Board of Trustees
North Carolina State University
Raleigh, North Carolina
April 17, 2015

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, April 17, 2015. Chair Benjamin P. Jenkins III presided.

Members present:

Benjamin P. Jenkins III, Chair
Thomas E. Cabaniss
Jimmy D. Clark
Gayle S. Lanier
Robert L. Mattocks II
Barbara H. Mulkey
Wendell H. Murphy
James W. Owens
Ronald W. Prestage, DVM
Randall C. Ramsey
John P. Sall
Susan P. Ward
Rusty Mau, ex officio

Chair Jenkins called the meeting to order at 9:15 a.m. He 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 appearances of conflict with respect to any matters coming before the board at this meeting. Chair Jenkins 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. Sall made the motion, seconded by Mr. Ramsey, to approve the open and closed session minutes of the February 20, 2015 meeting of the full board. The motion passed.

CHAIR’S REPORT - Chair Ben Jenkins
Chair Jenkins announced that Khari Cyrus, Park Scholar and Political Science major, is the new student body president for the 2016 academic year.

Chair Jenkins gave an Executive Committee report. The committee met on March 16, 2015, to consider the Trustee recommendation to the Senate for the Centennial Authority Board. They approved Cassius Williams for that seat on the Authority Board. The committee also met this morning to discuss personnel matters which will be reviewed and discussed today in closed session.

Chair Jenkins reviewed the Endowment Board appointments. He referred to the Endowment Board by-laws that call on six members to be appointed by our Board of Trustees for a three-year term with two members to be appointed each year.
He noted that Ms. Suzanne Gordon and Mr. Jim Peden will complete their terms on the Board on June 30, 2015 and that the board is recommending that Ms. Barbara Mulkey and Mr. Larry Barbour be appointed to fill their seats for three-year terms ending June 30, 2018.

Ms. Ward made a motion to approve the appointments of Barbara Mulkey and Larry Barbour to the Endowment Board. Ms. Lanier seconded the motion. The motion passed.

Chair Jenkins thanked the Board of Trustees, Provost, Deans, and Faculty, the Executive Officers and the Chancellor for all that they have done for NC State and the community. He noted that observing and working with this great team for the past two years has been meaningful in many ways and he thanked them for the opportunity to serve as Chair.
Chair Jenkins asked everyone to mark their calendars on July 15, 2015, for new trustee orientation and the summer board meeting.

**CHANCELLOR’S REPORT – Randy Woodson**

Chancellor Woodson reported that a recent graduate was on Shark Tank. Sharon Bui, a 2013 graduate in Fashion and Textile Management, co-founded her own company while at NC State as a student. The company is known as “Frill” and is a North Carolina-based company that provides custom formal garments for sororities. As it turns out not one, but two of the “shark judges” agreed to fund the company, to the tune of $100,000.

The Chancellor reported that we had a very nice announcement from Lynn Good, President and CEO of Duke Energy, last week of a generous gift from Duke-Progress Energy. The company has donated $2.5 million dollars - $1.5 million for the FREEDM Center and then $1 million to support annual workforce development programs and scholarships that attract and retain underrepresented groups in the College of Engineering and K-12 outreach programs.

Chancellor Woodson announced that on Friday, April 24, we will be celebrating the 30th anniversary of Centennial Campus. He noted that Centennial Campus has changed the face of research engagement and education in North Carolina.

Chancellor Woodson shared rankings from several institutions. From College-Factual.com. NC State ranks seventh for Best College for the Money. USA Today ranks NC State seventh for Schools with the Best In-state Tuition and NC State is one of 24 higher education institutions to make the Forbes List of Best U.S. employers. Asset.com ranked NC State number one best return on investment.

The Chancellor said that NC state students are doing some great things in academics and athletics. He announced that NC State has two students who have been named recipients of Goldwater Scholarships this year. The scholarship is one of the most prestigious awarded to undergraduate students, meant to support promising individuals who plan research careers related to engineering, mathematics, or natural sciences. This brings the total number of Goldwater Scholarships awarded to NC State students to 48.

