

Board of Trustees
North Carolina State University
Raleigh, North Carolina
February 28, 2020

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 28, 2020.

Members present:

Thomas E. Cabaniss, Chair
Robert F. Andrews III
Jimmy D. Clark
Ann B. Goodnight
James A. Harrell, III
Stanhope A. Kelly
Wendell H. Murphy
Ven Poole
Ronald W. Prestage, DVM
Edwin J. Stack, III
Dewayne N. Washington
Emma Carter, *ex officio*

Chair Tom Cabaniss called the meeting to order at 9:30 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. He also reminded those in attendance that while the Full Board meeting is a public meeting, it is not a meeting for public comment and only those on the agenda will be permitted to speak. He then 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. Harrell made the motion, seconded by Mr. Washington, to approve the open and closed session minutes of the November 22, 2019 meeting of the full board. The motion passed.

CHAIR'S REPORT- TOM CABANISS

Chair Cabaniss called upon Randy Ramsey, NC State's Board of Governors Liaison, to share updates. Randy Ramsey shared that the Board of Governors is working on a number of projects and initiatives that will benefit the people of North Carolina, including a project to improve literacy among K-12 students and a construction taskforce dedicated to constructing better buildings for future generations of students. The graduation rate across UNC System institutions is at 71%. The Board of Governors is conducting searches for five chancellors and hopes to announce the chancellor for the University of North Carolina at Charlotte in April. The search for a new president of the University of North Carolina System continues. The search committee has reviewed 91 candidates and is excited about the quality and number of applicants.

Chair Cabaniss shared that the Board of Governors updated their regulation on acquisition and disposition of real property authority to allow for an institution's chancellor or the chancellor's designee to authorize acquisitions and dispositions of real property by lease with an annual value less than or equal to \$150,000 and term of 10 years or less. A proposed revision to the Board of Trustees bylaws to reflect those changes was drafted and provided for review.

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Mr. Washington made a motion, seconded by Mrs. Goodnight, to approve the change in bylaws. The motion passed.

Chair Cabaniss also shared with Trustees that the Board of Governors had passed a resolution, urging state leaders to enact House Bill 966 and approve it with the provisions originally included in Senate Bill 354. The Board of Governors asked that Trustees of UNC System institutions pass concurring resolutions. A draft resolution was provided in the Trustee materials.

Mr. Kelly made a motion, seconded by Mrs. Goodnight, to pass the resolution. The motion passed.

Chair Cabaniss notified Trustees that it is time for Chancellor Woodson's biennial review per Board of Governors' policy. A paper copy of the survey and a return addressed envelope were provided for Trustees who would prefer to submit their responses that way. An email with a link to a digital version of the survey will be sent for those who would rather submit digitally. Chair Cabaniss reminded the Trustees that it was important to have 100% completion and asked that they all take time to share thoughtful responses to the survey questions.

Trustees were reminded that the Founders' Day Celebration will be held on March 5, 2020 in the Talley Ballroom. The Watauga Medals will be awarded to this year's recipients: Stephen Angel, Kady Gjessing, and Nancy Ridenhour.

Chair Cabaniss also shared the Endowment Fund Board of Directors report. At the September meeting, the Endowment Fund Board approved the annual report. Charles Maimone presented gifts and other additions on behalf of the Chancellor for the Board's acceptance. The Board accepted new gifts and other additions of approximately \$3.8 million. The Board also heard a report on the Endowment Fund's investment performance. Investable assets increase from \$372.5 million at June 30, 2019 to \$392.4 million as of December 31, 2019. For the six months ended December 31, 2019 the Fund posted a 4.7% return, net of fees, and a 12-month return of 13.9%. The Fund's performance was comparable to the UNC Investment Fund, which experienced a six-month return of 4.6% and a 12-month return of 13.7%.

