

**Board of Trustees**  
**North Carolina State University**  
**Raleigh, North Carolina**  
**February 16, 2018**

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, in Raleigh, NC, on Friday, February 16, 2018.

Members present:

Jimmy D. Clark, Chair  
Robert F. Andrews, III  
Thomas E. Cabaniss  
Ann B. Goodnight  
James A. Harrell, III  
Stanhope A. Kelly  
Wendell H. Murphy  
David R. Nimocks, III  
Ronald W. Prestage, DVM  
Susan P. Ward  
Dewayne N. Washington  
Edward I. Weisiger, Jr.  
Jacqueline Gonzalez, *ex officio*

Chair Jimmy Clark called the meeting to order at 9:25 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 Clark 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**

Dr. Prestage made the motion, seconded by Mrs. Ward, to approve the open and closed session minutes of the November 17, 2017 meeting of the full board. The motion passed.

**CHAIR'S REPORT- JIMMY CLARK**

Chair Clark reported that the UNC Board of Governors adopted a new policy on Free Speech and Free Expression. He presented a revised policy for the Board to consider and he asked Vice Chancellor and General Counsel Eileen Goldgeier to review the proposed changes.

Mr. Cabaniss made the motion, seconded by Mr. Kelly, to approve the proposed new policy on Free Speech and Free Expression. The motion passed.

Chair Clark reported that Board of Governors' policy states that in the fourth spring after the chancellor's appointment and every four years after a performance review is required. This year, Teresa Sullivan, President of the University of Virginia, will serve as our consultant to assist with this process. The results of the survey will be discussed in closed session at the April meeting.

Chair Clark gave an Executive Committee update. He reported that the Executive Committee reviewed a memo from Steve Long, Chair of the Board of Governors Committee on University Governance.

Mr. Long's memo asks our Board to make recommendations on:

- Authorities or responsibilities that can be exercised by our Board of Trustees instead of the Board of Governors,
- Authorities or responsibilities exercised by our Board of Trustees that can reside elsewhere,
- And any other feedback we have regarding the governance structure.

Chair Clark noted that the Executive Committee is holding a meeting in March to discuss.

Chair Clark then referred to the Board of Trustees' Bylaws that 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.

He appointed the 2018 Nominating Committee as follows:

- Susan Ward, Chair
- Jim Harrell
- Wendell Murphy

Chair Clark gave an Endowment Board report and began with the status of the "Think and Do the Extraordinary" Campaign for NC State. As of December 31, 2017, the university raised \$1.202 billion towards the campaign goal of \$1.6 billion. With the campaign scheduled to end in December 2021, the university is at 76% of its target in gifts and pledges and 74% of its target for planned gifts. He reported that the Endowment Board accepted new gifts and other additions of \$8.985 million since the last meeting. A large number of the gifts accepted by the Endowment Fund this year have been for professorships, which benefit from matching state funds.

Chair Clark reported on the Endowment Fund's investment performance. The Endowment Fund's investable assets grew from \$311 million at June 30, 2017 to \$340 million as of December 31, 2017. As of December 31, 2017, the Endowment Fund was the largest participant in the NC State Investment Fund. For the six months ended December 31, 2017, the Fund posted a 6.8% return, net of fees, and a 12-month return of 13.2%. The Fund's performance was comparable to the UNC Investment Fund, which experienced a six-month return of 6.7% and a 12-month return of 13.1%. The slight difference in return reflects managers in addition to UNC Management Company UNCMC, which also performed well. The Endowment Board also heard an update on the Investment Fund's asset allocation, and the performance of various asset classes in the portfolio. Despite recent market disruption, there are no current plans to change the portfolio in response to recent volatility.

