
**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
FEBRUARY 15—16, 2018**

THURSDAY, FEBRUARY 15, 2018

Meters will be bagged at the Alumni Memorial Bell Tower

- | | |
|-------------------------|--|
| 1:00 – 2:30 p.m. | Advancement and External Affairs
Chancellor's Conference Room, 12 Holladay Hall
Susan Ward, Chair
Cabaniss, Harrell, Kelly, Nimocks, Washington |
| 1:00 – 2:30 p.m. | Buildings and Property Committee
Primrose Hall Conference Room
Chip Andrews, Chair
Gonzalez, Goodnight, Murphy, Prestage, Weisiger |
| 2:30 – 2:45 p.m. | Break |
| 2:45 – 4:15 p.m. | Audit, Risk Management and Finance Committee
Chancellor's Conference Room
Tom Cabaniss, Chair
Andrews, Harrell, Prestage, Ward, Washington |
| 2:45 – 4:15 p.m. | University Affairs Committee
Winslow Hall Conference Room
Stan Kelly, Chair
Gonzalez, Goodnight, Murphy, Nimocks, Weisiger |

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
FRIDAY, FEBRUARY 15-16, 2018**

AGENDA

FRIDAY, FEBRUARY 16, 2018

Dorothy and Roy Park Alumni Building

7:30 – 8:00 a.m. Executive Committee Meeting TAB 10
Jimmy Clark, Chair; Andrews, Cabaniss, Goodnight, Kelly
Eury Room

8:30 – 9:15 a.m. Dean's Briefing
Paul Lunn, Dean
College of Veterinary Medicine

FULL BOARD MEETING

9:00 a.m. ■ Call to Order and Ethics Statement
Jimmy Clark, Chair of the Board

■ Roll Call

■ Approval of Minutes TAB 1
✓ — November 17, 2017 Meeting of the Full Board
✓ — November 17, 2017 Closed Session of Full Board

■ Chair's Report TAB 2
Chair Jimmy Clark
✓ — Revision to POL04.25.01: Freedom of Speech and Expression
— Endowment Board February 15 Meeting Report
— Nominating Committee
— Update of Activities and Topics of Interest to the Board

■ Chancellor's Report TAB 3
Chancellor Randy Woodson

COMMITTEE REPORTS:

■ Audit, Risk Management and Finance Committee TAB 4
Tom Cabaniss, Chair
On the Agenda: Informational Reports
— Annual Financial Report
— Internal Audit Update
— Legislative, Budget and Finance Update
— Enterprise Risk Management and Compliance Update
— Title IX
— Annual Report on Endowment and Investments

✓ Requires full board approval.

■ **Buildings and Property Committee**

TAB 5

Chip Andrews, Chair

On the Agenda: Board, Committee Approvals;
Informational Reports

- Property Matters
 - ✓ — Acquisition by Lease: NC 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
 - ✓ — Acquisition by Lease: NC 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
 - ✓ — Disposition by Lease: To ABB, Inc. for ±28,575 square feet consisting of office and highbay space in the Poulton Innovation Center
- Designer Selections
 - Daniels Roof Replacement
 - Rigging Replacement Stewart Theater, Talley Student Union
 - Approval of designer selections less than \$1M
- Acceptance of Completed Buildings and Projects
- Site Approval
 - Plant Sciences, Centennial Precinct
- Plan Approval
- Informational Reports
 - Capital Projects Update
 - Status of Projects in Planning

■ **University Advancement and External Affairs Committee TAB 6**

Susan Ward, Chair

On the Agenda: Board, Committee Approvals; Informational Reports

- Informational Reports
 - University Advancement Update
 - Fundraising and Campaign Report
 - University Communications Update
 - Principal Gifts Overview
 - Gift Planning Overview
 - Pledge Fulfillment Process
 - Naming Opportunity Proposal – Constructed Facilities Lab
 - Naming Opportunity Proposal - PSI Greenhouses and Seminar Room
 - Naming Opportunity Proposal – Innovation Hall
- **Closed Session**

- **University Affairs Committee**
Stan Kelly, Chair
On the Agenda: Board, Committee Approvals;
Informational Items and Closed Session
 - Consent Agenda

TAB 7
- ✓

- Recommendation from Faculty Committee on Honorary Degrees
- **University Affairs Committee (continued)**
 - Informational Reports
 - Student Body President Report
 - Provost Update
 - Topic of Interest / Committee Discussion
 - Centers and Institutes Overview
 - ✓ — **Closed Session**
- **Chair of the Faculty Report**
Carolyn Bird, Chair

TAB 8
- **Chair of the Staff Senate Report**
Cathi Dunnagan, Chair

TAB 9
- **Items of Interest to Members of the Board**
 - **Motion To Go into Closed Session**
 - **CLOSED SESSION**
 - **Reconvene in OPEN SESSION for Any Additional
Items to Come Before the Board**
 - **Adjourn**

Board of Trustees
North Carolina State University
Raleigh, North Carolina
November 17, 2017

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, November 17, 2017.

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

Mrs. Susan Ward made the motion, seconded by Mr. Kelly, to approve the open and closed session minutes of the September 22, 2017 meeting of the full board. The motion passed.

CHAIR'S REPORT- JIMMY CLARK

Chair Clark thanked the Board members for attending the UNC Trustees workshop. He reminded everyone that the UNC Board of Governors requires the NC State University Board of Trustees to conduct a full, campus wide performance review of the Chancellor every four years. He noted that Chancellor Woodson's review will take place in April 2018. A key element of the review process is a survey that is sent to the Trustees, faculty, staff, students, and alumni. The Trustees will be asked to complete an on-line survey and the results will be discussed at the April meeting in closed session. Once President Spellings has all of the surveys, she will complete the process with a review and discussion with the consultant, Board Chair and Chancellor.

Chair Clark reported that former Trustee Jim Owens will be awarded the Menscer Cup from the NC State Foundation Board in recognition of his service to our University on Thursday, December 7, 2017. He also noted that the winter Graduation ceremony is scheduled for Friday, December 15, 2017, and the Graduation dinner will be Thursday evening, December 14, 2017.

CHANCELLOR'S REPORT – RANDY WOODSON

Chancellor Woodson introduced Peter Harries, Dean of the Graduate School, and Chris McGahan, Interim Dean of the College of Sciences.

Chancellor Woodson then referred the Trustees to the Resolution for Exclusion of Certain Directors and Officers of North Carolina State University in their Board materials. The Resolution excludes the governing board from personnel clearance requirements and the classified information associated with this research so the University can continue its work with the U.S. Department of Defense.

Mr. Cabaniss made the motion, seconded by Mrs. Goodnight, to approve the Resolution for Exclusion of Certain Directors and Officers of North Carolina State University. The motion passed.

Chancellor Woodson signed a performance agreement between NC State and the UNC System. After recognizing the team that reviewed and made recommendations regarding the metrics selected for NC State, the Chancellor stated that metrics fell within three categories, as follows: 1) Prioritize: Rural Enrollments; 5-Year Graduation Rates, Undergraduate Degree Efficiency, Critical Workforces, Research Productivity; 2) Improve: Low-Income Enrollments, Rural Completions, Achievement Gaps; 3) Sustain: Low-income Completions.

While both the UNC System and NC State have student success as their primary goal, the UNC System metrics have an additional focus on accessibility, demonstrated in the metrics for low income and rural enrollment and completions. Chancellor Woodson shared information about challenges in achieving these goals that are inherent in the state's demographics and lacking a system-wide, comprehensive plan for financial aid. In addition, the research target is consistent with that set by Trustees but is also dependent on external factors such as the future of federal research funding. NC State will continue to grow enrollment and funding for students and will report on these metrics annually.

Chancellor Woodson then shared recent highlights from campus. NC State was selected as one of four sites in the United States for listening sessions held by Secretary of Agriculture Sonny Perdue focused on increasing rural prosperity through a panel addressing agricultural biotechnology and its impact on agricultural and rural economies. In addition, the NC State European Center in Prague celebrated an inauguration ceremony and expansion to provide more offerings and student opportunities.

NC State has received \$3 million for the first named chair at the College of Veterinary Medicine, the Dr. Kady M. Gjessing and Rahna M. Davidson Distinguished Chair in Gerontology, and a \$1.6 million federal TRIO grant, which focuses on 1st-generation students, students with limited resources, and students from underrepresented groups and supports them in getting PhDs.