The Board heard its annual report on the performance of the University's total endowment compared with other universities for fiscal 2019. The University reported a positive return of 7.3% for its \$1.4 billion endowment for fiscal 2019, surpassing the NACUBO average of 5.3% for all endowments in the survey. The University's total endowment ranked 81st largest out of 786 survey responses. The five-year average annual return of 7.4% reflected top quartile performance. NC State's endowment per FTE, of \$45,566 at June 30, 2019 ranked NC State 8th among its sixteen institutional peers, placing NC State between UC-Davis and Purdue in the rankings.

The Board also heard a report on endowment spending budgets for fiscal 2021, and the Endowment Fund's portion of the total. For fiscal 2021, our endowments will produce programmatic spending of \$36.6 million (not including WPC and Textiles Foundation), as compared to the current fiscal year total of \$33.2 million.

Charles Maimone presented an update on all real estate assets held by the Endowment Fund. There are 79,800 acres of real estate assets held by the Endowment Fund for programmatic purposes. There are also 99.3 acres that are considered enhancements and produce ground rent income, of which 75 acres are on Centennial Campus. The Board heard the status of recent ground leased projects, endowment income generated by ground leases, and an update on plans for the Innovation District on Centennial Campus.

The Board heard a report from Brian Sischo on progress of the "Think and Do the Extraordinary" Campaign for NC State. Even though the University surpassed the original campaign goal of \$1.6 billion,

the campaign will continue until 2021, including highlights of the campaign thus far. The Board also heard an update on the upcoming day of giving plan for March 25, 2020.

The Board received an activity update from Dean Myron Floyd on Hofmann Forest. Monetization efforts continue with solar farming, mitigation bank credits, and leases.

CHANCELLOR'S REPORT – RANDY WOODSON

Chancellor Woodson shared some updates from around campus, beginning with recent research partnerships. The World Health Organization (WHO) designated the College of Veterinary Medicine's Department of Population Health and Pathobiology as a collaborating center. The center is one of less than 10 around the world and will aid the WHO in its efforts to combat antimicrobial resistance worldwide. Delta Airlines, the world's largest global airline, has joined the IBM Q Hub as a foundational partner. This partnership will provide Delta with access to the largest universal quantum system available for commercial and research use and will provide NC State students and faculty with cutting-edge opportunities for collaboration. This is the fourth major project between NC State and Delta in recent years.

Department of Labor Secretary Eugene Scalia came to Centennial Campus to announce NC State as the recipient of a \$6 million award from the *Apprenticeships: Closing the Skills Gaps* program, a \$100 million initiative to promote apprenticeships across the United States. The \$6 million will finance the development of a four-year Artificial Intelligence Academy on NC State's campus. The program will be headed by Dr. Carla Johnson, a professor in the STEM Department of the College of Education and the executive director of the William and Ida Friday Institute for Educational Innovation.

Chancellor Woodson concluded his remarks by sharing information on NC State's applicants for the Class of 2024. The university received 22,000 early-action applications and an additional 10,000 applications for regular decision. Early-action decisions have been released. The admitted pool includes 707 valedictorians and salutatorians, along with 160 students with perfect scores on their SAT or ACT scores. They represent 99 of North Carolina's 100 counties, all 50 states, and 24 countries. A notable 57% are women. Additional statistics include: average weighted GPA of 4.33, average unweighted GPA of 3.89, average SAT score of 1356 (out of 1600) and an average ACT score of 30 (out of 36). Students have until May 1 to make their final decision. Regular decision applicants will be notified of their status by March 30 with transfer applicants being notified by April 15. NC State will continue its Spring Connect program and hopes to offer an additional 300 students admission to the university for the Spring 2021 semester.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – ACTING CHAIR DEWAYNE WASHINGTON

Mr. Washington reported that the Committee met and heard a number of updates. Cecile Hinson, Director of Internal Audit, reviewed the status of audit engagements for fiscal 2020 and updated the Committee on activities since the last meeting. Julie Smith, Assistant Vice Chancellor for External Affairs, Partnerships and Economic Development, discussed the one-day legislative session in January, which included current year funding budget and scholarships for children of wartime veterans. The committee was also provided the annual budget and financial brochure which shows projected revenue by source and expenditures by program and account.

