Board of Trustees
North Carolina State University
Raleigh, North Carolina
September 21, 2012

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, September 21, 2012. 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
John P. Sall
Susan P. Ward
Andy Walsh, ex officio

Chair Mulkey called the meeting to order at 9:15 a.m. The chair 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 conflicts with respect to any matters coming before the board at this meeting. There being none, Chair Mulkey called upon Assistant Secretary PJ Teal for roll call.

ROLL CALL
Assistant Secretary PJ Teal called roll and certified that a quorum was present.

MINUTES
Chair Mulkey called for a motion to approve the open and closed session minutes of the July 11, 2012, meeting of the full board. Dr. Owens made the motion, seconded by Mr. Jenkins. The motion carried.

CHAIR'S REPORT-BARBARA H. MULKEY
Chair Mulkey began her report by thanking the board for their confidence as she begins her second academic year as chair. She also welcomed Frank Grainger, a member of the UNC Board of Governors and NC State’s BOG liaison for the year.

Chair Mulkey announced that Gayle Lanier has been appointed to the Board of Trustees by the Board of Governors, effective July 1. Ms. Lanier replaces Phil Freelon who resigned due to a U.S. Presidential appointment. Chair Mulkey then called upon Trustee Jack Cozort to administer the ceremonial Oath of Office to Ms. Lanier.
Chair Mulkey reported that NC State recently welcomed the most competitive class in its history. Numerous construction projects were completed during the summer, and much progress has been made on other projects, including the Hunt Library and Talley Student Center. Also, a joint dinner of the Boards of Trustees of NC State and UNC-Chapel Hill has been scheduled for January 24 at The Point.

Chair Mulkey said that she has spoken at events on campus including the graduation for the Shelton Leadership camp and a lunch seminar for engineering summer programs. She reminded the board that we are halfway through our 125th anniversary year, and she is honored to serve during this special time.

Chair Mulkey reported that the Atlantic Coast Conference annually requires its member institutions’ boards of trustees to certify that authority for the administration of intercollegiate athletics has been delegated to the chancellor. Dr. Owens made the motion, seconded by Ms. Ward, to approve the ACC Governing Board Certification for 2012-13 (Attachment A). The motion carried. Chair Mulkey also asked for approval of a resolution for exclusion of certain directors and officers of NC State University that will help NC State administer projects with the Department of Defense and our armed services (Attachment B). This resolution mirrors a similar resolution passed annually by the Board of Governors. Mr. Davenport made the motion, seconded by Ms. Lanier, to approve the resolution. The motion carried.

Ms. Mulkey reported that the Endowment Fund Board of Trustees accepted gifts of $3,705,575, received since their last meeting. The board also accepted the 2012 annual report which will be provided in the Board of Trustees’ November materials. The board received an investment performance report for the fiscal year ending June 30, 2012. The NC State Investment Fund, Inc. returned 2.6% for the 12 months then ended as compared to the UNCMC composite benchmark of 4.7%. The board was updated on underwater endowments and specific endowment-owned real estate including the Hofmann Forest, the bell tower block of Hillsborough Street and Centennial Campus projects.

CHANCELLOR’S REPORT-W. RANDOLPH WOODSON
Chancellor Woodson began his report by discussing our incoming freshman class. The average SAT score is 1219, a 28-point increase over last fall, and the average GPA is 4.37. He recognized new hires including Dr. Mike Mullen, Dr. Richard Linton, and Dr. Mary Watzin who will join us on October 15.

Chancellor Woodson reported that Lisa Eberhart, a dietician in University Dining, has received a 2012 Governor’s Award for Excellence for her efforts to promote healthy lifestyles on campus. In the 2013 U.S. News and World Report rankings, NC State made the “up and coming” list of top 20 national universities for the first time. We also remain on the “best value” list, ranking fifth best value among public national universities. We are also cited as a top 20 program for writing across the disciplines.

NC State has been tapped to lead a national nanotechnology research effort made possible by an $18.5 million National Science Foundation grant. The Nanosystems Engineering Research Center for Advanced Self-Powered Systems of Integrated Sensors and Technologies (ASSIST) will be headquartered on Centennial Campus and is a joint effort between NC State, Florida
International University, Pennsylvania State University and the University of Virginia. The ASSIST center will focus on developing self-powered devices for monitoring health. NC State is the only university in the country currently leading two active NSF Engineering Research Centers.

Chancellor Woodson said that NC State and Eastman Chemical Company are partnering to form the Eastman Chemical Company Center for Excellence and the Eastman Innovation Center laboratory to conduct multidisciplinary research in chemistry, biomolecular engineering, textile engineering, forest biomaterials, graphic design, industrial design, materials science and other scientific disciplines. The lab will be located on Centennial Campus and will be supported by $10 million in grants provided by Eastman over the next six years.

Chancellor Woodson reported on several student-success stories. Three students wrote, directed and filmed a short film, “The Strong One,” that won international awards for Best Picture and Best Director at Campus MovieFest’s Hollywood event. It was also shown at the Cannes Film Festival. Also, three graduate students in civil engineering won the Institute of Transportation Engineers (ITE) Collegiate Traffic Bowl.