Chancellor Woodson announced that a faculty member received a Presidential Award for Excellence in Science, Mathematics, and Engineering mentoring. Elizabeth Parry, a coordinator for the Engineering Place, is one of 14 individuals to win this award, which recognizes the crucial role mentoring plays in the academic and personal development of students in science – particularly those in underrepresented groups.

The Chancellor made some announcements about the 2015 Chancellor’s Faculty Excellence Program – New Clusters. He reported that there are eight new clusters.

1. **Carbon Electronics** - This cluster will pursue international prominence in next-generation, carbon-based energy, display and/or detector technology and computation platforms, and it envisions interrelated fundamental and applied technology advances that provide revolutionary computing approaches, renewable power sources, advanced energy storage, and novel device capabilities such as low-cost memory and sensors.

2. **Emerging Plant Disease and Global Food Security** - This cluster will develop new knowledge to understand the fundamental basis of emerging infectious plant diseases caused by pathogens - enabling a more rapid response to contain and limit potential damage by emerging threats.

3. **Global Water, Sanitation and Hygiene** - This cluster will position NC State as the leading university in the U.S. conducting critical research and teaching in vital and complex global water and sanitation issues.
4. Leadership in Public Science - This cluster will engage the public in the process of science and prepare current and future generations of scientists to communicate their work to public audiences in clear, understandable, and actionable terms.

5. Microbiomes and Complex Microbial Communities - This cluster will establish an internationally recognized center of excellence in the analysis and engineering of plant, animal and insect microbiomes and microbial communities, with a focus on communities associated with crop plants, farm animals, insect pests and the environment.

6. Modeling the Living Embryo - This cluster will assemble a team of scientists who will apply precision measurements of molecular, cellular and tissue dynamics in living embryos, along with computer simulation and modeling, to understand the development, growth and diversification of plants and animals.

7. Sustainable Energy Systems and Policy - This cluster will develop an interdisciplinary research team capable of addressing societal challenges related to energy sustainability.

8. Visual Narrative – This cluster is a central mode of understanding the world around us, playing a key role in how we make sense of our experiences, how we communicate them, how we share our culture, how we understand its history and future trajectory, and how we explore hypothetical worlds that might have been or might emerge.

Chancellor Woodson reported that it's been about six weeks since we announced the creation of the Our Three Winners Fund to honor our two alumni and one current student who died in a Chapel Hill shooting. The Our Three Winners Fund, will award scholarships in the three students names through the Poole College of Management, the College of Sciences and the College of Design.

The Chancellor announced that Vice Chancellor and General Council Eileen Goldgeier will have her five year comprehensive review this year and the process will begin on Monday.

Chancellor Woodson reported that the Walter Hines Page awards will be presented to the outgoing Trustees at the end of the meeting to thank them for their dedicated services to NC State. He also reported that we have some other folks who are attending their final trustee meeting in their current capacities:

- David Zonderman, chair of the faculty.
- Robert Davis, chair of the Staff Senate.
- Dan Solomon is stepping down in July after 34 years of administrative leadership in the sciences.
- Dean Jayne Fleener from the College of Education, who has been at NC State since 2010 is stepping down from that position, to return to the faculty.
- It's not his last meeting, but I will also share that Dean Ira Weiss of the Poole College of Management is announcing that he stepping down July 1, 2016. He's been at NC State since 2004.

He reported that Vice Chancellor for Finance and Business, Charlie Leffler, is retiring effective October 1, 2015. Charlie started here in 1984 as associate vice chancellor roles for business services and facilities.

