

MINUTES

Board of Trustees
NC State University
Raleigh, North Carolina

April 19, 2002

The North Carolina State University Board of Trustees met in regular session in the Alumni Memorial Building Conference Room, North Carolina State University Campus, at 10:00 a.m., Friday, April 19, 2002. Chair Peaches Gunter Blank presided over Open Session; Edward E. Hood, Jr., Second Vice Chair, presided over the Closed Session in the Chair's absence.

MEMBERS PRESENT:

Peaches G. Blank

D. McQueen Campbell
Derick S. Close
Suzanne Gordon
Edward E. Hood, Jr.
Vernon Malone
Bob L. Mattocks
Wendell Murphy
Richard G. Robb
C. Richard Vaughn
Darryl Willie, ex officio

Chair Peaches Gunter Blank called the meeting to order at 10:00 a.m.

ROLL CALL

Assistant Secretary Clare Kristofco called the roll and certified that a quorum was present.

MINUTES

Mr. Close made the motion, seconded by Mr. Vaughn, to approve the February 22, 2002 full Board minutes; the motion carried. Mr. Close made a motion, seconded by Mr. Campbell, to approve the February 21, 2002 Tuition Workshop minutes; the motion carried. Mr. Campbell made the motion, seconded by Mr. Hood, to approve the February 20, 2002 Strategic Planning Retreat minutes; the motion carried.

CHAIR'S REPORT - CHAIR BLANK

Chair Blank welcomed Trustees and guests, and provided a summary of recent University successes and noteworthy events. She reported on the Founder's Day dinner and the awarding of the Watauga Medal to former North Carolina Commissioner of Agriculture Jim Graham, SAS founder and CEO James Goodnight, and former student-athlete George "Woody" Jones. Chair Blank commended the Wolfpack basketball team for its appearance in the NCAA ASweet 16@ championship, and Director of Athletics Lee Fowler for his service as Chair of the NCAA tournament Selection Committee. Mr. Fowler had also been named Time magazine's *Person of the Week*. Chair Blank reported the successful selection process for the Park Scholarships program, which culminated in a finalist selection banquet. The Park Scholarships program attracts the best and brightest to NC State, and she thanked Trustee Richard Robb and Chancellor Fox for their strong support and promotion of the program.

Chair Blank thanked Mr. Vaughn for his leadership with the recently concluded Fraternity Court lease and remodeling discussions, and noted the Trustees' appreciation for being informed as the issue was resolved. She reaffirmed the Trustees' commitment of time, talent and resources to advance NC State efforts.

Chair Blank noted several upcoming events, including the awarding of Holladay Medals on May 16, and Commencement events on May 17-18, 2002.

Chair Blank presented to Student Body President and ex officio Board of Trustees member Darryl Willie the Walter Hines Page award in recognition of his dedicated service to the Board and to the University. She congratulated the new Student Government officers in attendance at the meeting, and welcomed incoming Student Body President Michael Anthony.

CHANCELLOR'S REPORT - MARYE ANNE FOX

Chancellor Fox reported on the opportunity for NC State to request from the University of North Carolina Board of Governors (BOG) management flexibility to appoint and fix compensation. She defined what management flexibility is and what it would mean for NC State. If granted management flexibility, NC State would have the authority to: appoint and fix compensation of senior personnel; recommend tuition and fees for program-specific and institution-specific needs, not inconsistent with the actions of the General Assembly; and establish policies and rules governing the planning, acquisition, implementation and delivery of information technology and telecommunications.

To gain management flexibility, NC State must include with its request to the BOG a variety of documents regarding policies and procedures for recruitment and selection of senior administrative officers; reappointment, promotion, tenure and post-tenure review of faculty; and procedures for setting compensation for EPA professionals. Chancellor Fox recommended that the Trustees seek Board of Governors approval for management flexibility. Mr. Hood made the motion, seconded by Mr. Close, to proceed with assembling the documents for Board of Trustees review before being submitted for BOG approval.