Chair Clark reported the University's total endowment compared with other National Association of College and University Business Officers (NACUBO) survey respondents for fiscal 2017. The University reported a positive return of 12.1% for its \$1.12 billion endowment for fiscal 2017. This performance was close to the NACUBO average 12.2% for all endowments in the NACUBO survey. However, our endowment is a defensive portfolio and tends to do better on average in years when other endowments struggle. The University's endowment ranked the 94<sup>th</sup> largest out of 818 survey responses. The five-year average annual return of 9.2% reflects top quartile performance. The per-full time equivalent (FTE) endowment of \$36,280 at June 30, 2017 ranked NC State 9th among its institutional peers between Purdue and the University of Florida.

The Endowment Board also heard a report on endowment spending budgets for fiscal 2019, and the Endowment Fund's portion of the total. For fiscal 2019, endowments will produce programmatic spending of \$24.3 million (not including the Wolfpack Club and Textiles Foundation).

Chair Clark updated the Trustees on real estate assets held by the Endowment Fund. Some of the real estate assets held by the Endowment Fund are used for programmatic purposes. Others produce ground rent income. There are 75 acres of Endowment Fund real estate on Centennial Campus. The Endowment Board convened in Executive Session to hear a report on additional real estate holdings and activity and at the September meeting, the Endowment Fund Board approved the annual report.

#### **CHANCELLOR'S REPORT – RANDY WOODSON**

Chancellor Woodson shared the following campus updates:

- NC State is ranked 12th overall in industry-funded research in the U.S. and 5th among public universities.

- The Milken Institute ranked Raleigh the 2nd-best performing large metro area in the nation, listing NC State's leadership in research, industry partnerships, and workforce development as key drivers of the city's flourishing economy.
- NC State was recognized by Kiplinger's Personal Finance as being in the top 10 public schools for best college value. We ranked #9 for in-state and #7 out-of-state students for outstanding academic quality and affordability.
- In Athletics, NC State reached a program-record 7th place finish in final Fall standings of Learfield Director's Cup, making this University the only ACC school to finish in the top 10 for Fall.
- Four of the six programs during the Fall ranked in Top 25 of their respective final polls, including a #23 finish by Wolfpack Football, which finished ranked for the 1st time since 2010.

Chancellor Woodson gave a faculty and student success update:

- Patrick Rand, Distinguished Professor of Architecture in the College of Design, received the Distinguished Chair selection with the Fulbright U.S Scholar Program in Finland, a first for NC State.
- Kobi Felton, a senior majoring in chemical engineering at NC State, will pursue a Masters in Chemical Engineering at the University of Cambridge as a recipient of the 2018 Marshall Scholarship, the third student at NC State to receive this prestigious honor. He is a Park Scholar who has served as a leader in the NC State Chapter of the National Society of Black Engineers, as an Engineering Ambassador and as a Chancellor's Aide.

Chancellor Woodson updated the Trustees on proposed changes to the enrollment funding formula and the potential impacts it could have on NC State.

- The legislature charged University of North Carolina Board of Governors (UNC BOG) to convene a Task Force to evaluate the enrollment funding formula, identify opportunities to improve the existing model and make recommendations to UNC BOG.
- Key changes that the Task Force proposed include moving away from funding from predictive measures and fund based on actual (in arrears), having some funding based on performance (e.g., graduation rate, retention rate), and incorporating equitable resource allocation.
- NC State has offered to assist the UNC System and BOG with thinking through the various implications of model so it can be positioned for success.

Chancellor Woodson reported that in connection with the operation of WKNC, NC State's student radio station, the FCC requires the University, acting through its Board of Trustees, to file an ownership report periodically specifying whether any Trustees have certain, defined interests in other broadcast stations. He asked the Trustees to review and sign the FCC Questionnaire.

## **COMMITTEE REPORTS**

### **AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS**

Mr. Cabaniss reported that the Committee heard the University's financial audit for fiscal 2017 and stated that the State Auditor's office complimented the University on its unmodified audit opinion, and reported no deficiencies in internal controls. He provided highlights from the 2017 Financial Report. The University's total net position increased by \$58.9 million to \$2.05 billion at fiscal year-end. Total revenues ended the year at \$1.58 billion compared with total expenses of \$1.52 billion. Total assets increased by \$101.9 million and total liabilities increased by \$153.9 million.