**COMMITTEE REPORTS**

**Audit, Risk Management and Finance Committee—Chair Jimmy Clark**

Mr. Jimmy Clark reported that Cecile Hinson, Director of Internal Audit, reviewed her quarterly update on Internal Audit activity, and presented the fiscal year 2016 Audit Plan for the University. The Committee approved the Audit Plan for the next fiscal year.
Mr. Clark reported that Vice Chancellor Charlie Leffler and Mr. Kevin Howell provided a legislative update to the Committee. They included an analysis comparing the BOGs’ proposed biennial budget for the UNC System to the Governor’s Budget for fiscal years 2015-2016 and 2016-2017. Differences included full enrollment funding adjustments under the BOG budget in both years of the biennium with full funding in only the first year of the Governor’s Budget. The second year of the biennium under the Governor’s proposal includes an additional $30.9 million OSBM reserve that offsets enrollment funding. The North Carolina Research Campus funding was requested under the Board of Governors’ proposal but there is no funding allocated under the Governor’s budget. Other significant actions in the Governor’s proposal include a 2 percent management flexibility reduction and a $17.9 million reduction in funding for UNC fundraising across the system. This cut would impact NC State by a $5.8 million cut, if enacted.

Mr. Clark stated that they also discussed Legislative priorities for capital projects. The primary initiative for NC State is the Engineering Building Oval—a $154 million project — for which $77 million has been requested.

Mr. Clark reported that Dr. Mike Mullen, Vice Chancellor and Dean for the Division of Academic and Student Affairs (DASA), discussed the Division’s strategic goals and approach to risk management. Promoting Student Success is the basis for four of the five goals. He also provided an overview of the organizational mission and structure of DASA. He reported that the list of the Top 10 DASA strategic risks, from 87 total risks identified, providing examples of the types of risk that the Division continually monitors. The Committee had a good discussion regarding the area of student related risks.

Mr. Clark announced that Lori Johnson, Director of University Strategic Debt Management, provided a debt update to the Committee. She reviewed a ten year history of the University’s Outstanding Debt, by amount, type, and purpose. The current debt outstanding is about $560 million and about 92 percent of the total is in the form of fixed or synthetically fixed rate debt. She also discussed possible borrowing plans for the next five years which include projects such as the Reynolds Coliseum project, Engineering Oval, and student facilities. Based on current expectations, debt is likely to increase during the next 10 years, but debt service is expected to remain at or just below NC State’s desired threshold of 4 percent of annual operating expenses.

Mr. Clark reported that University Treasurer, Mary Peloquin-Dodd presented an Annual Review of Associated Entities to satisfy the annual Associated Entity review required by the Board of Governors. All audits have been sent to General Administration and the copies of the Audits were made available to the Committee. She also updated the Committee about the differences between Total Net Assets, which are reported to General Administration, and total endowment of the University and Associated Entities.

Finally, Cecile Hinson, Director, Internal Audit, closed the committee meeting with informational reports and an update on current year activities.

**Buildings and Property Committee – Chair Randy Ramsey**

Mr. Ramsey began by announcing that the committee reviewed and approved one property matter that requires full board approval. It is:

- Disposition by Right of Way to the City of Raleigh and North Carolina Department of Transportation of approximately three acres to accommodate the future Pullen Rd./Centennial Parkway intersection.

Mr. Ramsey made a motion to approve the Disposition by Right of Way to the City of Raleigh and North Carolina Department of Transportation of approximately three acres to accommodate the future Pullen Rd./Centennial Parkway intersection. Mr. Murphy seconded the motion. The motion passed.

Mr. Ramsey reported that the committee approved one property matter that required committee approval only. It was Acquisition by Lease for Distance Education & Learning Technology Applications for
approximately 6,400 square feet of space on Centennial Campus to be used for proctoring and associated offices. The likely location for this use will be the Venture Complex and will be for a term of 10 years at a rate to be negotiated but not to exceed market value.

Mr. Ramsey announced that the committee also approved 11 designer selections. We accepted five completed projects with a combined value of just under $1 million. The list includes acceptance of the construction and safety improvements at the Morrill entrance and elevator modernization at the Phytotron.

Mr. Ramsey reported that the committee received proposed revisions to Policy 7.60.1: Parking and Transportation Ordinances 2015-2016 that require full board approval.

Mr. Ramsey made a motion to approve the revisions to Policy 7.60.1: Parking and Transportation Ordinances 2015-2016. The motion was seconded by Mr. Murphy. The motion passed.

Mr. Ramsey reported that the committee reviewed the annual update of the Physical Master Plan. The committee also approved 4 Plans and Specifications of Formal Projects costing less than $2 million. Lastly, they received updates about Centennial Campus, other capital projects and Projects in Planning.