The committee also heard a brief report on interim financials for the current fiscal year. University Treasurer Mary Peloquin-Dodd reported that balance sheet performance for the first six months of fiscal 2020 is good. While operating revenues are up modestly, expense growth is outpacing revenue growth. NC State's bond ratings have not changed, but recent rating agency actions at other UNC-system schools reflects the rating agencies' concern about constrained student revenue growth and flat state

support. Links to both the State of North Carolina Auditor's report and the NC State Annual Financial Report were provided in the pre-materials. The Committee was also provided the required annual report on endowment and investments, both long-term and operating cash. Chair Cabaniss provided information about the endowment's performance in the Endowment Fund report.

The Committee heard a report for fiscal 2018-2019, "Financial Reporting for Intercollegiate Athletics," from Beverly Armwood. NC State Athletics self-generated 89% of all Athletic revenue for FY18, and is in the 70th percentile of athletics-generated revenue compared with other schools in the ACC and the 36th percentile of the Power Five. A small portion (7%) of revenue is funded from student fees in exchange for student tickets to athletic events. NC State's \$232 Student Fee for Operations, which has not increased since FY 2013, continues to be the lowest in the UNC System. NC State's athletic expenses for FY18 were \$86.8 million and are in the bottom quartile of the ACC, \$15.6 million below the Conference median and in the 8th percentile of the Power Five, \$28.6 million below the median. Athletic revenues for fiscal 2019 exceeded expenses by \$2 million.

As outlined by Board of Governors' policy, the Committee received the annual report on Cybersecurity and Technology Risks from Vice Chancellor for Information Technology Marc Hoit. Risk factors to information technology in general were explained. NC State continues to see a reduction in accounts needing to be disabled each month due to phishing or data breaches. The top five security weaknesses, processes and challenges in monitoring risk and how cybercriminals exploit the weaknesses were discussed in addition to long term cybersecurity planning and the integration within the IT Strategic Plan. The Committee was also informed of the overlap in federal and state laws, contractual agreements and UNC System Office standards.

The Committee then went into closed session under attorney client privilege to hear a report on a legal matter.

BUILDINGS AND PROPERTY COMMITTEE - CHAIR JIMMY CLARK

Mr. Clark reported that the Buildings and Property Committee reviewed and approved two property matters that require full board approval. They are:

- Acquisition by Lease. North Carolina State University requests permission to acquire strategically located space by lease on behalf of the Poole College of Management, Jenkins MBA Program – Research Triangle Park Satellite location. Securing a new office space and classroom space in RTP, will accommodate the program's growth as well as continue to provide easy access for students attending from various locations across North Carolina.
- Acquisition by Lease. North Carolina State University requests permission to acquire by lease three (3) floors in the University Towers residence hall for the 2020-2021 academic year. The leased space will provide overflow housing for 384 students and six resident advisors.

Mr. Clark made a motion, seconded by Dr. Prestage, to approve the two property matters. The motion passed.

Mr. Clark reported that the Committee approved two selections of designers for the Athletics Development Plan, McKimmon Center Restroom Renovations and a construction manager for the Greek Village Phase IV. The Committee accepted 26 building projects at a combined value of \$24,338,316, and Designer Selections under \$1 million or less.

The Committee also approved two Non-Appropriated Capital Improvement Projects; Dining Hall renovations and ADA bathroom addition – Millstone 4-H Camp and Sterilization Core Renovation – Scott Hall. The Committee approved four plans and specifications of Formal Projects costing less than \$2 million.

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The Committee then heard updates for capital projects in progress and the status of projects in planning as well as an update on the physical Master Plan.

UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE – CHAIR CHIP ANDREWS

Mr. Andrews reported that the Committee heard an update from University Advancement, starting with an overview of 19 awards recently presented to NC State by the Advancement professional association CASE (Council for Advancement and Support of Education). NC State received the second highest number of awards among all private and public universities in the Southeast. The current Campaign total has now surpassed \$1.7 billion, and overviews anticipated milestones leading to an aspirational target of \$2 billion. The Extraordinary Opportunity Scholarship initiative is a new campaign effort to raise new scholarship funds for those students with the largest demonstrated financial need. This new scholarship initiative will be launched publicly on our second Day of Giving, March 25, 2020. Discussion on the University Advancement Five year Roadmap focused on how NC State can model the characteristics of high return on investment advancement programs.

Associate Vice Chancellor Jim Broschart shared an overarching campaign and fundraising update, informing the Committee that the year to date total for new gifts and commitments is \$160,730,951. This total reflects the best December ever (with \$54 million raised), and the second best first half of the fiscal year (only second to the year the Campaign was launched in 2016). Furthermore, efforts to reduce the size of fundraiser's individual portfolios has actually increased the number of donor visits, discovery visits, and solicitations dramatically. The Committee then heard an overview of University Development functions in Major Gifts, Gift Planning, Annual Giving, and touched on strategies for the upcoming Day of Giving.

The Committee reviewed and approved one naming opportunity proposal in the College of Agriculture and Life Sciences and one in the College of Sciences.

Following the presentations, the committee met in closed session and approved three donor naming proposals, which included two in the College of Agriculture and Life Sciences and one in the College of Engineering, for recommendation to the full board.

UNIVERSITY AFFAIRS COMMITTEE – CHAIR STAN KELLY

Mr. Kelly reported that the Committee met and approved the establishment of the Belk Center for Community College Leadership and Research, the continuation of the Water Resources Research Institute, the option for a distinguished professorship to be awarded on a time-limited basis, and conferral of tenure to a new faculty member under the consent agenda. The Committee also recommended for full board approval the request to establish the Masters in Foundations of Data Science under the consent agenda.

Mr. Kelly made a motion, seconded by Mr. Andrews, to approve the request to establish the Masters in Foundations of Data Science degree program. The motion passed.

The Committee heard several reports, beginning with the Annual Report on Intercollegiate Athletics. This report highlighted the profiles of admitted student-athletes, the student-athlete exceptions to the minimum course requirements set by the Board of Governors, information about the majors chosen by student-athletes, and NC State's scores for the NCAA's Graduation Success Rate and Academic Progress Rate. NC State's student-athletes currently carry an average GPA of 3.04. The most recent Graduation Success Rate was 87%, which is an all-time high for NC State.

The graduation report showed that the university continues to increase retention and graduation rates. Of particular note was the improvement in the 4-year graduation rate and the 44% growth in doctoral degrees awarded over the past ten years.

Student Body President Emma Carter shared some initiatives underway in Student Government including the Pack the Polls Ambassador Program, efforts to extend diversity programs for fall admitted students to Spring Connect Students as well, and a collaborative effort to shorten and streamline the student organization registration process. There are now over 650 registered student organizations. Upcoming student government initiatives will include elections for the 100th session.

Executive Vice Chancellor and Provost Warwick Arden also shared information with the committee, including:

- an update on academic programs including notice of a name change from the Department of Social Work to the School of Social Work in the College of Humanities and Social Sciences in order to align with peer institutions and attract more highly qualified students.
- an update on searches for the Dean of the College of Natural Resources and the Vice Chancellor and Dean of the Division of Academic and Student Affairs.
- the process for NC State's next strategic plan is underway; nine task forces have been launched in order to assist in the plan development.
- the annual reappointment, promotion and tenure process is also underway with 186 faculty members participating. Faculty will be notified about the outcome of the review at the end of April.