Lastly, NC State has coordinated its entrepreneurship program and celebrated by holding events, including the third annual Wolf Den, social entrepreneur speed networking, and an Albright Entrepreneurs Village open house. The Village is a Living and Learning Community for student entrepreneurs that has seen 100% population growth year-over-year for the past two years and was created through a gift from Jane and Andy Albright. NC State's efforts in fostering entrepreneurialism have been recognized in Princeton Review ranking the university in the top 20 for entrepreneurship programs for undergraduates.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS

Mr. Cabaniss reported that the Committee heard an update on Internal Audit activities since the last meeting. A report on legislative activities included a discussion related to the special session and redistricting. The Committee also heard about the Board of Governors' studies and task forces on items that include restoring and preserving free speech, equal opportunity policies, and changes in enrollment funding. The Committee discussed the impact of enrollment funding changes on this fiscal year's budget and planning for tuition and fee increases going forward.

Mr. Cabaniss stated that the Committee learned that the State Auditor issued a clean, unmodified opinion for the University's financial statements for fiscal year 2017, and the Committee will hear a full report in February 2018. They also reviewed highlights from the University's unaudited financial statements for the first quarter of fiscal year 2018. Cash and investments increased, along with long-term liabilities, and on a preliminary basis, total net position rose by \$89.4M in the first quarter since

the first quarter of 2017. Revenues were up in the first quarter of fiscal 2018, compared with first quarter fiscal 2017, above the growth in expenses.

The Committee heard and supported a minor change in the Institutional Trust Fund Policy Statement. This change includes a reference to an existing student managed investment fund in the Poole College of Management, which does not exceed 0.10% of institutional trust funds.

Finally, the Committee received an update on cyber security risk and incident management. The report included information such as the top five security weaknesses, recent education sector breaches, and managing cyber security risks. The Committee reviewed data breaches at NC State during the past few years along with the process and outcomes. NC State has plans to stay ahead of cyber breaches and risks with a cyber-strategic plan, which includes 2-factor authentication, data classifications, raising awareness and setting and maintaining key procedures and standards.

BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS

Mr. Andrews presented one property matter that required full board approval:

Disposition by Deed: This proposed exchange of real property between the State of North Carolina on behalf of NC State University and the Board of Trustees of the Endowment Fund of North Carolina State University for equal sized acreage on Centennial Campus is for the benefit of the University. The Endowment will receive acreage to be used to create public/private partnership opportunities related to new development on north Centennial Campus consistent with the master land-use plan. The new site, to be located on Centennial Campus near the intersection of Main Campus Drive and Oval Drive, is to be exchanged for an equal amount of Endowment-owned acreage in multiple locations on Centennial Campus. Final quantity, description, and exact location will be determined by survey and is expected to be approximately ± 23.5 acres. Mr. Andrews made the motion, seconded by Dr. Prestage, to approve the Disposition by Deed and the motion passed.

Mr. Andrews reported that the Committee approved four designer selections and accepted eight building projects at a combined value of \$2.5 million, which included the Weisiger Brown parking lot expansion and the Brooks Hall roof replacement. The Committee also approved the plan of the Carmichael Gym addition and renovation, located on central campus. In addition, they approved six plans and specifications of formal projects each costing less than \$2 million.

Mr. Andrews reported that the Committee received updates for capital projects, and status of projects in planning. They also took a short walking tour to Brooks and Leazar Halls to view some of the challenges regarding deferred maintenance.

UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE - CHAIR SUSAN WARD

Mrs. Ward reported that the Committee heard highlights of the successful Red and White Week and she announced that for the first time in 75 years, Wolfpack Club donor information is available in the Advance database. She noted that the Advancement Services staff will work throughout the winter break to receive, record and receipt gifts. She also reported that the Associate Vice Chancellor for Development search is wrapping up and the hope is to have the successful candidate in place early in 2018.

Mrs. Ward provided a fundraising update which noted that all of NC State's colleges and foundations are tracking very well toward their respective fundraising goals. Nearly \$1.169 billion dollars has been raised toward our target of \$1.6 billion dollars.

Mrs. Ward reported that the Committee heard an Alumni Association update, underscoring the success of Red and White week, the Campaign Caravans, the Association's rebranding along with that of the Alumni magazine and the comprehensive programming strategically developed to attract and engage our changing alumni demographics. She noted that in 2018 there will be more aggressive promotion of membership benefits and more family events.

Mrs. Ward reported that the Committee was briefed on Talent Management, noting that they are working on passive and active recruitment, red carpet treatment onboarding, training and professional development and retention.

Mrs. Ward stated that Central Major Gifts has, for the first time, development officers dedicated to the Triangle area. She then highlighted the importance of regional campaign councils because they help establish and grow relationships with donors that are critical to our success. Also, the Committee approved naming opportunities for the Materials Engineering Department head office and the Swine Research and Education Program in the Department of Animal Science. The Committee approved the proposals for both Engineering and CALS to move forward with their respective naming fundraising plans.

Mrs. Ward reported that the Committee approved six naming agreements and Chancellor Woodson made his recommendation to the Committee seeking the endorsement for two Watauga Medal nominees. A motion will be made at the end of this meeting to go into Closed Session to consider all naming opportunities and the Watauga Medal nominees.

UNIVERSITY AFFAIRS COMMITTEE – STAN KELLY

Mr. Kelly reported that the University Affairs Committee approved the conferral of tenure to three new faculty members, the continuation of the NC Japan Center, and they recommended the request to discontinue the master of Veterinary Public Health for full board approval. He noted that this program is being discontinued due to low demand. A concentration area was added to a similar program at UNC Chapel Hill to accommodate the small number of veterinarians applying to the program each year. Mr. Kelly made the motion to approve the discontinuation of the master of Veterinary Public Health and Mrs. Goodnight seconded, and the motion passed.

Mr. Kelly stated that the Committee received an overview of the process undertaken and recommendations presented by the Tuition Review Advisory Committee and Fee Review Committee for the 2018-2019 academic year. The Committee received the Chancellor's support for all recommendations which include the following:

- a 0% tuition increase for undergraduate residents (new cohort)
- a 4% increase for undergraduate nonresidents
- a 5% increase for graduate residents
- a 6% increase for graduate nonresidents

Mr. Kelly noted that the Tuition Committee recommended that 64.7% of the tuition increase be used to improve quality and accessibility of the NC State educational experience; that 8.8% be used to provide funding for faculty promotional increases and 26.5% be allocated to provide funding to the graduate student support plan.

Mr. Kelly reported that the Chancellor also recommended to the Committee a premium tuition increase of \$1,000 per year effective fall 2018 for the Master of Accounting program. In addition, he recommended a new tuition premium of \$4,300 per year effective fall 2018 for the joint department of Biomedical Engineering's Master's Program in Translation of Innovation (MS-Train). With respect to fee increases, the Chancellor supported the Fee Review Committee's recommendation to continue existing fees for which an increase was not requested and increase fees subject to the 3% cap by \$43.00 for all students in the 2018-2019 academic year. This represents an increase of 1.7%.

Mr. Kelly made the motion to approve the 2018-2019 campus initiated tuition increases, premium tuition requests and student fee recommendations, seconded by Mr. Cabaniss, and the motion passed.

Mr. Kelly reported Chancellor Woodson will deliver December's commencement address and he gave the Board updates on Faculty and Staff Senate activities. The Faculty Senate has discussed topics ranging from the Intercollege Transfer Program to the Faculty Ombuds program. The Fall General

Faculty meeting was held on October 3 with F&A - Facilities and Administrative costs associated with research activities - as the main discussion topic. The Staff Senate report highlighted many ways this group is fulfilling its theme of communicating, collaborating, and connecting. Their weekly newsletter reaches nearly 6,000 recipients and helps inform staff about issues including the recent State Health Plan open enrollment. They also organized a successful food drive in October.

Mr. Kelly stated that the Committee was notified of new academic certificates and partnerships and comprehensive leadership and program reviews that are occurring this academic year. He then updated the Board about the Living and Learning Villages. There are currently 16 villages and initiatives that range from a passion for the arts or environment to major-specific villages. These villages promote academic success. Students living in villages tend to have higher GPAs than their non-village peers, their retention rates are higher, and they are more likely to graduate on time. The current village population is 2,213. Thirty-three percent (33%) of all residence hall residents live in villages and 45% of all first-year students live in a village.

Mr. Kelly reported that in closed session, the committee recommended a salary action for approval by the Board of Governors and approved appointment of a Dean as well as salary actions for Deans.