Under the leadership of Debbie Yow, our Director’s Cup ranking jumped from 89th to 37th, the biggest two-year jump in ACC history. The Provost has provided exceptional leadership as we move forward with our plans for the College of Sciences. Chancellor Woodson updated the Trustees on the Change Leadership retreat and described the decennial accreditation review by the Southern Association of Colleges and Schools (SACS). This review will culminate in an on-site visit in March 2014 and a final decision by the SACS Commission in December 2014.

COMMITTEE REPORTS

University Advancement Committee-Chair Ben Jenkins

Mr. Jenkins reported that the committee was given an overview of fundraising results for fiscal year 2012 and an update on the first two months of fiscal year 2013. Gifts and new commitments for fiscal year 2012 totaled $111.4 million, an increase of 4% over the previous year. Cash receipts in fiscal year 2012 were up 6% over the previous year, totaling $100.3 million. Gift receipts to the annual giving program grew by 35% and the number of alumni donors by 25%, fiscal year to date.

Mr. Jenkins stated that fund raising goals for fiscal year 2013 have been established and include a goal for new gifts and commitments of $120 million, an increase of 8% over last year’s results. In the first two months, fund raising is up 59% with a total of $21.6 million received as of the end of August. The committee briefly reviewed the University Advancement goals for the fiscal year and the committee’s work plan. The goals for University Advancement are focused around four priorities: plan for the start of the silent campaign on July 1, 2013; raise increasing amounts of private support; engage larger numbers of alumni and friends; and conduct a refresh of the NC State brand.

Mr. Jenkins said the committee also heard a report from Bruce Flessner, lead campaign consultant to NC State, on the university’s internal readiness to launch a $1.5 billion campaign. Mr. Flessner was very complimentary about the university’s leadership and the quality of its faculty, staff and students. He made sixteen recommendations for enhancing readiness for the
next campaign in areas that include staffing, sharing of data across the various foundations and training for staff and deans. The consultants will return for the November committee meeting with an analysis of the university’s feasibility study and a recommendation for campaign fund raising goals.

**University Affairs Committee-Acting Chair Susan Ward**

Ms. Ward reported that the committee met twice over the summer to consider personnel matters including the appointment of a new vice chancellor, conferral of tenure to new faculty members, non-salary compensation, appointment to a distinguished professorship supported by the Distinguished Professorship Endowment Trust Fund, salary increases of at least 15% and $10,000 from the previous June 30 salary and the approval of a head coach employment agreement.

Ms. Ward stated that, at the September 20 meeting, the committee heard a report on NC State’s next accreditation review by the Southern Association of Colleges and Schools (SACS). The SACS on-site visit is scheduled for March 2014 with commission action expected in December 2014. The committee also recommended approval of revisions to Policy 04.20.05, Illegal Drugs Policy. The revisions are to comply with the updated UNC Policy which permits the university to allow for a range of penalties to be enforced depending on the nature and the seriousness of the offense rather than the previous prescribed minimum penalties that the university must enforce for certain offenses. The policy is also being revised to reflect the current university practices for drug education and enforcement. Ms. Ward made the motion, seconded by Mr. Mattocks, to approve the revisions to Policy 04.20.05; the motion carried.

Ms. Ward said that Chancellor Woodson discussed the December graduation ceremony and Student Body President Andy Walsh gave highlights of this year’s Student Government initiatives and projects. The Provost updated the committee on the College of Sciences implementation, the faculty interdisciplinary cluster hire process and the University Faculty Scholars Program. He also shared that during fiscal year 2011-12, 66 counteroffers were made to faculty, and 60 of these counteroffers were successful.

Ms. Ward reported that, in closed session, the committee approved personnel items related to non-salary compensation, updates and addenda to head coach employment agreements and salary increase requests for Tier 1 SAAO employees.

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

Ms. Lanier reported that the committee reviewed their responsibilities and procedures. They also approved five property matters; one of the property matters requires full board approval. The property matter is disposition by lease of approximately 1,594 square feet of office and laboratory space in Partners Building II, suite 2100, to Eastman Chemical Company to house the firm’s Eastman Center for Excellence. Eastman has entered into a Memorandum of Understanding with the university that provides a minimum of $10 million in funding over six years for strategic research, discovery projects and other collaboration with NC State. Ms. Lanier made the motion, seconded by Mr. Davenport, to approve this property matter. The motion carried.
Ms. Lanier said that four other property matters require committee approval only. They are:

- Disposition by lease of approximately 950 square feet of office space in Research Building II to Premitec, Inc. for a term of one year with four one-year renewals.
- Disposition by lease of approximately 1,085 square feet of laboratory and office support space in the Plants for Human Health Institute Building at the NC Research Campus in Kannapolis, NC, to General Mills, Inc. for a term of two years with two one-year renewals.
- Demolition of the Council Building, 701 Barbour Drive, a two-story brick converted hospital building with basement in the Spring Hill Precinct. The 58,000 square foot structure was built in 1939 and was last occupied by North Carolina Department of Health and Human Services (DHHS) as offices.
- Demolition of 607 Barbour Drive, a 1,298 square foot frame house in the Spring Hill Precinct. The structure was built in 1910 and was last occupied by DHHS as offices.