Chair of the Faculty Hans Kellner concluded the Committee's reports by sharing topics, including issues of concern that have been discussed at recent Senate meetings. At its February 4 meeting, the Senate passed a resolution in support of the efforts of the Pack Essentials program. Elections for Senate seats, Faculty Assembly, Grievance and Hearing Pools, Athletic Council representatives and the Chair-Elect of the Faculty will occur this spring.

Associate Vice Chancellor for Research Dr. Jon Horowitz provided an overview of Centers and Institutes. NC State is home to 34 Centers and 12 Institutes which engage over 800 faculty, 280 industry partners and approximately 7,000 graduate and undergraduate students in developing collaborative solutions for North Carolina and beyond through interdisciplinary research, instruction and public service.

In closed session, the committee approved a head coach employment agreement for Volleyball and addenda to three other head coach contracts. We recommended salary actions for approval by the Board of Governors and made recommendations for awarding of the Holladay Medal and Honorary Degrees. These recommendations will be considered by the Full Board in closed session at the conclusion of this meeting.

STAFF SENATE REPORT – JANICE SITZES

Chair Janice Sitzes provided an update on the Staff Senate and their activities since Chair Sitzes last spoke to the Board of Trustees. Staff Senate representatives participated in the Staff and Faculty Appreciation event on November 11, where they distributed Meet Your Senator flyers to increase awareness and accessibility of senators among their constituents. Staff Senate also offered a non-traditional parent chat for NC State employees who identify as non-traditional parents (foster, adoptive, single, grandparents raising grandchildren, LGBT, parents of children with special needs, etc.) At its conclusion, employees were asking when the next event would be held.

The Staff Senate has also been working on a number of service and community engagement initiatives. For the Warm the Pack Winter Coat Drive, Staff Senate collected over 500 coats and other winter items in 25 locations throughout campus; we distributed these items on the Brickyard on Dec. 9. Remaining items were delivered to the coat rack outside room 605 in Poe Hall, which is available year-round. During the Bountiful Harvest Food Drive, Staff Senate collected 1,254 pounds of food in 30 locations around campus. Donations were divided between the Feed the Pack Food Pantry (674 pounds)

and the Food Bank of Central and Eastern North Carolina (580 pounds). A total of 675 toys, collected in 48 boxes from 28 locations across campus, were donated to Toys for Tots on behalf of NC State.

In an effort to ensure that staff senators are informed and engaged with the university, they had a number of presentation from offices around campus at their general body meetings. These include: Matt Peterson director of federal research affairs, who introduced his role as Director of Federal Research Affairs, as well as provided an overview of funding sources and an update on the budget; Marie Williams, associate vice chancellor for human resources, and Dr. Nancy Whelchel, director of survey research, provided an update on the employee engagement survey, including results from the 2018 survey and the action plan for the 2020 survey; Than Austin, NC State's recently hired director of transportation, who offered insight as to what his department does, why they do it, costs and funding issues, and upcoming initiatives, which provided senators with a greater understanding of the complexity of the bigger picture. Most recently, Staff Senate heard from Charlie Maimone, vice chancellor for finance and administration, who provided an organizational overview of the office of finance and administration and shared OFA's commitment to principles for employee engagement, customer service, and responsible stewardship

Staff Senate is currently evaluating how to make their election process more accessible and sustainable through more extensive use of electronic ballots. Through research and collaboration with Facilities, who will give their employees time during their shifts to access a computer and vote, it is estimated that the number of paper ballots can be reduced by over 63%.

CLOSED SESSION


With no further business in open session, Mr. Clark made the motion, seconded by Mr. Harrell, at 10:30 a.m. to go into closed session to preserve the attorney-client privilege and to prevent the premature disclosure of an honorary award. The motion passed.

RECONVENE IN OPEN SESSION

At 11:15 a.m. the board came out of closed session. With no further business in open session, Chair Cabaniss adjourned the meeting at 11:16 a.m.

Respectfully submitted,


Assistant Secretary

DocuSigned by:

Secretary

Approved:


Chair of the Board