BOARD OF VISITORS REPORT – CHAIR CHUCK FLINK

Chair Flink reported that at their fall meeting the luncheon presentation was provided by Representative Stephen Ross, who gave the Board of Visitors (BOV) an overview of General Assembly accomplishments. Representative Ross focused part of his presentation on improvements to North Carolina's economy; citing the creation of 70,000 new jobs, North Carolina maintaining a Triple A bond rating, and record tourism revenues. He noted that the General Assembly restored the teaching assistant's budget, with an emphasis on STEM education. He stated that the UNC GA has worked to build a rainy day fund to help with emergency needs and has reduced unfunded liabilities. He also noted support for the Bright Futures Act which will provide internet service in eight rural counties that currently have limited to no access to the internet.

Chair Flink reported that the BOV heard a report from Chancellor Woodson regarding enrollment and scholarship funds as well as a report from Chairman Jimmy Clark regarding Board of Trustee activities. The BOV also received a presentation on the Campus Capacity Plan, Student Success and Wolfpack Athletics.

STUDENT BODY PRESIDENT REPORT – JACQUELINE GONZALEZ

Ms. Gonzalez gave a Philanthropy Department update. Student Government (SG) is working the first alternative service break where student leaders can join members of SG volunteering around the state. They are also working on a Thanksgiving initiative where members of Student Government and other student leaders work together at a soup kitchen to learn more about our needs as a community.

She reported that the annual Campout, held on October 20, 2017 was a success with nearly 500 students enrolled. The Sexual Assault Awareness Town Hall will be held during Diversity Education Week which is also It's On Us Week of Action for Sexual Assault Awareness.

Other Student Government projects include:

- Trans Syllabi - professors are able to share their willingness to use preferred names and create a secure space for students' identities.
- Leader of the Pack - The Graduate Department Director has been working with Center for Student Leadership, Ethics and Public Service to make graduate students eligible to receive the Leader of the Pack award.

- Sustainability Fair - To uplift student sustainability organizations on campus, the Executive Sustainability Department worked to create a sustainability fair to give students more information about different sustainability opportunities for students to get involved with on campus.
- Composting Site on Lake Wheeler - Recently the Student Senate voted in support of a composting site on Lake Wheeler.
- Transportation Task Force - A Transportation Task Force was organized to analyze problems and potential solutions for improvement.
- Fees Process - The fees process was extensive as it went through the Student Senate Committee on Tuition and Fees and the Student Senate itself.
- Student Involvement on Board of Governors Policies - The Council on Student Body Presidents for the UNC System is sending comments and suggestions from NC State's SG for the Free Expression Free Speech policy.

CLOSED SESSION

With no further business in open session, Mr. Cabaniss made the motion, seconded by Mrs. Ward, at 10:30 a.m. to go into closed session to prevent the premature disclosure of an honorary award. 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.

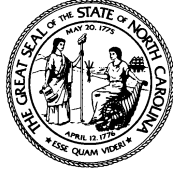
Respectfully submitted,

Assistant Secretary

Secretary

Approved:

Chair of the Board



NORTH CAROLINA STATE ETHICS COMMISSION

SAMPLE¹

ETHICS AWARENESS & CONFLICT OF INTEREST REMINDER

(to be read by the Chair or his or her designee at the beginning of each meeting)

In accordance with the State Government Ethics Act, it is the duty of every [Board] member to avoid both conflicts of interest and appearances of conflict.

Does any [Board] member have any known conflict of interest or appearance of conflict with respect to any matters coming before the [Board] today?

If so, please identify the conflict or appearance of conflict and refrain from any undue participation² in the particular matter involved.

Rev. 1-16-07

¹ N.C.G.S. §138A-15 (e): "At the beginning of any meeting of a board, the chair shall remind all members of their duty to avoid conflicts of interest and appearances of conflict under [Chapter 138A]." There is no set language required by the Act. Specific language can and should be tailored to fit the needs of each covered board as necessary.

² "A public servant shall take appropriate steps, under the particular circumstances and considering the type of proceeding involved, to remove himself or herself to the extent necessary, to protect the public interest and comply with this Chapter, from any proceeding in which the public servant's impartiality might reasonably be questioned due to the public servant's familial, personal, or financial relationship with a participant in the proceeding." See N.C.G.S. §138A-36 (c). If necessary, the Chairman or individual member involved should consult with his ethics liaison, legal counsel, or the State Ethics Commission to help determine the appropriate response in a given situation.

PROPOSED REVISION TO: POL04.25.01 – ~~Expression of Views by Visiting Speakers~~Freedom of Speech and Expression

Rationale: The UNC Board of Governors adopted a new policy 1300.8 titled “Free Speech and Free Expression with the University of North Carolina” based on new State law, N.C.G.S. 116-300. Revisions are intended to update this ~~Policy~~RR to reflect new requirements, for compliance purposes.

Consultation Process:

<u>January 2, 2018</u>	Chancellor authorizes transmittal of PRR for review
<u>January 2, 2018</u>	General Counsel preliminary review
<u>January 4, 2018</u>	Chancellor and Provost review with General Counsel
N/A	<u>[Relevant NCSU administrative body]</u> review, if applicable
N/A	<u>[Relevant NCSU committee or other body]</u> review, if applicable
February 7, 2018	General Counsel final review, if changes have been made
February 13, 2018	Chancellor’s Cabinet review
March 12, 2018	University Council notification
February 16, 2018	Board of Trustees (approval/notification), if applicable

POL04.25.01
Freedom of Speech and Expression

Authority: Issued by Board of Trustees. Changes or exceptions to administrative regulations issued by the Board of Trustees may only be made by the Board of Trustees.

History: First Issued: May 20, 1983. Last Revised: November 21, 1997.

Related Policies:

UNC Code Section 600

UNC Policy 1300.8

NC State REG11.60.03 - Reservation of Space in the Talley Union

NC State REG11.55.02 – Use of University Space

NC State REG07.25.12 - Solicitation

Additional References:

Contact Info: Executive Vice Chancellor and Provost and Vice Chancellor and General Counsel

1. Academic freedom, free speech and free expression ~~are-is~~ fundamental to the mission and purposes of North CarolinaNC State University. NC State supports, encourages and upholds the freedom of inquiry for students, faculty and staff, to the end that they may pursue these goals responsibly through teaching, learning, research, discussion and publication without restraints that would unreasonably restrict their academic endeavors. Furthermore, students, faculty and staff share the responsibility for maintaining an environment in which free speech flourishes and in which the rights of each member of the University community are respected.~~As the Board of Governors of The University of North Carolina states, "The University of North Carolina is dedicated to the transmission and advancement of knowledge and understanding. Academic freedom is essential to the achievement of these purposes. The University, therefore, supports and encourages freedom of inquiry for faculty members and students to the end that they may responsibly pursue these goals through teaching, learning, research, discussion, and publication, free from internal or external restraints that would unreasonably restrict their academic endeavors." (The Code, Section 600(1)).~~

2. ~~North Carolina State University has an obligation to protect the responsible exercise of the freedom of faculty and students teaching, seeking, and speaking the truth. The Board of Governors recognizes that the faculty and students should be protected in their responsible exercise of their rights of academic freedom (The Code, Section 600(2)), and further imposes upon all members of the University community a responsibility for maintaining an environment in which "academic freedom flourishes and in which the rights of each member of the academic community are respected." (The Code, Section 600(3))~~

32. ~~The rights of~~Free expression guaranteed to students, faculty and staff~~students shall~~should

also be provided to invited visiting speakers at NC North Carolina State University. All ~~lawful spinvited speakers~~ shall be allowed~~accorded the right~~ to present their views without “material and substantial” disruption and without “substantial interference”; as those terms are defined by UNC Policy 1300.8. ~~Visiting~~Invited speakers' appearances ~~at North Carolina State University~~ shall be in accordance with NC State ~~the~~ policies and regulations ~~adopted by the Board of Trustees and the Board of Governors~~. ~~The University~~NC State is ~~organized around a~~ committed~~ment~~ to an orderly process of inquiry and discussion. It is necessary to the preservation of our free society that ~~the University~~NC State remains free to examine all ideologies to the end that the educational purposes of this institution shall be served.