Mr. Cabaniss reviewed the status of audit engagements for fiscal 2018. The Committee received an update on activities since the last meeting, including 2 audits closed, 21 audits in process, and 1 on hold. The Committee also received a legislative update, including recent House Bills that could impact the UNC System, and areas of future legislative interest such as enrollment funding changes. An overview was provided of the current fiscal year's operating budget and the impact of a new

accounting standard, GASB 75, requiring NC State to report its share of the State's liability for Other Postemployment Benefits (OPEBs). The Committee was also updated on the financial impact of the recently passed tax cuts and Jobs Act. Mr. Cabaniss stated that the Committee received a report on interim financials for the first six months of fiscal 2018, and indicated that NC State's bond ratings were affirmed by both major rating agencies.

Mr. Cabaniss reported that the Committee discussed the components of an effective Title IX program and discussed the legal standards for liability for the University. He noted that current trends in litigation against universities have seen an increase in student-on-student incidents by both the complainant and the respondent.

#### **BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS**

Mr. Andrews presented three property matters that required full board approval:

1. Acquisition by Lease: North Carolina State University, on behalf of the global training initiative, whose existing lease expires on November 30, 2018, is requesting to execute a new strategic office lease, with expanded square footage (+ 7,000 square feet) to accommodate growth, on or nearby Centennial Campus.
2. Acquisition by Lease: North Carolina State University, on behalf of the Computer Science Department & Visual Narrative Cluster, whose existing lease expires on October 3, 2018, is requesting to execute a new strategic office lease, with expanded square footage (+ 10,000 square feet) to accommodate growth, on or nearby Centennial Campus.
3. Disposition by Lease: to ABB, Inc. for + 28,575 square feet consisting of office and highbay space in the Poulton Innovation Center, located at 1021 Main Campus Drive, Raleigh, NC. ABB is a significant tenant partner on Centennial Campus and the disposition is recommended for continued partnership with the University.

Mr. Andrews made the motion, seconded by Mr. Murphy, to approve the three property matters. The motion passed.

Mr. Andrews reported that the Committee approved 13 Designer Selections, which included the selections for the Daniels roof replacement and the rigging replacement for Stewart Theater. The Committee accepted seven building projects at a combined value of \$3.9 million, which included the Centennial Campus extension of Initiative Way and the expansion of the Weisiger-Brown Parking Lot. Mr. Andrews noted that the Committee received an update on the site and layout plan of the new Engineering Building Oval and updates for capital projects, and status of projects in planning. The Committee approved the site plan for the Plant Sciences Building on Centennial Campus and also four plans and specifications of formal projects each costing less than \$2 million.

#### **UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE - CHAIR SUSAN WARD**

Mrs. Ward reported that \$385 million has been raised over the last two fiscal years through December 2017, which includes over 5,000 gift transactions processed during the last three weeks of 2017. Mrs. Ward noted that the Committee heard an update on several key hires made since November 2017, including Jim Broschart, Associate Vice Chancellor for University Development. The Committee also heard an overview of how the recently enacted tax reform affects charitable giving, with discussion among the Committee specific to the reversion of the athletics 80/20 charitable deduction for premium seating licenses.

Mrs. Ward reported that \$32 million in new gifts and commitments were recorded since the November Trustee meeting, bringing the overall campaign total to \$1.2 billion of the \$1.6 billion goal. We

continue to track very positively toward reaching the campaign goal within the remaining four years of the Campaign.

Mrs. Ward stated that the Committee heard a University Communications and Marketing update. She noted that all departments within this unit support the Chancellor in advancing the mission of the University and the Campaign to ensure NC State's brand continues to be recognized nationally.

The Committee also heard an overview of the relatively new principal gifts program. This program is already making great strides in identifying and cultivating prospects with an over \$5 million giving capacity.

