meeting of the Endowment Fund. The Board heard a report from Bank of America investment managers. They heard reports on the Hofmann Forest, Centennial Campus real estate holdings, the Hillsborough Street corridor and other real estate matters. The Board approved the following actions:

- To continue the .55% endowment assessment for University Advancement for 2009-2010
- To accept gifts in the amount of \$1.3 million.
- To finalize 2009-2010 budgets after actual performance return for the fiscal year is known
- To grant authority to the Treasurer to negotiate a land exchange with the NC Veterinary Medical Foundation, at the College of Veterinary Medicine's Veterinary Equine Research Center in Southern Pines.

Chair Campbell reported that the Board of Trustees' Bylaws provide that a nominating committee be appointed each year by the Chair. The Trustees' Bylaws give the Nominating Committee responsibility for "presenting a slate of nominees to the Board at its first meeting following the beginning of each University 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." Chair Campbell appointed the following 2009 Nominating Committee: Burley Mitchell, Chair; Gayle Lanier, and Barbara Mulkey.

Chair Campbell stated that the annual Founders' Day dinner will be held on March 9, 2009. This year's Watauga Medal recipients are Lawrence Apple, Norris Tolson, and Richard Vaughn.

Chair Campbell reported that the Krispy Kreme Challenge was held on Saturday, February 7. He participated in the event, along with Trustees Suzanne Gordon and Jay Dawkins. It was a great event and was covered by ESPN to be shown on Sports Center.

Spring Commencement will be held on Saturday, May 9. Honorary degrees will be conferred upon John Seely Brown, Sarita Brown, and Wayne Fuller. John Seely Brown will be the Commencement speaker.

Chair Campbell read a resolution from the Board of Trustees honoring Kay Yow, head women's basketball coach who died in January. Framed originals of the resolution will be sent to Coach Yow's three siblings.

CHANCELLOR'S REPORT-JAMES OBLINGER

Chancellor Oblinger introduced Margery Overton, Chair-elect of the Faculty Senate and Professor of Civil Engineering, and Jay Price, a reporter for the News and Observer who covers NC State.

Chancellor Oblinger briefly reported on the budget. We are preparing for a 7% one-time budget cut. We are also preparing scenarios for a 3, 5, and 7% permanent reduction. We are making strategic reductions as opposed to across-the-board reductions. No firm

decisions have been made yet. Vice Chancellor Terri Lomax is heading up the Rapid Response Team to respond to the Federal Stimulus Package. NC State is in a good position because of the strength of our programs that are included in the Stimulus Package.

Chancellor Oblinger reported on some of the campus highlights since the November meeting of the Board of Trustees.

- The Princeton Review ranked NC State number six for best value, being the only North Carolina university to make the top 10. NC State also held a spot on Kiplinger and US News' best value lists for public colleges, coming in at 18.
- A \$1.2 million, three-year grant from the National Science Foundation will fund a new program at NC State's Science House. The program, call Photonics Leaders II (PL2), recruits students from rural and underrepresented areas into science fields.
- NC State researchers have discovered that nanoporous ceramic membranes may be used to resolve current problems posed by implantable medical devices. The new membranes help solve issues of rejection by a patient's body and protein build-up by creating an interface between human tissues and medical devices.
- NC State secured a \$1.2 million grant to make solar energy less expensive. The Nanotechnology Renewable Energy Laboratory, created by the grant, will produce findings that could help save energy in industrial motors and pumps, which account for 80 percent of industry energy use worldwide.
- Directed by NC State professor Dr. Michael Cobb, the "Public Awareness of Nanotechnology Study" is the first nationally representative survey to examine public opinion on the use of nanotechnology for human enhancement. Findings from this survey could direct the future of nanotechnology research and speaks of the importance of public education on the topic.
- NC State researchers have developed a statistical model that will help scientists and regulators predict which areas are likely to have fish with high mercury levels. This development will be beneficial for preventing mercury poisoning in humans.
- NC State's distance education programs are increasingly popular inlets for students to pursue higher education. Distance education has proven successful for a wide range of students, including part-time students, students with families and students with medical conditions that might hinder their access to the traditional classroom.
- On January 15, students from NC State's College of Textiles joined Cotton Incorporated to introduce the latest in cotton fashion at the "Collection 2009: Cotton Couture." All entries were required to be made of 75-100% cotton fabric.