4. ~~—The Trustees recognize that the University is owned by the people of North Carolina. It is the duty of the Board of Trustees to see that the University is operated in a lawful manner for the benefit of the people. A diversity of viewpoints is an inherent part of the fabric of free discussion at a university; however, no speaker, whether faculty, student or visitor, should advocate, advise, or teach a doctrine that the government of the United States, the state of North Carolina, or any political subdivision thereof shall be overthrown or overturned by a force or violence or by any other unlawful means because such action is unlawful under North Carolina law (N.C.G.S. 14-11, 14-12.1).~~

53. ~~The Trustees wish to emphasize to the citizens of the state and to the members of the University community that~~ The right of free discussion of divergent ideas shall be protected, defended, and upheld at North Carolina State University with the utmost vigor and in a manner consistent with federal and state the laws of this state and nation. The right to present the opposing point of view in an appropriate manner, forum, and time shall be assured. At the same time, the University emphasizes that the appearance of any individual on the campus does not mean that the University approves what that individual says or represents and does not imply an endorsement.

4. Students, faculty or staff who “materially and substantially disrupts” the functioning of the University, or any unit or entity of the University, or who “substantially interferes” with the protected free expression of others, will be considered to have engaged in misconduct and will be subject to the full range of disciplinary sanctions in accordance with applicable procedures consistent with UNC Policy 1300.8, and may face criminal charges under state law. Visitors who engage in such misconduct may be barred from campus and may face criminal charges under state law.

65. ~~In order to ensure that the presentation of speakers is consistent with th~~ The chancellor is delegated authority to implement this policy, to assure compliance with UNC Policy 1300.8, and to adopt regulationse principles. herein set forth, the Trustees adopt these policies and regulations which shall be administered by the Chancellor or his designate. The chancellor may make further delegations to fulfill this duty ~~Actions of students, faculty, or staff which disrupt speakers at this University shall be considered violations of this policy. The Chancellor may~~

~~pursue appropriate sanctions against disruptive individuals pursuant to other University policies and procedures as he deems appropriate. The University shall also make every legal effort to assure that persons from outside the University shall not disrupt the process of free inquiry while still affording broad community access to public forums on the campus.~~

~~7.——The following regulations governing the appearance of visiting speakers are adopted.~~

~~7.1 Efforts shall be made to allow presentation of views on all sides of controversial issues in a balanced program of public addresses over a reasonable period of time.~~

~~7.2 When the Chancellor deems it appropriate, he shall require that a forum be presided over by a senior faculty member.~~

~~7.3 The right to present the opposing point of view in an appropriate manner and occasion shall be assured.~~

~~7.4 Only student and University organizations which are recognized by the University may use campus facilities for the presentation of speakers.~~

~~7.5 Non University organizations authorized through official channels to meet on the campus shall be specifically informed that the use of facilities must conform to State laws and to these regulations.~~

PROPOSED REVISION TO: POL04.25.01 – Freedom of Speech and Expression

Rationale: The UNC Board of Governors adopted a new policy 1300.8 titled “Free Speech and Free Expression with the University of North Carolina” based on new State law, N.C.G.S. 116-300. Revisions are intended to update this Policy for compliance purposes.

Consultation Process:

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February 16, 2018	Board of Trustees (approval/notification), if applicable

POL04.25.01 Freedom of Speech and Expression

Authority: Issued by Board of Trustees. Changes or exceptions to administrative regulations issued by the Board of Trustees may only be made by the Board of Trustees.

History: First Issued: May 20, 1983. Last Revised: November 21, 1997.

Related Policies:

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UNC Policy 1300.8

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NC State REG11.55.02 – Use of University Space

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Additional References:

N0026070.1}

Contact Info: Executive Vice Chancellor and Provost and Vice Chancellor and General Counsel

1. Academic freedom, free speech and free expression are fundamental to the mission and purposes of NC State University. NC State supports, encourages and upholds the freedom of inquiry for students, faculty and staff, to the end that they may pursue these goals responsibly through teaching, learning, research, discussion and publication without restraints that would unreasonably restrict their academic endeavors. Furthermore, students, faculty and staff share the responsibility for maintaining an environment in which free speech flourishes and in which the rights of each member of the University community are respected.

2. Free expression guaranteed to students, faculty and staff shall also be provided to invited speakers at NC State. All invited speakers shall be allowed to present their views without “material and substantial” disruption and without “substantial interference” as those terms are defined by UNC Policy 1300.8. Invited speakers' appearances shall be in accordance with NC State policies and regulations. NC State is committed to an orderly process of inquiry and discussion. It is necessary to the preservation of our free society that NC State remains free to examine all ideologies to the end that the educational purposes of this institution shall be served.

3. The right of free discussion of divergent ideas shall be protected, defended, and upheld in a manner consistent with federal and state laws. The right to present the opposing point of view in an appropriate manner, forum, and time shall be assured. At the same time, the appearance of any individual on the campus does not mean that the University approves what that individual says or represents and does not imply an endorsement.

4. Students, faculty or staff who “materially and substantially disrupts” the functioning of the University, or any unit or entity of the University, or who “substantially interferes” with the protected free expression of others, will be considered to have engaged in misconduct and will be subject to the full range of disciplinary sanctions in accordance with applicable procedures consistent with UNC Policy 1300.8, and may face criminal charges under state law. Visitors who engage in such misconduct may be barred from campus and may face criminal charges under state law.

5. The chancellor is delegated authority to implement this policy, to assure compliance with UNC Policy 1300.8, and to adopt regulations. The chancellor may make further delegations to fulfill this duty

The Chancellor's Report

*February 2018***Barrangou Wins National Academy of Sciences Prize in Food and Agriculture Sciences**

Rodolphe Barrangou, Todd R. Klaenhammer Distinguished Scholar in Probiotics Research, University Scholar and associate professor in the Department of Food, Bioprocessing and Nutrition Sciences, will receive the 2018 National Academy of Sciences Prize in Food and Agriculture Sciences for his discovery of genetic mechanisms and proteins driving CRISPR-Cas systems. The award recognizes research by mid-career scientists at U.S. institutions who made extraordinary contributions to agriculture or to the understanding of the biology of a species fundamentally important to agriculture or food production. Barrangou's research has worldwide applications in food and agriculture, including virus resistance and potential for translational genome editing in other microbes, crops and livestock.

Thomas Honored as American Association for the Advancement of Science Fellow

Dr. John Thomas, the John S. Risley Distinguished Professor in the Department of Physics, was inducted as a Fellow of the American Association for the Advancement of Science (AAAS), one of the nation's most prestigious scientific honors. Each year AAAS, the world's largest scientific society and publisher of the journal *Science*, elects members who have shown "scientifically or socially distinguished efforts to advance science or its applications." Thomas is honored by AAAS for groundbreaking contributions to the study of ultra-cold atomic Fermi gases, in particular measurements of the equation of state and of transport properties.

Bitzer and Ditto Named New NAI Fellows

Distinguished University Research Professor of Computer Science Donald L. Bitzer and Professor of Physics William Ditto were named Fellows of the National Academy of Inventors (NAI). Bitzer and Ditto bring the total number of NC State NAI Fellows to nine. They were nominated for outstanding contributions to innovation in areas of patents and licensing, innovative discovery and technology, significant impact on society and enhancement of innovation.

Felton Awarded Marshall Scholarship

Kobi Felton, a senior majoring in chemical engineering at NC State, has been awarded the prestigious 2018 Marshall Scholarship. Felton is the third NC State student to receive the scholarship, which was created in 1953 by the British Parliament in honor of American soldier and statesman George C. Marshall to give top American students the opportunity to earn graduate degrees in the United Kingdom.

Caldwell Fellows Celebrates 50th Anniversary

The Caldwell Fellows at NC State celebrates its 50th anniversary this year. Named after former Chancellor John T. Caldwell, the Caldwell Fellows offers high-achieving students the opportunity to develop their leadership skills, engage in service opportunities, and help prepare them to "change the world."

NC State Earns Top Marks

- Kiplinger's Personal Finance ranked NC State in the top 10 among public schools for best college values for in-state (#9) and out-of-state students (#7).
- Information Technology and Innovation Foundation ranked NC State #12 overall in industry-funded research in the U.S. and #5 among public universities, ranking the state of North Carolina #1.
- The Milken Institute ranked Raleigh the #2 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's Entrepreneurship Clinic was named "Outstanding Emerging Entrepreneurship Program" by the U.S. Association for Small Business and Entrepreneurship.
- U.S. News & World Report rated Engineering Online, NC State's online graduate degree program, #9 in the nation for 2017.
- The American Society for Engineering Education ranked NC State's Department of Computer Science #1 in the nation in number of female tenure-track/tenured faculty.