Proposals for naming opportunities were presented to the Committee for the College of Engineering's Constructed Facilities Lab; the Plant Sciences Initiative Greenhouses and Conference Center, and the Innovation Hall. The Committee approved four naming proposals during closed session. She noted that these naming proposals would be considered by the full Board during closed session.

#### **UNIVERSITY AFFAIRS COMMITTEE – STAN KELLY**

Mr. Kelly reported that the University Affairs Committee approved continuation of the Centers for Family and Community Engagement and the Center for Integrated Fungal Research. They also approved conferral of tenure to a new faculty member and the option for nine distinguished professorships to be awarded on a time-limited basis. This designation provides the university with the maximum flexibility in awarding distinguished professorships over time; however, the majority of NC State's distinguished professorships are offered to professors for the duration of their career at the University.

Mr. Kelly noted that the Committee considered the recommendation from the Faculty Committee on Honorary Degrees to rescind the Doctor of Humane Letters honorary degree awarded to Charlie Rose in 2010. Mr. Kelly made the motion, seconded by Ms. Gonzalez, to rescind Charlie Rose's honorary degree. The motion passed.

Mr. Kelly reported that the Committee heard Jackie Gonzalez's Student Body President Report. He stated that the new Director of Student Involvement, Dr. Jessica Murphy, was introduced to student leaders at the January 20 Student Government (SG) retreat. Dr. Murphy will provide leadership and vision for student organizations and Student Government. SG and the Athletics Department are working together to coordinate loyalty points games where students get points for attending games other than football and men's basketball. He noted that the Traditions Department is in the process of planning its newest tradition called the "Last Lecture Series" where retiring professors will be invited to give a final lecture open to the public. Mr. Kelly stated that SG is also hosting Meredith College's SG and looks to inspire future student leaders to expand collaboration with surrounding Raleigh area schools.

Mr. Kelly reported that in the Provost's report the Committee heard information about the new undergraduate certificate in Interdisciplinary Entrepreneurship starting this fall and the annual faculty reappointment, promotion and tenure process. The process is well underway with 152 faculty members participating, and at the end of April, they will hear the outcome. Mr. Kelly noted that NC State is home to 32 Centers and 12 Institutes which engage over 800 faculty, 8,000 graduate and undergraduate students and 250 industry partners in developing collaborative solutions for North Carolina and beyond through interdisciplinary research, instruction and public service.

Mr. Kelly reported that in closed session, the Committee approved a non-salary compensation request and recommended salary actions for approval by the Board of Governors. The Committee also made recommendations for awarding of the Holladay Medal and Honorary Degrees. Mr. Kelly noted that these recommendations will be considered by the full Board in closed session at the conclusion of this meeting.

#### **FACULTY SENATE REPORT CHAIR CAROLYN BIRD**

Chair Bird reported the following topics to the Board:

- **Division of Academic and Student Affairs (DASA)**  
In 2016, Provost Arden and Chair Moore appointed a Task Force to examine the US Diversity course credit hours and co-curricular approach; it examined also the Global Knowledge course. The Faculty Senate meeting included a discussion of options and recommendations identified in the final report for the General Education Program courses. The Academic Policy Committee produced a post-Senate discussion report to summarize key considerations discussed during that meeting.
- **Human Resources (HR)**  
Human Resources is examining its structure and desired to better understand how its procedures and resources can be organized to support campus needs. Scott Nostaja of Sibson Consulting led a discussion at Faculty Senate for input as they consider and develop recommendations for NC State's Human Resources procedures. Faculty Senate provided Associate Vice Chancellor Williams a summary of HR-related concerns from the fall Faculty Burden Survey to be shared with Sibson in support of the redesign process.
- **Academic Analytics**  
Faculty Senate desired to better understand the value of Academic Analytics, how and by whom it is used at NC State, and under what guiding principles the data is used. Related interests included the nature of the data, its consistency, the breadth of disciplines represented, and related. Faculty indicated an interest in seeing their own data, having the data benchmarked against NCSU faculty data for accuracy and guidance developed on how the data is to be used at NC State.
- **NC State's Strategic Plan**  
The final three years FY18-20 Implementation Plan was discussed along with highlights of substantive progress already made and an overview of actions planned for the next three years.