- NC State faculty member Dr. Joe DeSimone was named the 2008 Tar Heel of the Year by *The News and Observer*. He was the first scientist and youngest recipient of the award.
- Dean Louis Martin-Vega from the College of Engineering received the Outstanding Engineer for North Carolina award for 2008.
- Dr. Michael Vepraskas, William Neal Reynolds Professor of Soil Science at NC State, has been elected Fellow of the American Association for the Advancement of Science (AAAS).

Chancellor Oblinger announced the following leadership changes:

- Dr. Terri Lomax has been named Vice Chancellor for Research and Graduate Studies. In her new role, she will oversee the administration of NC State's research and development expenditures, federal relations, research funding and compliance, technology transfer and commercialization, Centennial Campus partnerships and the Graduate School.
- Dr. Duane Larick has been named Dean of the Graduate School. He has recently served as Interim Dean and was previously Senior Associate Dean of the Graduate School.

Chancellor Oblinger reported on several upcoming campus events:

- The annual Founders' Day dinner will take place on March 9 at McKimmon Center. We will present the Watauga Medals as well as the Mathews Medals, a student award given to undergraduates who demonstrate outstanding service to NC State.
- The second State of NC State address will take place on Tuesday, March 10, at 11:00 a.m. in Stewart Theatre. Following the address, we will celebrate NC State's birthday with cake in the courtyard outside of Talley Student Center.
- The Memorial Bell Tower will be lit on the Sunday of Founders' Week in celebration of our founders. This special lighting will be known as "NC State Remembers" and will be an annual occurrence.

Chancellor Oblinger announced that he has been re-appointed to a three-year term on the J. William Fulbright Foreign Scholarship Board. In addition to board reappointment, he has been selected to serve with four other members on the Board's Executive Committee.

Chancellor Oblinger closed his remarks by thanking Vice Chancellor Leffler and Provost Nielsen for their work on the budget. He reported that President Bowles said there would be "real pain," and that we would try to "harm quality the least." In the midst of the budget cuts, NC State intends to continue the tradition of providing a quality and affordable education with a closer eye on spending and by exploring more efficient business practices.

COMMITTEE REPORTS

Academic Affairs and Personnel Committee-Chair Cassius Williams

Chair Williams stated that Provost Nielsen gave an overview to the committee on the partnership with the Wake County Public School System for a STEM-focused Early College High School located on NC State's campus. Students in grades 9-12 will take high school and NC State classes so that within five years students can graduate with up to two years of college credit.

The committee heard an academic progress rate update for student athletes. It was also reported to the committee that including summer and fall semesters 2008, 2,789 students graduated in December.

The committee approved a revision to the UNC Campus Scholarships for Undergraduates Plan that would maximize the use of those funds for eligible NC State students. Mr. Williams made the motion, seconded by Ms. Mulkey, to approve the UNC Campus Scholarships and Undergraduates Plan; the motion carried.

Chancellor Oblinger reported that John Seely Brown, member of the National Academy of Education and Fellow of the American Association for Artificial Intelligence, will deliver the May 2009 Commencement address.

Provost Nielsen gave the committee an update on activities since the November meeting that included a revision to Regulation 01.25.7: Residency Appeals Procedures, a new B.S. degree in Soil and Land Development and a new B.S. degree in Genetics, and the establishment of new certificates in Agricultural Leadership and Global Perspectives. Final candidates for the CHASS dean position are currently being interviewed. The next Millennium Seminar will be March 19, and the speaker is Dennis Gartman of *The Gartman Letter*.

Chair Williams reported that the committee approved recommendations for the awarding of the Holladay Medals which will be considered by the full Board in closed session at the conclusion of this meeting. The committee took action on one appointment to a distinguished professorship and three conferrals of tenure.

Audit, Finance and Planning Committee-Chair Steve Warren

Chair Warren reported that the State Auditor, Beth Wood, and her team were available to report on the University's financial audit. NC State was complimented on our clean audit opinion and healthy financial position as of June 30, 2008.