Chancellor Fox provided a Tuition update. The Board of Governors voted to increase in-state tuition by 8% for all undergraduate and graduate students and by 12% for all out-of-state undergraduate and graduate students. Tuition increase revenue will be used to fund enrollment growth. The BOG also approved a \$300 campus-initiated tuition increase for NC State University. She reminded Trustees that this amount is different from the February 2002 meeting, where the Board had approved a \$400 campus-initiated increase. Chancellor Fox reported that she had submitted NC State's plan for use of the revenue from the \$300 tuition increase, which will fund financial aid for students with financial need, faculty salaries and new faculty positions.

Chancellor Fox requested the Trustees' approval to seek approval by the General Assembly to use funds allocated to the Meat Processing Lab to renovate/add to existing University food safety laboratories. She reported that a new plan would redirect the focus to advancing the science and technology of food safety and nutrition. The Trustees, by consensus, approved the change in scope and emphasis for the Meat Processing Lab.

Chancellor Fox reported that NC State had reached an impasse with the Centennial Authority and Gale Force over the parking revenue owed to the University under the Use Agreement. She reported that Gale Force's position is that the University is entitled to none of the season ticket parking pass revenue for University events. Under NC State's interpretation of the Use Agreement, the University is entitled to 75% of the season ticket parking pass revenue. Currently, the amount of money owed to the University for parking revenue is approximately \$750,000. At the end of this fiscal year, NC State will be owed more than \$1million in parking revenue. Chancellor Fox said that in addition to these funds, approximately \$525,000 of concession money collected by Gale Force over the past two years, which is undisputed revenue, has also not been paid to NC State. She reported that NC State is currently holding the parking pass revenue and Gale Force is holding the game day parking revenue and all of the concession money. Chancellor Fox told the Trustees that all efforts to resolve this question amicably have brought NC State no closer to an agreement than we were one year ago. In addition, she stated that for two years NC State has negotiated in good faith with Gale Force to achieve an agreement on conducting the annual reconciliation. She reported that since the parking matter involves interpretation of the University's Use Agreement, NC State has no other recourse than to seek legal intervention. Therefore, Chancellor Fox said she has prepared and will send a letter on Monday, April 22, 2002, to University of North Carolina President Molly Corbett Broad requesting BOG approval to file a lawsuit seeking judicial interpretation of the Use Agreement and the University's rights.

Chancellor Fox announced to the Trustees that the National Security Agency (NSA) has named NC State a *Center of Academic Excellence* in information assurance education. The designation adds NC State to a select group of universities in the U.S. and recognizes the University's increasing research into information assurance issues.

Information assurance education plays a key role in protecting national information infrastructure, and NC State will help security solutions keep pace with evolving technology and reduce vulnerabilities in the nation's information systems. She noted that NC State has a strong record of security and privacy research across three colleges: Physical and Mathematical Sciences, Engineering, and Management.

Chancellor Fox concluded her report with information on several student recognitions and activities. Tomas Carbonell was selected to receive a 2002 Truman Scholarship, the only recipient from North Carolina and one of 64 nationally. Four students were awarded Goldwater Scholarships: Derek Justice, Keriann Paul, Heidi Perreault and Margaret Andrews. Shelly Strickland was selected to receive a Udall Scholarship. Stephanie Lynn Gupton and Laura Jane Weston, two recent NC State graduates, have been named to receive Howard Hughes Medical Institute fellowships for pursuing doctoral research.

The Park Scholarships office recently completed the process of selecting its newest class, with the issuance of 64 offers to bring NC State's Park Scholars total to 244 next year. This newest class of Park Scholars is diverse, with 20% being awarded to students of color and slightly over one-half are women. Chancellor Fox commended the volunteer service of NC State students. Since the last Board meeting, NC State students have traveled to Guatemala and the Dominican Republic during Spring Break to work for Habitat for Humanity projects. Service Raleigh was held on Saturday, April 6, 2002, where over 2,200 students, faculty and staff volunteered for Triangle area non-profit agencies. The event is co-sponsored by Park Scholarships and Student Government.