Chair Bird reported that she has been a part of a working group focused on a successful survey implementation at NC State. Communications to the Faculty Senate included sharing System Office-developed talking points, announcements at Faculty Senate and plans for an all-faculty reminder email prior to the end of the survey period.

She reported that 22 senate seats will be up for election or re-election. Immediate past Chair Jeannette Moore is leading the election efforts to secure candidates for senate seats and for service on two committees: (a) Grievance and Non-Reappointment, and (b) Faculty Hearing. Chair Bird stated that she issued a call for candidates for Chair-Elect for inclusion on the Spring 2018 ballot. Faculty, by college, will elect their peers to represent them on committees and to serve in the Senate. All faculty will vote for the Chair-Elect.

#### **STAFF SENATE REPORT CHAIR CATHI DUNNAGAN**

Chair Dunnagan reported that the Staff Senate Represents nearly 6,000 staff across the university and all 100 counties of the State of North Carolina and provides opportunities for staff to engage and serve. This quarter, Staff Senate is focusing on service to staff, students, and community.

The Diversity, Human Resources, and Resources and Environment Committees engaged the university community in the following events:

Serving Staff:

- Women's Basketball Employee Appreciation Event, January 10, 2018. Staff Senate initiated this event eight years ago, co-sponsored with Athletics and OIED, as a way to support the women's basketball team and to show appreciation for employees.
- NC State Staff and Faculty Appreciation Day, December 12, 2017. Staff Senate hosted a booth that was shared with Roy Baroff, Staff Ombud. Senators engaged with employees and Roy Baroff talked with employees about the role of Ombuds.

- Computer Loan Program, year-round. This Staff Senate program loans refurbished university computers to employees who could not otherwise access a computer for professional development.

Serving Students:

- Bountiful Harvest Food Drive, October 2017. Connecting across the university community, staff senators hosted food collection boxes in 25 locations across NC State and in 18 counties through NC Cooperative Extension. The food collected was distributed to Pack members in need through the NC State Feed the Pack Food Pantry and to our community through the Food Bank of Central and Eastern North Carolina.
- Warm the Pack Winter Coat Drive, January 2018. Staff Senate organized a drive to provide warm coats to students in need.

Serving Community


- Toys for Tots, November 6 – December 8, 2017. During the annual Toys for tots drive, more than 2,000 toys were collected.
- Habitat for Humanity, December 1, 2017. While NC State's Build-A-block project has been completed, staff senators continue to serve as hands-on volunteers with Habitat for Humanity.

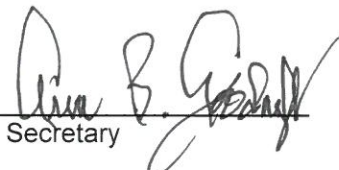
With no further business in open session, Dr. Prestage made the motion, seconded by Mrs. Ward, at 10:30 a.m. to go into closed session to prevent the disclosure of privileged information under FERPA, to prevent the premature disclosure of an honorary award, to consult with our attorney to protect the attorney-client privilege, to consider the qualifications, competence, performance, character, fitness conditions of appointment or conditions of initial employment of an employee or prospective employee. The motion passed.

**RECONVENE IN OPEN SESSION**

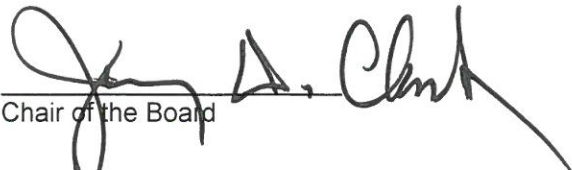
At 11:30 a.m., the board came out of closed session. With no further business in open session, Chair Clark adjourned the meeting at 11:33 a.m.

Respectfully submitted,

  
Assistant Secretary

  
Secretary

Approved:

  
Chair of the Board