**University Advancement and External Affairs Committee- Chair Jim Owens**

Dr. Owens began by reporting that Vice Chancellor Brian Sischo provided a University Advancement update, sharing information on organizational changes in University Development and the plans being implemented to fill several key vacancies over the next few months, including the Associate Vice Chancellor for University Development. Benny Suggs, Associate Vice Chancellor for Alumni Relations, is serving in an interim leadership role in University Development. In addition, Keith Oakley, Executive Director for College Advancement for the CALS Foundation, is serving as a Special Development Advisor to Vice Chancellor Sischo.

Dr. Owens reported that Vice Chancellor Sischo went over gifts and pledges, gift receipts and campaign commitments reports. He noted that CALS continues to be on course for record-breaking results, and the College of Veterinary Medicine is performing strongly as well. Vice Chancellor Sischo pointed out that overall we are on track to potentially achieve a new fundraising record for FY15.

Dr. Owens shared that the committee discussed historical and current budget figures for University Advancement, with emphasis on clarifying where state appropriated funds are allocated. They also discussed how proposed cuts to the state appropriation for development would affect development activities across the University.

Dr. Owens reported that Associate Vice Chancellor for Communications Brad Bohlander presented a campaign communications overview, which focused on themes emerging from conversations with the academic deans.

Finally, Dr. Owens reported that in Closed Session, the Committee reviewed and approved two naming proposals that will be reviewed by the full Board of Trustees in closed session.

**University Affairs Committee- Chair Susan Ward**

Ms. Ward reported that Ms. Krista Ringler Domnick, Director of Scholarships and Financial Aid, provided an annual report on the list of recognized entities awarding full scholarships to undergraduates and the number of students receiving full scholarships from each entity. Pursuant to North Carolina General Statutes, students who receive full scholarships from the list of recognized entities will be considered residents of North Carolina and will receive the resident tuition benefit. There are a total of 67 new and continuing students benefiting from this provision. Of these 67 students, 56 are Park Scholars. This process is governed by NCSU REG 02.70.03: Residency for Full Scholarship Undergraduate Students, which requires an annual update to the Board of Trustees.
Ms. Ward reported that Dr. Louis Hunt, Senior Vice Provost and University Registrar, gave a report on the special consideration process of undergraduate admissions and the performance of students previously admitted through that process. The purpose of the special consideration process is to provide a mechanism to admit students with exceptional talents in areas important to the university community. The overriding criterion in all admissions decisions is the potential for academic success. This process is governed by NCSU REG 02.10.4: Identification and Performance Monitoring of Selected Students Requiring Special Consideration for Admissions, which also requires an annual update to the Board of Trustees.

Ms. Ward reported that the committee approved the 2015-16 Salary Ranges for all Tier II Senior Academic and Administrative Officers as presented by Associate Vice Chancellor for Human Resources, Barbara Carroll. UNC-General Administration determines the ranges for all SAAO-Tier I positions (the Chancellor and Vice Chancellors).

Ms. Ward reported that the committee also recommended several degree-related items that require approval by the full board. First, we recommended discontinuation of four degree programs because of long-term and persistent low enrollment, very few degrees awarded and because the programs are unlikely to grow sufficiently to have a critical mass of students. The programs will be officially discontinued when all continuing students have been graduated or have otherwise left the program. The four degree programs are: Ph.D. in Physiology; B.A. in Africana Studies; B.A. in Women’s and Gender Studies; and B.S. in Business and Marketing Education. Ms. Ward made a motion for the approval of the Request for Authorization to Discontinue these degree programs. Dr. Prestage seconded the motion. The motion passed.

Ms. Ward reported that the committee recommended changing the title of the Associate of Applied Science degree in Ornamentals and Landscape Technology to an Associate of Applied Science in Horticultural Science Management. This change will give students an opportunity to broaden their educational focus. We also approved the request to change the title of the B.S. degree in Construction Engineering and Management to B.S. in Construction Engineering. The name change will further distinguish the engineering emphasis of our degree program from Construction Management degrees offered at other institutions and aid in the accreditation process which now requires two separate and distinct accreditation reviews. Ms. Ward made a motion for the approval of these two degree title changes. Mr. Sall seconded the motion. The motion passed.