COMMITTEE REPORTS

Academic Affairs and Personnel Committee - Derick Close Presiding for Richard Robb

Chair Robb said that after discussion on the revisions to the Tenure Policy, the Committee approved the proposed amendment to Board of Trustees Policy 21.01 - Tenure Policies and Regulations. Chair Robb made a motion, seconded by Mr. Close, to approve the policy changes; the motion carried. Chair Robb said that the Committee concurred with the College of Veterinary Medicine's request to rename the Department of Anatomy, Physiological Sciences, and Radiology to the Department of Molecular Biomedical Sciences. He reported that the Committee received an update on the Reappointment, Promotion and Tenure process, and a report from the Chair of the Faculty. The Committee received assurance that performance appraisals have been or will be conducted on all EPA personnel. In Closed Session, the Committee approved personnel actions submitted by Chancellor Fox, including 14 new appointments, 33 promotions conferring tenure, 6 conferrals of tenure, 30 promotions of tenured faculty, 8 conferrals of emeritus status, 3 salary adjustments resulting in salaries 15% above the June 30, 2001 salary, and 32 reappointments to a second term. Chair Robb reported that the Committee also approved nominations for Honorary Degree and the Holladay Medal.

Chair Robb recommended that the Board go into Closed Session following the Full Board meeting to consider the nominations.

Buildings and Property Committee - Ann Goodnight Presiding for Chair Wendell Murphy

Chair Murphy reported that the Committee approved 4 property matters, 3 designer selections, the 2002-2004 Open-Ended Services Agreements and acceptance of completed buildings and projects. The property matters include three leases and one ground lease. Two of the leases require full Board approval. One lease is for office space for the United States Department of Agriculture/Animal and Plant Health Inspection Service to continue to facilitate relationships between University faculty, students and scientists in scientific and regulatory research with the College of Veterinary Medicine and the College of Agriculture and Life Sciences. The other lease will provide space at the College of Veterinary Medicine to IAMS Pet Imaging, LLC (Proctor & Gamble) for renovation and installation of an MRI suite to facilitate research relationships between faculty, students and corporate scientists in the area of magnetic resonance imaging. Chair Murphy made a motion, seconded by Mr. Campbell, to approve the leases; the motion carried.

Chair Murphy said that the Committee received a status report on the Centennial Campus Conference Center, which has an anticipated opening date of 2004. The design of the facility is continuing, and construction of the access road and utilities are nearing completion. The Committee conducted an annual review of the Physical Master Plan, and approved proposed changes to the Buildings and Property Committee Design Selection Procedures and Proposed Construction Manager-at-Risk Selection Procedures. The Committee reviewed and approved changes to Board of

Trustees Policy 56.01 - Parking and Transportation Policies. Chair Murphy made a motion, seconded by Mr. Hood, to approve the changes; the motion carried.

The Committee also approved site plans for the College of Engineering Phase II, the Flex Research Building, and the Centennial Biomedical Campus Infrastructure, and reviewed design plans for the North Campus Chiller Plant. Design plans were approved for the Centennial Campus Central Utility Plant, the Flex Research Building, the Centennial Biomedical Campus Infrastructure and the Coliseum Parking Deck Expansion. The Committee also received an update on the Visitor Center and Advancement Services Building, which will be located on Western Boulevard. Chair Murphy reported that the Committee reviewed the status of projects in planning and construction on Centennial Campus, and received informational reports on the status of the Bond Projects, as well as other projects in planning and construction.

Development Committee - Chair Edward E. Hood, Jr.

Chair Hood reported that the Committee heard an informational report from Vice Chancellor for University Advancement Terry Wood that gifts and pledges received through the third quarter totaled \$105,138,338, compared to \$84,590,940 for the same time period last year. Vice Chancellor Wood also presented a Lifetime Giving Societies Report, noting that charter members of the Charles William Dabney Society, which recognizes lifetime giving of \$250,000 or more, were inducted at the previous evening's Lifetime Giving Societies event held at Prestonwood Country Club in Cary, NC. Vice Chancellor Wood presented a plan for creating a sixth society, for honoring individuals with cumulative giving of \$5 million or more. This new society would be named the Alexander Quarles Holladay Society to honor the first chancellor of North Carolina State University. Chair Hood reported that the Committee reviewed and approved the Holladay Society with charter inductions to take place at the 2003 Lifetime Giving Societies event.