Research Highlights

NC State and VF Corporation announced a strategic partnership to support student development at NC State and advance apparel and textiles innovation within VF. The collaboration will offer students in the College of Textiles and the Poole College of Management opportunities for innovative research and real-world experience through internships, student projects and competitions.

Assistant Professor of Mathematics Dávid Papp is working on an algorithm to personalize radiation treatments for cancer patients. Papp's "spatiotemporal fractionation" approach would reduce radiation dosage to healthy tissue while maintaining effectiveness against the tumor. Papp completed a proof-of-concept study on live tumor samples, the results of which were recently published in *Physics in Medicine and Biology*.

Alumni Gift Helps Finish Belltower

Through their generosity, NC State alumni Bill and Frances Henry will enable the university to complete the installation of 54 bells in the iconic Memorial Belltower. The three-year project will also install a carillon and interior stairs that were part of the tower's original design when it was conceived in 1921. It will also fund some renovation, structural repairs and stabilization, and update the tower's plaza, which will be called Henry Square.

Athletics Attains New Heights

NC State recently completed a historic Fall, where -- for the first time in program history -- all six teams reached their respective postseasons. NC State and Stanford were the only programs in the nation to reach the postseason in football, women's volleyball, men's and women's soccer, and men's and women's cross country. NC State also reached a program-record 7th place finish in the final Fall standings of the Learfield Director's Cup, making it the only ACC school to finish in the top 10. Four of the six programs ranked in the Top 25 of their respective final polls, including a #23 finish by Wolfpack Football, which finished ranked for the first time since 2010. NC State student-athletes continue to excel academically, registering a program record 85% in the Graduation Success Rate metric.

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA**

**Audit, Risk Management and Finance Committee
2:45 p.m. – 4:15 p.m., February 15, 2018
Chancellor's Conference Room
Tom Cabaniss, Chair**

Members: Chip Andrews, Jim Harrell, Ron Prestage, Susan Ward and Dewayne Washington

CALL TO ORDER

Tom Cabaniss, Chair of Committee

ROLL CALL

Tom Cabaniss, Chair of Committee

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

Tom Cabaniss, Chair of Committee

- | | |
|--|----------------|
| 1. APPROVAL OF MINUTES | TAB 4.1 |
| Approval of November 16, 2017 Minutes | |
| 2. NO ACTION ITEMS | TAB 4.2 |
| 3. INFORMATIONAL REPORTS | TAB 4.3 |
| A. Annual Financial Report | 4.3A |
| (NC State Policy 01.05.1, Appendix 1, I.a.viii) | |
| Office of State Auditor | |
| <i>Ray Whitby, Jr., Financial Audit Manager, Office of State Auditor</i> | |
| Office of Finance and Administration | |
| <i>Scott Douglass, Vice Chancellor, Finance and Administration</i> | |
| <i>Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer</i> | |
| <i>David Price, University Controller, Controller's Office</i> | |
| B. Internal Audit Update | 4.3B |
| (NC State Pol 01.05.1, Appendix 1, I.a.i-viii) | |
| Internal Audit | |
| <i>Cecile Hinson, Director, Internal Audit</i> | |
| C. Legislative, Budget and Finance Update | 4.3C |
| (UNC Pol, Ch. 100.1, Appendix 1 (V), NC State Pol 01.05.1, Appendix 1, I.b) | |
| Office of the Chancellor | |
| <i>Sarah Stone, Assistant to Chancellor, External Affairs</i> | |
| Office of Finance and Administration | |
| <i>Scott Douglass, Vice Chancellor, Finance and Administration</i> | |
| <i>Barbara Moses, Associate Vice Chancellor, Budget and Resource Management</i> | |
| <i>Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer</i> | |

- | | | |
|----|---|----------------|
| D. | Enterprise Risk Management and Compliance Update – Title IX
(NC State Pol 01.05.1, Appendix 1, I. a.vi, c , d.ii)
Office of General Counsel
<i>Eileen Goldgeier, Vice Chancellor and General Counsel</i> | 4.3D |
| E. | Annual Report on Endowment and Investments
(NC State Pol 01.05.1, Appendix 1, I.d.i)
Office of Finance and Administration
<i>Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer</i> | 4.3E |
| 4. | COMMITTEE DISCUSSION | TAB 4.4 |
| 5. | ADDITIONAL INFORMATIONAL MATERIALS (NONE) | TAB 4.5 |
- ADJOURN

Meeting of Audit, Risk Management and Finance Committee
North Carolina State University
Board of Trustees
November 16, 2017

Chair Cabaniss opened the meeting at 3:00 p.m. in the Chancellor's Conference Room. Roll was taken and a quorum was present. Committee members present for the meeting were:

Mr. Tom Cabaniss, Chair
Mr. Chip Andrews
Mr. James Harrell
Mr. Ron Prestage
Ms. Susan Ward

All members of the Committee were reminded of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. It was inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. There being none, the meeting continued.

The minutes from the September 21, 2017 meeting were presented for approval, and with no changes, Mr. Prestage made a motion to accept the minutes and Ms. Ward seconded. The minutes were approved.

The Committee heard a report on internal audit activities since the September meeting, including six audits, two consultative engagements, and two follow-up engagements currently in progress. Two audits were closed after successful implementation of corrective actions. Two audit reports were issued detailing the results of two investigations: a conflict of interest situation and an investigation referred from University Police relating to potential misuse of University funds. The annual financial statement audit by the Office of the State Auditor is completed and there were no concerns; the State Auditor will attend the February 2018 meeting to provide a full report. The Office of the State Auditor will be conducting an information technology general controls audit within the Office of Information Technology that may also include review of selected systems beyond the central administrative systems.

An update on Legislative activity related to the special session and judicial redistricting was also provided to the Committee. The redistricting would have little impact on higher education. Budget Technical Corrections could have some effect on university process. They also heard about Board of Governors' studies and task forces on items that include restoring and preserving free speech, equal opportunity policies, and changes in enrollment funding. The Board discussed the possible implications of these issues.

The committee heard about the impact of enrollment funding changes, on this fiscal year's budget. They also heard about planning for tuition and fee increases going forward. The Board discussed the impact of both of these changes.

Highlights from the University's unaudited financial statements for the first quarter of fiscal year 2018 were provided and reviewed (copy attached). Cash and investments increased, along with long-term liabilities, and on a preliminary basis, total net position rose by \$89.4M in the first quarter over the first quarter of 2017. Revenues were up in the first quarter of fiscal 2018, compared with first quarter fiscal 2017, and at a rate above the growth in expenses. The Board discussed the highlights and the impact of possible tuition changes.

The Committee also heard and supported a minor change to the Institutional Trust Fund Policy Statement. The change includes a reference to an existing student managed investment fund in the Poole College of Management, which does not exceed 0.10% of institutional trust funds, and supports the University goal of enriching student learning.

The Committee received an update on Cyber Security Risk and Incident Management. The report included information such as the top five security weaknesses, recent education sector breaches, and managing cyber security risks. In addition to learning about education breaches nationally, the Committee reviewed data breaches at NC State during the past few years along with the incident response process and outcomes. NC State has plans to manage cyber breaches and risks with a Cyber Strategic Plan, which includes the already implemented mandate for 2-factor authentication, maintaining data classifications based on federal and state laws, raising awareness and setting and maintaining critical procedures and standards. The changes will be a major culture shift but guidance will be provided by IT including additional training to students, faculty and staff on cyber security.

Chair Cabaniss made reference to the additional information in the materials.

With no further business, the Committee adjourned at 4:25 p.m.