Ms. Ward announced that the committee approved the Request for Authorization to Plan and Establish five distance education degree programs for which on-campus versions of the degrees already exist. The distance education degree programs are: MSA in School Administration; M.Ed. in Clinical Mental Health Counseling; M.Ed. in College Counseling and Student Development; M.Ed. in School Counseling; and M.S. in Electric Power Systems Engineering. Ms. Ward made a motion for the approval of the Request for Authorization to Plan and Establish these five distance education degree programs. The motion was seconded by Mr. Ramsey. The motion passed.

Ms. Ward stated that the committee approved the Request for Authorization to Participate in an Inter-Institutional Arrangement for the purpose of establishing a Physics-Electrical Engineering Dual-Degree Program between North Carolina Central University and NC State. The proposed dual degree program builds upon the existing natural links between the two institutions as members of the UNC system. Presently students do transfer between the two institutions and many course equivalencies have already been mapped. The proposed program will create a mechanism to recruit, admit and graduate students that does not exist today. Ms. Ward made a motion for the approval of the Request for Authorization to participate in the inter-institutional arrangement. Mr. Mau seconded the motion. The motion passed.

Ms. Ward reported that the committee received an update on Faculty Senate activities from Faculty Chair David Zonderman and on Staff Senate activities from Staff Senate Chair Robert Davis. Faculty Senate committees continue to work on a number of ideas, proposals, and resolutions and are discussing
revisions to the post tenure review policy. The Staff Senate has also been busy this spring with a variety of endeavors promoting education, community service and outreach.

Ms. Ward announced that in the Provost’s update, the committee was notified of three new graduate certificates being offered in the Poole College of Management. They received an update on the College of Sciences Dean search and were notified that Dr. Katharine Stewart, currently Vice President for Academic Planning and Quality at UNC General Administration, will be appointed Vice Provost of Faculty Affairs effective June 1, 2015. She will replace Dr. Betsy Brown who is retiring from the position. Provost Arden informed the committee of recent distinguished professorship appointments made in the Colleges of Engineering and Sciences. The Provost also reported that in accordance with the UNC Policy on the Employment of Related Persons (Anti-Nepotism Policy), NC State does not have any reported employees out of compliance with the policy.

Ms. Ward reported that in closed session, the committee approved conferral of tenure to six new faculty hires and to 41 faculty members who were reviewed during the annual promotion and tenure process. They also approved a non-salary compensation request and an employment agreement. Finally, the committee recommended for approval by the Board of Governors salary increases that are greater than 15 percent and $10,000 from each employee’s previous June 30 salary.

**Nominating Committee – Chair Barbara Mulkey**

Ms. Mulkey reported that the committee reviewed the Board’s Nominating Committee guidelines and that they appointed a new slate of officers.

Ms. Mulkey reported that she 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.

Ms. Mulkey reported that she ensured that all members had reviewed and understood the board’s Nominating Committee guidelines. She noted that Trustee bylaws do not include provision for ladder succession and that the Chair may only serve for two years.

Ms. Mulkey reported that during the meeting, Dr. Prestage made a motion seconded by Mr. Murphy to nominate the following slate of officers for 2015-2016:

- Jim Owens, Chair
- Jimmy Clark, First Vice Chair
- Gayle Lanier, Second Vice Chair
- Tom Cabaniss, Secretary
- P.J. Teal, Assistant Secretary

She reported that the committee unanimously voted in favor of the motion.

**Board of Visitors Report – Chair Chuck Flink**

Mr. Flink reported that the Board of Visitors heard a presentation from Chancellor Woodson on “Demonstrating the Value of NC State to the North Carolina Economy.” They heard updates from Louis Hunt, Vice Provost and University Registrar about his department and he noted that there are 21,000 applicants this year and he reported that they received an overview from Louis Martin-Vega, Dean of the College of Engineering, that there are three national champions in the COE. Mr. Flink referenced the report heard from the University Advancement committee and reiterated what was said in Dr. Owens report. Mr. Flink ended his report by stating that Senator Josh Stein of the North Carolina General Assembly was their luncheon speaker and he is passionate about higher education.