Associate Vice Chancellor for University Development David Anderson introduced Becky Bumgardner, Director, and Jennifer Viets, Associate Director, of the Office of Special Projects. Ms. Bumgardner told the Committee that she and Ms. Viets are charged with coordination, cultivation and solicitation of donors for the two Board of Trustees approved capital projects, the Alumni Center and the Joyner Visitor Center. She said that The Office of Special Projects conducts fundraising for The Caldwell and Alumni Endowments, the Graduate School, the Faculty Center for Teaching and Learning and Academic Affairs, and conducts fundraising feasibility assessments for the following potential capital projects: McKimmon expansion, University Club expansion, Executive Conference Center/Hotel and Golf Course, Fraternity Court renovations, Spiritual Life Center and the Institute for Emerging Issues. Ms. Bumgardner and Ms. Viets, working in close cooperation with Development officers, will visit out-of-state targeted areas for cultivation of non-registered alumni for colleges and university-wide efforts.

In Closed Session the Committee reviewed the opportunity for naming of University facilities. Chair Hood recommended that the Trustees move into Closed Session at the end of the Full Board meeting to consider naming of University facilities.

Finance and Planning Committee - Chair Richard Vaughn

Chair Vaughn reported that the Committee heard an update on the Executive Conference/Hotel project. Bob Geolas, Director of the Centennial Campus Partnership Office, updated the Committee on the Executive Conference Center/Hotel and Golf Course. He reminded the Committee of the lengthy history of the project and the due diligence at every stage, its importance to NC State's educational mission, its vital role in economic development on the Centennial Campus, and NC State's collaboration with Hines Development and Benchmark Hospitality. Chair of the Trustees Blank acknowledged Gerry Hancock, Everett Gaskins Hancock and Steven, LLP, and Roddy Jones, CEO, Davidson and Jones Hotel Corporation, to discuss their opposition to the project. Mr. Hancock expressed concerns his clients have regarding the Executive Conference Center project scope and size. They concluded their remarks with a request to stop all efforts on the project and to revisit its goal.

Randy Kohls, Senior Vice President of Benchmark Hospitality, and Peter Keim, Vice President of PKF Consulting, each explained his professional expertise and the role his organization has played in evaluating the project development to date. Both agreed that all appropriate market feasibility work and their due diligence validated the project's potential to be successful.

Committee members questioned the presenters about a variety of project issues. Ms. Kathy Hart, University Treasurer, updated the Committee about the on-going financial planning for the project. Chancellor Fox commented that staff would review all aspects of the project, and she pledged further due diligence in analyzing the expressed concerns for size and scope of the project. A report would be presented at the Board's July and September board meetings. Mr. Robb called for the Committee to endorse the project. The Committee endorsed the project; Mr. Campbell dissented. The Committee directed the University to continue its planning and due diligence efforts.

Chair Vaughn reported that Mr. Geolas also provided information that the North Shore residential lease documents have been executed, pending financing, which is scheduled to occur the week of April 22, 2002, and he commented on the current 3% vacancy rate at Centennial Campus.

At the completion of Chair Vaughn's report, Chancellor Fox asked for the Trustees' ongoing support to move forward with the Centennial Campus Executive Conference Center/Hotel, which is a vital part of the educational mission and projected growth for NC State. She stressed the University's commitment to performing extensive due diligence regarding the project's cost and risk.

Student and Campus Affairs Committee - Chair Vernon Malone

Chair Malone said that Vice Chancellor for Student Affairs Thomas Stafford informed the Committee of Greek Court issues since the last Committee meeting in February. Significant progress has been made on Greek Court issues. Director of Greek Life John Mountz reported that Riley Construction Company has been selected to renovate the Kappa Alpha and Sigma Nu houses and that both houses are pleased with the scope of the renovations. Sigma Phi Epsilon has delivered a letter of intent to sign a 5-year lease, and is scheduled for summer 2003 renovations. Greek Life continues to work with Alpha Kappa Alpha to procure liability insurance and has informed the chapter that \$1 million coverage must be in place by June 30, 2002. Any changes to fraternity/sorority leases would require a Trustee vote. Delta Gamma sorority has accepted the invitation to establish a chapter on campus for Fall 2002 and has committed to moving into the house on Greek Court that will be vacated by Tau Kappa Epsilon.