Ms. Lanier reported that the committee approved 12 designer selections and one construction-manager-at-risk selection. The committee accepted 15 completed projects with a combined value of $16.1 million. The projects included acceptance of utilities for the Hunt Library and the Oval at a cost of $9.1 million and acceptance of renovations to Sullivan Residence Hall at a cost of $2.2 million.

The committee also approved the site location for the Broughton Hall addition and renovation and reviewed its design plan. They reviewed the design plan for the Gregg Museum of Art and Design relocation and approved plans and specifications of four formal projects that each cost less than $2 million. They received reports on the status of capital projects and projects in planning. They were briefed on the 2012 campus mobility plan which calls for the development of an enhanced Wolfline bus service.

**Audit, Finance and Planning Committee-Chair Jim Owens**

Dr. Owens began by reviewing the topics of discussion for the committee for the year. He asked the Trustees for feedback regarding topics of interest to them. He stated that a resolution was presented to authorize NC State University to request the Board of Governors issue one or more series of bonds to be known as North Carolina State University Special Obligation Bonds. The proceeds will be applied to the improvements related to the Phytotron Energy Savings Performance Contract, the "Special Obligations Project." Dr. Owens made the motion, seconded by Mr. Cozort, to approve the Special Obligation Bond Resolution (Attachment C). The motion carried.

Dr. Owens said that the committee was updated on the funding adjustment that occurred related to enrollment grants and other legislative actions. The system-wide management flexibility reduction of $9.2 million and $1.8 million for NC State was rescinded. There is no change in funding for out-of-state academic scholarships, and NC State students received $21.1 million in need-based financial aid funding. The university received funding for the Hunt Library of $3.2 million for maintenance and operations and $1 million for library programs. All EPA and SPA employees received a 1.2 percent salary increase for fiscal year 2013.
Dr. Owens stated that the committee received the 2012 Internal Audit annual report and an informational report on Internal Audit activities. The committee also heard a report on the NC State Investment Fund performance for fiscal year 2012 which reflected a positive performance of 2.6%. The committee received preliminary fall enrollment information that showed the freshman class is smaller and more competitive in accordance with the strategic plan and the 2020 enrollment plan that calls for expanding graduate education.

Faculty Senate Report-Chair-elect David Zonderman

Dr. Zonderman reported that topics of concern to the Faculty Senate include the ban on any work, even voluntary, by retired faculty; wildlife safety on Centennial Campus; the merits of a non-stop shuttle between the Hunt and D.H. Hill libraries; the status of academic support for student athletes; a call for an ombudsman; and the need for a better website and communication strategies for faculty governance.

At their first meeting of this academic year, Faculty Senators selected distance education as the issue of greatest interest to them as a focus of discussion. Discussion topics for future meetings include enrollment trends and the coordination of academic metrics among the UNC institutions.

Dr. Zonderman reported on Faculty Assembly activities including a 2-day retreat in July at ECU. He closed by mentioning recent situations at prominent universities such as Virginia and Penn State that found the Trustees and the Faculty Senates as voices of the universities. He stressed the importance of a good relationship between our Trustees and Faculty Senate so that we are not without communication and understanding.

Staff Senate Report-Chair Susan Colby

Ms. Colby reported that the Staff Senate will follow the 125th anniversary theme, “Tradition and Transformation,” by providing programs and services as a way to help educate members of our campus community on the impact NC State has on the world. The Staff Senate heard presentations on the history of the land-grant university, Jane S. McKimmon, diversity and the history of Centennial Campus.

Ms. Colby said that committees have met and made plans for activities such as “lunch and learn” sessions, a Veterans’ Day event and working with the Office of Equity and Inclusion to celebrate the various cultures that comprise NC State. She reported that the Chancellors’ Golf Tournament held at the Lonnie Poole Golf Course in June raised $20,000 for the Staff Development Scholarship.

At 10:15 a.m., with no further business in open session, Mr. Cozort made the motion, seconded by Mr. Clark, to go into closed session according the North Carolina General Statute, sections 143-318.11 (a)(2)(3)(5) to prevent the premature disclosure of an honorary award; to consult with our attorneys to preserve the attorney-client privilege; and to establish or to instruct the public body’s staff or negotiating agents concerning the position to be taken by or on behalf of
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NC State in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange or lease. The motion carried. At 11:50 a.m., the board came out of closed session. With no further business to conduct, Chair Mulkey adjourned the meeting at 11:55 a.m.

Respectfully submitted,

[Signature]
Assistant Secretary

[Signature]
Secretary

Approved:

[Signature]
Chair of the Board