**Student Government Report – Chair Rusty Mau**

Mr. Mau reported that the NC State University Board of Trustees is an integral component of the university and that they are a leader in service and philanthropy and a steward of the university’s mission.
He thanked the current and former trustees for cultivating a positive culture at NC State. He noted that this culture helped create scholarship programs such as the Park Scholarship, which is what attracted him to the university, and made a lasting impact on his life. He stated that he is truly grateful for all they have done and will continue to do for NC State.

Mr. Mau stated that NC State University is an economic and social multiplier. The work at NC State leads to economic development and societal change. He would like for external partners to recognize the impact the university has on the local community and North Carolina. He stated that from economic development through research spinoffs to societal growth through the education of the next generation, NC State University will remain a crown jewel of this state.

Mr. Mau reported that student life at NC State is excellent but they will always need help. He noted that shared governance requires students, faculty, staff, administrators, and external partners to work together to better the university. In all decisions, he hopes that groups will ask students first, prior to making decisions. He would like to engage all parties from the beginning to ensure long-term solutions that benefit the university and community. He believes that this is critical for initiatives on and off campus with internal and external partners.

Mr. Mau believes that the future of NC State is strong. He reported that the Board and administrative leadership team created a strategic plan that will continue to move the university forward. He encouraged all parties to actively engage students in more university processes. He noted that while students may not appear to be directly affected, the voice of the youngest stakeholders must be heard.

He reported that student influence goes a long way. Whether discussing football attendance/tailgate policies, athletics performance expectations (on and off the court), the future of university dining, the NC State campus culture, or any other NC State related topic, students have important and unique perspectives.

Mr. Mau ended his report by thanking the Board for their continued service to the NC State Wolfpack and for the opportunity to learn from them.

Presentation of Walter Hines Page Award
Chancellor Woodson and Chair Jenkins presented the Order of Walter Hines Page certificate to Barbara Mulkey, John Sall and Rusty Mau in appreciation of their dedicated service to the board and to the university. Mr. Mattocks had previously been inducted into the Order of Walter Hines Page. Chair Jenkins discussed the legacy of Walter Hines Page and explained that these awards are presented solely to former Trustees and that upon the completion of their terms they are deemed “Trustee Eminent.”

With no further business in open session, the board went into closed session at 10:45 a.m. to prevent the premature disclosure of an honorary award and to consider the qualifications, competence, performance, and conditions of appointment of a public officer or employee or prospective public officer or employee.

Reconvene in Open Session
The Board of Trustees returned to open session at 11:20 a.m.

Dr. Prestage made the following motion:

For the purpose of providing supplemental compensation to the Chancellor of NC State University from privately raised funds, I move that the Board of Trustees approves an operating protocol for administering two NC State University Foundation, Inc. funds that have been identified for this purpose. The protocol is as follows:

1. Annually and upon request of the Chair of the Board of Trustees, the Office of Foundations, Accounting and Investments (or similarly named office) will provide the Chair with a report that
indicates the current value of the endowment fund and the income available for disbursement under the terms of the Gift Memoranda of Understanding with the Foundation.

2. The Chair will present the investment report to the Executive Committee of the Board of Trustees for a recommended payout of non-salary supplemental compensation with the Chancellor’s satisfactory performance to the full Board. The full Board will vote on the recommendation. It is understood that the payout is not automatic and the amount may vary from year to year.

3. The Chair of the Board of Trustees, in consultation with the UNC President, shall make the recommendation for approval to the Board of Governors.

4. It is expected that the Board of Governors will consider and make a decision about the recommendation in a timely manner so as to ensure that the payout will occur as promptly as possible and in the same calendar year.

The motion was seconded by Dr. Owens. The motion passed.

With no further business in open session, Chair Jenkins adjourned the meeting at 11:33 am.

Respectfully submitted,

[Signatures]

Assistant Secretary

Secretary

Approved:

[Signature]

Chair of the Board