Staff Senate President Rosalind Thomas presented the Staff Senate Report and noted that Natalie Worth of the College of Engineering had been elected Chair-Elect for 2002-2003. Ms. Thomas discussed the North Carolina College Personnel Association's seventh annual administrative personnel conference held at NC State. The NC State Family Scholarship will be listed as one of the options for givers to the State Employees Combined Campaign. Funds will be deposited into an account in the NC State Foundation. Several recommendations have been made by the Staff Senate to Human Resources including: expanding tuition waiver to include summer and distance education classes, providing campus-wide ADA training, and disclosing all monetary charges to new employees, such as parking charges, in departmental letters of offer.

Associate Vice Chancellor Art White reported on University Dining, highlighting services provided to the campus and 17 university locations. University Dining's annual revenues total \$16 million. At the end of the Committee meeting, Committee members toured two of the newest dining facilities, East Campus Dining Hall and the Hill of Beans Coffee Shop at D.H. Hill Library.

The Board of Trustees of the Endowment Fund - Chair Peaches G. Blank

Chair Blank reported the acceptance of \$207,105 in new gifts. The Endowment Board accepted a gift of 13.8 acres of woodland adjacent to the Hoffman Forest. The Endowment Fund's long-term portfolio returned 1.1% for the year ending March 31, 2002. The March 31 market value of the portfolio was just over \$113 million. Chair Blank said the Board heard a presentation regarding fixed income investment opportunities offered through the First Union/Wachovia merger. The Board voted to leave the approximately \$12 million with Wachovia Bank, and requested that options available with other North Carolina banks be presented at the next Endowment Fund Board of Trustees meeting. The Board also approved a ground lease with Onslow County Park on the Hoffman Forest to provide a general public county park with walking and biking trails, and a ground lease on Centennial Campus for a biological sciences office and a laboratory building. Chair Blank said the Board approved a .75 % Assessment Fee for support of Advancement programs and a .35% Assessment Fee for support of NC State's Comprehensive Campaign for FY 2002-2003.

Student Government Report - Student Body President Darryl D. Willie

Student Body President Willie thanked Chair Blank for the Walter Hines Page award, and reported on recent activities of Student Government, including Unity Week, Racism Day, Nightwalk, and Service Raleigh. Upcoming events are ReCreate State, where many campus organizations will work on April 20 to plant flowers across campus, and Feed Raleigh, a canned food drive, to be held on April 27. Mr. Willie discussed the Wolfpack Student Initiative, formed to raise money for student scholarships. He presented a gift to each Trustee, a T-shirt, and noted that the "I Love Herb" shirts are being sold to raise money for the new initiative.

Mr. Willie reported on the successful Student Government elections. He introduced new officers present at the meeting: Michael Anthony, Student Body President; Joshua Cox, Student Senate President; Dan Gilligan, Student Body Treasurer, and Brent Rowe, Student Chief Justice.

At the conclusion of his report to the Trustees, Mr. Willie gave each Trustee a copy of his farewell letter and thanked them for their strong support, receptivity and encouragement to him in his year of service as a member of the NC State Board of Trustees. He said he appreciated the "opportunity of a lifetime" to serve on the Board.

With no further business for Open Session, Chair Blank asked Ms. Kristofco to read the motions to go into Closed Session to prevent the disclosure of privileged information under the federal Family Educational Rights and Privacy Act that protects information from student records, according to North Carolina General Statute Section 143-318.11 (a)(1); to prevent the premature disclosure of an honor or scholarship, according to North Carolina General Statute, Section 143.318.11 (a)(2); to consult with the Board's attorney and to protect the attorney-client privilege, according to North Carolina General Statute 143-318.11 (a)(3); to hear or investigate a complaint, charge, or grievance by or against a public officer or employee, and to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee, according to North Carolina General Statute, Sections 143-318.11 (a)(6). Ms. Gordon made the motion, seconded by Mr. Close, to go into Closed Session; the motion carried. The Board went into Closed Session at 10:45 a.m.

After the Board returned to Open Session, Second Vice Chair Edward Hood, presiding for Chair Blank, adjourned the meeting at 11:05 a.m.