The committee heard an overview of the University budget as impacted by reductions in state appropriations. The committee also heard informational reports on the NC State Investment Fund, Inc., the annual review of associated entities, an overview of centers

and institutes, and two new B.S. degree programs in Soil and Land Development and Genetics. An informational report was also presented on Internal Audit activities, including one update reported in closed session.

Buildings and Property Committee-Chair Derick Close

Chair Close reported that the committee reviewed and approved two property matters, five designer selections, one construction manager-at-risk selection, a list of 16 designer selections for projects that each cost less than \$500,000, and two completed capital projects. Both property matters require full Board approval. The property matters are:

- Acquisition by lease of approximately 6500 useable square feet in Venture IV on Centennial Campus for the Center for Integrated Pest Management for a five-year period
- Disposition by easement of approximately one-quarter acre of the Central Crops Research Station to Johnston County for the purposes of a valve station for the Regional Water Availability Infrastructure Program

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

Chair Close reported that the committee approved changes in the construction manager-at-risk selection procedure and approved one design plan and plans for four projects that each cost less than \$2 million. The committee received an informational report about the pending revision to Regulation 07.50.1 that addresses property acquisitions and dispositions. They received reports on capital projects, the status of projects in planning, and a Centennial Campus update. Following the meeting, the committee went into closed session.

Development Committee-Chair Lawrence Davenport

Chair Davenport reported that the committee focused on two major topics: 1) the status of fund-raising efforts and current capital projects and 2) the funding of Advancement in preparation of the next comprehensive campaign. The committee participated in a discussion of how NC State funds Advancement compared to its peer institutions and the need for the next campaign to focus on raising endowment.

Chair Davenport stated that in closed session, the committee reviewed and approved 10 proposals to name specific university facilities. These proposals will be considered by the full Board in closed session.

Student and Campus Affairs Committee-Bob Jordan for Chair Suzanne Gordon

Trustee Jordan reported that Student Body President Jay Dawkins gave the committee a report on recent activities in Student Government, including initiatives to honor Coach

Kay Yow, retooling how students stay informed, launching a farmers' market on the brickyard, implementing live utility tracking, and working with Transportation to designate carpool permits for students.

Mr. Jordan said that the committee heard a report on the responsibilities of the new risk assessment case manager position. An update was given on the work of the Campus Culture Task Force. The task force completed their preliminary report in January and has requested feedback from the campus community. After reviewing the feedback, the task force will submit their final report by the end of February.

Mr. Jordan stated that the committee heard a report on plans for the renovation of and addition to the Talley Student Center. The new Talley Student Center will serve as home to arts programs, student center activities, dining facilities, retail, and the bookstore. Students will be informed about these plans this spring, and a phased debt service fee will be presented to the Fee Review Committee in October, to the Board of Trustees in November, and to the UNC Board of Governors for consideration in February 2010.

Chair of the Faculty Report-Chair James D. Martin

Dr. Martin reported that the Faculty Senate has been working to strengthen faculty governance. They have been focusing on the budget and faculty accountability issues.

Dr. Martin presented data he compiled on university hiring statistics since 2000. He stressed the importance of increasing the number of faculty in order to accommodate student growth.

Chair of the Staff Senate Report-Chair Laura Massengill

Chair Massengill reported that the Staff Senate is making progress toward their goals for this year. The Governance Committee is reviewing the bylaws with final revisions to be approved and completed by May 2009. The Chair and Chair-elect continue to participate in the UNC Staff Assembly. The Staff Assembly held an all-day video conference on February 5 to discuss the budget situation.

Chair Massengill stated that the Staff Senate is working with the Faculty Senate, Student Senate, and Student Body to continue to promote the mission of NC State. The Staff Senate is very appreciative of the support they receive from the University administration.

With no further business in open session, Chair Campbell called for the motion to go into closed session according to North Carolina General Statute, Section 143-318.11 (a)(2).

Mr. Davenport made the motion, seconded by Ms. Mulkey, to prevent the premature disclosure of an honorary award.

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At 10:20 a.m., the Board came out of closed session. With no further business, Chair Campbell adjourned the meeting at 10:23 a.m.

Respectfully submitted,

Assistant Secretary

Secretary

Approved:

Chair of the Board