Submitted by _____
Secretary to the Committee

Approved _____
Chair of the Committee

North Carolina State University
Statement of Net Position
Unaudited
September 30, 2016 and 2017

	Fiscal Year 2018	Fiscal Year 2017	
	As of 9/30/2017	As of 9/30/2016	Increase/Decrease
ASSETS			
Current Assets			
Cash and Cash Equivalents	340,733,586.42	354,785,896.67	(14,052,310.25)
Receivables	57,502,560.00	56,530,824.48	971,735.52
Total Current Assets	<u>398,236,146.42</u>	<u>411,316,721.15</u>	<u>(13,080,574.73)</u>
Noncurrent Assets			
Restricted Cash - Capital Improvements	63,013,267.64	56,567,232.66	6,446,034.98
Capital Assets Depreciable Net - Note 1	1,892,185,130.63	1,878,775,270.38	13,409,860.25
Capital Assets Non-Depreciable - Note 1	105,568,025.74	124,372,655.83	(18,804,630.09)
Investments	481,647,344.14	393,153,284.06	88,494,060.08
Notes Receivable	12,468,002.63	12,323,554.77	144,447.86
Total Noncurrent Assets	<u>2,554,881,770.78</u>	<u>2,465,191,997.70</u>	<u>89,689,773.08</u>
Total Assets	<u>2,953,117,917.20</u>	<u>2,876,508,718.85</u>	<u>76,609,198.35</u>
LIABILITIES			
Current Liabilities			
Accounts Payable And Accrued Liabilities	19,550,702.92	16,414,452.88	3,136,250.04
Commercial Paper Payable	5,000,000.00	50,000,000.00	(45,000,000.00)
Unearned Revenue	5,533,896.40	5,111,229.95	422,666.45
Total Current Liabilities	<u>30,084,599.32</u>	<u>71,525,682.83</u>	<u>(41,441,083.51)</u>
Noncurrent Liabilities			
Bonds Payable	519,898,980.85	484,767,894.36	35,131,086.49
Deposits Payable	3,404,277.67	3,817,703.43	(413,425.76)
US Government Grants Refundable	3,674,150.85	5,026,289.34	(1,352,138.49)
Notes Payable	67,906,113.46	71,069,773.17	(3,163,659.71)
Unearned Revenue	73,897,092.11	75,436,487.00	(1,539,394.89)
Total Noncurrent Liabilities	<u>668,780,614.94</u>	<u>640,118,147.30</u>	<u>(6,468,618.85)</u>
Total Liabilities	<u>698,865,214.26</u>	<u>711,643,830.13</u>	<u>(47,909,702.36)</u>
NET POSITION			
Net Assets			
Beginning Net Position - July 1	2,213,914,467.79	2,140,175,600.77	73,738,867.02
Increase In Net Assets	40,338,235.15	24,689,287.95	15,648,947.20
Total Net Position - Note 2	<u>2,254,252,702.94</u>	<u>2,164,864,888.72</u>	<u>89,387,814.22</u>

Notes:

Note 1 - The amounts shown for Capital Assets are the amounts reported on the audited financial statements as of June 30, 2016 and 2017 - adjusted for estimated Depreciation expense. Adjustments for current year asset additions are not included - these adjustments are made at year end.

Note 2 - This statement does not include many year end entries required for university financial reporting, such as various asset reclassifications, fair market value adjustments, additional receivables, additional liabilities including compensated absences and pension liability, and funds held for others.

North Carolina State University
Statement of Revenues, Expenses and Changes in Net Assets
Unaudited
For the Three Months Ended September 30, 2016 and 2017

	Fiscal Year 2018 Through 9/30/2017	Fiscal Year 2017 Through 9/30/2016	Increase/Decrease
REVENUES			
Operating Revenues:			
Student Tuition And Fees	221,161,418.26	208,396,579.49	12,764,838.77
Federal Appropriations	6,061,769.00	10,725,055.00	(4,663,286.00)
Federal Grants And Contracts	59,143,336.16	57,281,245.79	1,862,090.37
State And Local Grants And Contracts	19,380,770.11	17,742,978.23	1,637,791.88
Nongovernmental Grants And Contracts	22,318,633.03	22,069,328.39	249,304.64
Sales And Services	115,320,683.10	111,085,772.09	4,234,911.01
Interest Earnings On Loans	55,745.82	53,809.35	1,936.47
Other Operating Revenues	6,344,980.67	5,016,227.91	1,328,752.76
Total Operating Revenues	<u>449,787,336.15</u>	<u>432,370,996.25</u>	<u>17,416,339.90</u>
EXPENSES			
Operating Expenses			
Salaries And Benefits	241,767,688.97	237,520,080.93	4,247,608.04
Scholarships And Fellowships	64,492,539.44	63,126,204.27	1,366,335.17
Services	82,024,731.64	81,201,583.43	823,148.21
Supplies And Materials	57,565,276.04	59,732,476.77	(2,167,200.73)
Utilities	9,273,568.92	9,266,940.27	6,628.65
Depreciation - Note 1	23,910,664.15	22,180,365.15	1,730,299.00
Total Operating Expenses	<u>479,034,469.16</u>	<u>473,027,650.82</u>	<u>6,006,818.34</u>
Operating Loss	<u>(29,247,133.01)</u>	<u>(40,656,654.57)</u>	<u>11,409,521.56</u>
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	46,342,419.75	44,840,056.61	1,502,363.14
Gifts	20,908,931.45	19,667,180.94	1,241,750.51
Investment Income (Net Of Investment Expense)	907,825.71	743,978.51	163,847.20
Interest And Fees On Debt	(1,558,142.55)	(1,579,244.65)	21,102.10
Other Nonoperating Revenues (Expenses)	455,588.16	(44,476.75)	500,064.91
Net Nonoperating Revenues	<u>67,056,622.52</u>	<u>63,627,494.66</u>	<u>3,429,127.86</u>
Income Before Other Revenues	<u>37,809,489.51</u>	<u>22,970,840.09</u>	<u>14,838,649.42</u>
Capital Appropriations	0.00	1,000,000.00	(1,000,000.00)
Capital Grants	2,528,745.64	718,447.86	1,810,297.78
Increase In Net Assets - Note 2	<u>40,338,235.15</u>	<u>24,689,287.95</u>	<u>15,648,947.20</u>

Notes:

Note 1 - The amounts shown for Depreciation are estimates based on amounts reported on the audited financial statements for the Fiscal Years ending June 30, 2016 and 2017.

Note 2 - This statement does not include many year end entries required by GASB for university financial reporting, such as tuition discounting, internal sales elimination, capitalization of fixed asset expenses greater than \$5,000, blending of the NCSU Partnership, and other year end entries.



NC STATE UNIVERSITY

Annual Financial Report 2017

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Prepared by the University Controller's Office
For the Fiscal Year Ended June 30, 2017

A constituent institution of the University of North Carolina
and a component unit of the State of North Carolina



MISSION STATEMENT

As a research-extensive land-grant university, North Carolina State University is dedicated to excellent teaching, the creation and application of knowledge, and engagement with public and private partners. By uniting our strength in science and technology with a commitment to excellence in a comprehensive range of disciplines, NC State promotes an integrated approach to problem solving that transforms lives and provides leadership for social, economic, and technological development across North Carolina and around the world.

FROM THE CHANCELLOR



At NC State, we are committed to the continued growth and development of our great university and the people it serves.

What we accomplished last year highlights this commitment and how the dedicated actions of those at NC State can have great impacts. Our faculty members received national and global recognition for their contributions, including the Marcus Wallenberg Foundation Prize, the Canada Gairdner Award, and the Academic/Research Librarian of the Year Award. Our students won a Churchill Scholarship, a Truman Scholarship and the university's first ever Newman Fellowship. NC State students also received 25 National Science Foundation graduate research fellowships and seven Fulbright scholarships.

These achievements are a sampling of many that highlight the impacts of strategic investments we've been making in alignment with our goals. As a land-grant institution, NC State is committed to accessibility and an exceptional education, and our ability to do this has not gone unnoticed. Money magazine ranked us the best college for the money in North Carolina. NC State was also ranked in the top five for best value among public U.S. universities by U.S. News & World Report.

A leading research university, NC State has had an outstanding year, receiving \$407 million in extramural research awards, a historical high. Our research expenditures were \$489.9 million for fiscal year 2016, a 5% increase over fiscal year 2015. NC State was also recognized for giving research real-world application. The Association of University Technology Managers ranked NC State in the top five for technology licensing among U.S. universities without medical schools.

It was also a record-breaking year in terms of partnerships and support from donors. We launched the public phase of the Think and Do the Extraordinary Campaign at last year's homecoming celebration and have had an impressive response. We are making excellent progress of \$1.11 billion toward our goal of \$1.6 billion. We received \$224.8 million in gifts and commitments with \$57.6 million designated toward teaching and research facilities. We created 71 new scholarships and fellowships, and funded 11 new professorships. Our endowment is more than \$1 billion for the first time in our 130-year history.

These new developments are just another way that NC State is enhancing its reputation as an institution of innovative thinking, meaningful research, and world-class educational opportunities. Thanks to the dedication of our outstanding students, faculty, staff, alumni and supporters, I firmly believe that we are just getting started.

Randy Woodson, Chancellor
NC State University

To: Chancellor W. Randolph Woodson and the Board of Trustees
North Carolina State University



I am pleased to present North Carolina State University's 2017 Annual Financial Report. Prepared by Finance and Administration staff in accordance with generally accepted accounting principles for public colleges and universities as defined by the Governmental Accounting Standards Board, the report contains detailed information about the university's financial activities. This report includes key financial data for the past five years, complete financial statements with management analysis, the Office of the State Auditor's report, and recent achievements. Supplemental information includes trend data relating to admissions, enrollment, degrees awarded, faculty, endowment, and debt coverage. The information enclosed is accurate in all material respects and reported in a manner fairly representing the university's financial position to the best of our knowledge. Finance and Administration maintains an effective system of internal controls to ensure that assets are safeguarded and transactions are properly executed and recorded.

Financial Report Highlights

- The university's financial assets were \$3.24 billion with net position of \$2.05 billion.
- Net position grew by \$58.9 million or 3.0% during the reporting period.
- Revenues and expenses (operating, nonoperating and other) were \$1.58 billion and \$1.52 billion, respectively.
- Revenues exceeded expenses by \$34.7 million (net income) before capital revenues of \$14.6 million and additions to endowments of \$9.6 million.
- Revenues (operating, nonoperating and other) increased by \$86.4 million or 5.8%, primarily due to increases in investment income, student tuition and fees, sales and services, federal appropriations and contracts and grants income.
- State noncapital appropriations increased \$3.9 million, and capital appropriations decreased \$2.9 million.
- Operating expenses increased by \$92.8 million or 6.6%, with instruction, auxiliary enterprises and institutional support, showing the largest increases.

NC State upholds its commitment to financial stewardship and its overarching goal of solving the grand challenges of an increasingly complex world. In this way the university preserves its founding mission to create economic, societal and intellectual prosperity for the people of North Carolina and the United States.

Sincerely,

Scott R. Douglass
Vice Chancellor, Finance and Administration
NC State University

Essential Facts and Figures

- 33,755 students, 2,336 faculty and 6,733 staff
- Student-faculty ratio 13:1
- 10 colleges representing all major academic fields
- 20 residence halls and 16 Living and Learning Villages
- 900+ student organizations
- Largest university in North Carolina
- \$1.495 billion budget for fiscal year 2017
- \$405 million in sponsored research for fiscal year 2017
- \$1.1 billion endowment
- Educating more North Carolinians than any other university
- Cooperative Extension Service provides services to citizens in all 100 counties and the Eastern Band of Cherokee Indians
- Industry Expansion Solutions helps the state's small manufacturers boost efficiencies, creating an average economic benefit of \$149 million per year since 2005

Ranked Among the Best

- #1 best college for your money in North Carolina (Money)
- #3 veterinary medicine program nationally (U.S. News & World Report)
- #5 best value nationally among public universities (U.S. News & World Report)
- #6 college of natural resources nationally (USA Today)
- #8 return on investment nationally for degrees in science technologies (U.S. Department of Education College Scorecard)
- #9 online MBA nationally (Princeton Review) and #18 online MBA in the world (Financial Times)
- 11 graduate programs among the top 30 in their fields nationally (U.S. News & World Report)

Academic Excellence: Brightest Students, Best Faculty

- NC State students won one Goldwater scholarship, one Churchill scholarship, one Truman scholarship, seven Fulbright scholarships and 25 National Science Foundation graduate research fellowships in the 2016-2017 academic year
- Recent freshman classes boast the highest high school GPAs and SAT scores in university history
- The Chancellor's Faculty Excellence Program has hired 67 world-leading educators and researchers in 20 interdisciplinary clusters, including bioinformatics, geospatial analytics and personalized medicine
- Faculty have recently been inducted into the National Academy of Engineers and the National Inventors Hall of Fame
- 25 faculty are members of the National Academies

Driving Economic Prosperity

- NC State's 125+ startups and spinoffs have attracted \$1.6 billion in venture capital
- #6 nationally in commercialization agreements based on university research; #2 among universities without a medical school
- 950+ U.S. patents and 1,000+ foreign patents, yielding 550+ consumer products
- NC State and its students, alumni and associated startups generate \$6.5 billion of North Carolina income annually

A National Leader in Attracting Sponsored Research

- One of only two universities in the nation leading two National Science Foundation Engineering Research Centers: the FREEDM Systems Center, researching smart-grid technology; and the ASSIST Center, developing wearable, self-powered health monitors
- NC State leads seven federally funded collaborative institutes, including:
 - \$140 million PowerAmerica initiative, developing an advanced power electronics manufacturing sector for the Department of Energy
 - \$60 million Laboratory for Analytic Sciences, studying data analytics for the National Security Agency
 - \$25 million Consortium for Nonproliferation Enabling Capabilities, combating the spread of nuclear weapons for the National Nuclear Security Administration

Rising Levels of External Support

- \$224.8 million in gifts and new commitments for FY17 – the highest total in NC State history, and a 39 percent increase over FY16
- Gift and new commitments averaged \$197.4 million annually over the past five years
- A \$5 million gift created an endowment for the Albright Entrepreneurs Village and provided support for the Shelton Leadership Center and the Entrepreneurship Initiative

Athletic Achievement

- The football team scored a 41-17 victory over Vanderbilt in the Independence Bowl
- The men's and women's swimming teams and the women's cross-country team all won ACC championships
- Rifle star Lucas Kozeniesky won a USA Shooting national air rifle championship, and swimmer Justin Ress won a U.S. national individual title in the 50-meter backstroke at the USA Swimming world championship trials
- NC State's student-athletes also excelled in the classroom, posting the department's highest-ever federal graduation rate and graduation success rate

Interdisciplinary Partnerships That Make a Difference

- Eastman Chemical, LexisNexis and ABB are among our on-campus partners benefiting from next-door proximity to NC State faculty, staff and students
- NC State's Supply Chain Resource Cooperative, Entrepreneurship Initiative and Nonwovens Institute combine academic scholarship with real-world experience to create knowledge, teach students and benefit partners
- NC State's expertise in biomanufacturing, nonwoven textiles and clean energy stimulates formation of industry clusters, drawing companies and jobs to North Carolina

NC State's Centennial Campus

A national model for partnership-driven research campuses

- Centennial Campus is a public-private research campus where 70+ corporate, government and nonprofit partners work alongside 70+ NC State research and academic units.
- The campus is also home to the College of Engineering, the College of Textiles, the College of Veterinary Medicine and the Institute for Emerging Issues, a think tank focused on tackling big issues that affect North Carolina's prosperity.
- Centennial's Office of Technology Commercialization and New Ventures helps faculty and entrepreneurs transfer discoveries from the lab to the marketplace.
- The Technology Incubator supports high-tech startups by facilitating unparalleled access to world-leading researchers.
- The James B. Hunt Jr. Library, winner of the prestigious Stanford Prize for Innovation in Research Libraries, is one of the most technologically advanced learning and collaboration spaces in the world.



FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED JUNE 30, 2013-2017
(DOLLARS ARE IN MILLIONS)

	2013	2014	2015	2016	2017
University Net Position					
Invested in Capital Assets, Net of Related Debt	\$1,221.3	\$1,326.7	\$1,382.7	\$1,413.8	\$1,413.7
Restricted Nonexpendable	\$86.1	\$94.9	\$106.6	\$119.3	\$129.0
Restricted Expendable (1)	\$285.8	\$241.3	\$211.5	\$217.7	\$271.1
Unrestricted	\$230.8	\$256.2	\$217.1	\$240.4	\$236.4
Total Net Position	\$1,824.0	\$1,919.1	\$1,917.9	\$1,991.2	\$2,050.2
Gifts					
Noncapital Gifts	\$59.4	\$66.3	\$68.1	\$71.2	\$78.0
Capital Gifts	\$5.1	\$2.8	\$16.2	\$7.0	\$4.4
Contracts & Grants					
Federal Contracts & Grants	\$136.0	\$140.7	\$146.7	\$158.1	\$164.5
State and Local Contracts and Grants	\$35.5	\$35.3	\$39.4	\$36.3	\$38.7
Nongovernmental Contracts and Grants	\$72.5	\$71.8	\$83.0	\$83.9	\$85.1
Total Contracts and Grants	\$244.0	\$247.8	\$269.1	\$278.3	\$288.3
Appropriations and Tuition and Fees					
Federal Appropriations	\$18.7	\$19.8	\$16.9	\$13.8	\$22.6
State Appropriations for Operations	\$484.0	\$473.0	\$481.5	\$502.5	\$506.4
State Appropriations for Capital Projects	\$2.1	\$12.2	\$0.0	\$9.0	\$6.1
Tuition and Fees (Gross)	\$321.5	\$336.0	\$360.3	\$384.4	\$404.9
Foundation Support	\$53.9	\$56.9	\$72.9	\$65.1	\$68.2
Endowment Investments	\$177.4	\$205.0	\$230.1	\$209.0	\$311.5
Investment Fund Return	11.9%	15.7%	9.0%	-1.4%	11.9%
Capital Assets					
Total University Capital Assets	\$2,584.9	\$2,732.0	\$2,819.8	\$2,940.5	\$3,024.1
Total University Capital Assets, Net of Accumulated Depreciation	\$1,857.6	\$1,948.8	\$1,977.2	\$2,025.3	\$2,021.7
University Debt					
Short-term Debt	\$0.0	\$10.0	\$10.0	\$40.1	\$5.1
Bonds Payable	\$528.7	\$513.6	\$499.0	\$484.3	\$519.4
Notes Payable	\$79.5	\$80.6	\$76.2	\$71.8	\$68.8
Estimated Expenses for Full-Time Students Living on Campus - N.C. Residents					
(dollars are in whole numbers)					
Tuition and Fees	\$7,788	\$8,206	\$8,296	\$8,581	\$8,880
Books and Supplies	\$1,000	\$1,058	\$1,076	\$1,076	\$1,082
Room Rent (Average)	\$5,434	\$6,034	\$6,244	\$6,375	\$6,560
Meals (Average)	\$2,980	\$3,400	\$3,786	\$3,936	\$4,075
Other Personal Expenses	\$2,668	\$2,700	\$2,690	\$1,500	\$1,508
Transportation	\$774	\$786	\$798	\$890	\$894
Total	\$20,644	\$22,184	\$22,890	\$22,358	\$22,999

1. Sources for funding Restricted Expendable Net Assets include gifts, contracts and grants, unexpended capital appropriations, endowment income, unexpended debt proceeds, required reserves, and loan funds.
2. 2014 Unrestricted Net Position does not include the restatement for GASB 68 Pension Liability Reporting implemented in Fiscal Year 2015.

BOARD OF TRUSTEES

As of June 30, 2017



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Peoria Heights, IL
Chair



Robert Andrews III,
Raleigh, NC



Thomas Cabaniss,
Richmond, VA



Jimmy D. Clark,
Greensboro, NC



Ann B. Goodnight,
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Raleigh, NC



Dewayne N. Washington,
Wake Forest, NC



Jacqueline Gonzalez
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EXECUTIVE OFFICERS

W. Randolph Woodson

Chancellor

Marc I. Hoit

Vice Chancellor for Information Technology

Alan Rebar

Vice Chancellor for Research, Innovation and Economic Development

Warwick Arden

Provost and Executive Vice Chancellor

Sarah Stone

Assistant to the Chancellor for External Affairs

Michael D. Mullen

Vice Chancellor and Dean for the Division of Academic and Student Affairs

Deborah A. Yow

Director of Athletics

Brian C. Sischo

Vice Chancellor for University Advancement

PJ Teal

Secretary of the University

Eileen S. Goldgeier

Vice Chancellor and General Counsel

Scott Douglass

Vice Chancellor for Finance and Administration

DEANS

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Dean of College of Agriculture and Life Sciences

Maureen Grasso

Dean of Graduate School

William Ditto

Dean of College of Sciences

Mark Hoversten

Dean of College of Design

Jeffrey P. Braden

Dean of College of Humanities and Social Sciences

David Hinks

Dean of College of Textiles

Mary Ann Danowitz

Dean of College of Education

Annette Ranft

Dean of Poole College of Management

Michael D. Mullen

Vice Chancellor and Dean for the Division of Academic and Student Affairs

Louis Martin-Vega

Dean of College of Engineering

Mary Watzin

Dean of College of Natural Resources

D. Paul Lunn

Dean of College of Veterinary Medicine



FINANCIAL SECTION

NORTH CAROLINA
STATE UNIVERSITY

2017 ANNUAL
FINANCIAL REPORT

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
 State Auditor

2 S. Salisbury Street
 20601 Mail Service Center
 Raleigh, NC 27699-0600
 Telephone: (919) 807-7500
 Fax: (919) 807-7647
<http://www.ncauditor.net>

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
 North Carolina State University
 Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina State University (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, and its discretely presented component units, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the NC State Investment Fund, Inc., which represent 22 percent, 34 percent, and 9 percent, respectively, of the assets, net position, and revenues of the University; nor the financial statements of the North Carolina State University Foundation, Inc., the NC State Student Aid Association, Inc., or The North Carolina Agricultural Foundation, Inc., the University's discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the North Carolina State University Foundation, Inc., the NC State Student Aid Association, Inc., and The North Carolina

Agricultural Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Carolina State University, and its discretely presented component units, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The introductory and supplementary sections are presented for purposes of additional analysis and are not required as part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The introductory and supplementary sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. The report on internal control and compliance has been issued under a separate cover in the Financial Statement Audit Report of North Carolina State University published by this office.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

October 31, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

Management's Discussion and Analysis of the financial report provides an overview of the accompanying basic financial statements. It includes comparative financial analysis with discussion of significant changes from the prior year. The overview also includes information on currently known facts, decisions, or conditions affecting the financial affairs of the University.

Financial Highlights

NC State University's net position increased by \$58.9 million to \$2.05 billion in fiscal year 2017. Net position represents the University's equity. It is the residual of all the other elements of the statement of financial position, the assets and deferred outflows of resources less liabilities and deferred inflows of resources. Restricted expendable net position increased \$53.3 million, driven by the increase in capital projects net position funded by capital appropriations, a new debt issuance, and an increase in endowed professorships due to professorships reaching their minimum endowment level which allows spending to commence. Restricted nonexpendable net position increased \$9.6 million, and unrestricted net position decreased by \$4.0 million.

Revenues increased by \$86.4 million or 5.8%, to \$1.59 billion in fiscal year 2017. Revenues represent amounts received or accrued that are either operating or nonoperating on the accompanying financial statements. Increases in tuition and fees, investment income, federal appropriations, sales and services and research contracts and grants were major factors in the revenue growth.

Expenses grew 7.1% in 2017, up \$100.9 million over fiscal year 2016 expenses. Expenses represent amounts paid or accrued for operating or nonoperating purposes. Instruction, research, auxiliary enterprises, public service, institutional support and depreciation showed the largest increases, while other functional categories had small increases or decreases.

Using the Financial Statements

The University's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board, (GASB), which establishes standards for external

financial reporting for public colleges and universities. The full scope of the University's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

North Carolina State University is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*. NC State blends two component units as if they were part of the University, and three entities are reported as discretely presented component units based on the nature and significance of their relationship to the University. Note 1A provides detailed information on the University's financial reporting entity.

The University's three financial statements are used to evaluate financial position as of June 30th and the results of operations for the fiscal year then ended. The *Statement of Net Position* provides information relative to the evaluation of financial position. The *Statement of Revenues, Expenses, and Changes in Net Position* provides information relative to the evaluation of the results of operations. Its ending net position agrees to the total net position on the *Statement of Net Position*.

The financial statements also include a *Statement of Cash Flows*. This statement is used to identify the University's sources and uses of cash. The ending cash on the *Statement of Cash Flows* agrees to the total cash reported on the *Statement of Net Position*. Also, this statement reconciles the net operating loss reported in the *Statement of Revenues, Expenses, and Changes in Net Position* to the net cash used by operating activities.

In using the financial statements, the *Notes to the Financial Statements* accompanying the financial statements should be read in conjunction with the financial statements. The notes provide information regarding the significant accounting principles applied in the financial statements, authority for and associated risk of deposits and investments, detailed information on long-term liabilities, detailed information on accounts receivable, accounts payable, revenues and expenses, required information on pension plans and other postemployment benefits, insurance against losses, commitments and contingencies, and accounting changes. If necessary, the disclosures include a discussion of adjustments to prior periods and events subsequent to the University's financial statement period. Overall, these disclosures provide information to better understand details, risk, and uncertainty associated with amounts reported in the financial statements.



Comparative Condensed Financial Statement Information

Statement of Net Position

The *Statement of Net Position* provides information regarding the University's assets, deferred outflows and inflows of resources, liabilities, and net position as of June 30, 2017. Asset and liability balances are classified as either current or noncurrent. Assets classified as current are those that are available to pay for current liabilities or current year expenditures. Liabilities classified as current are those that are due and payable in the next fiscal year. The net position balances are classified as

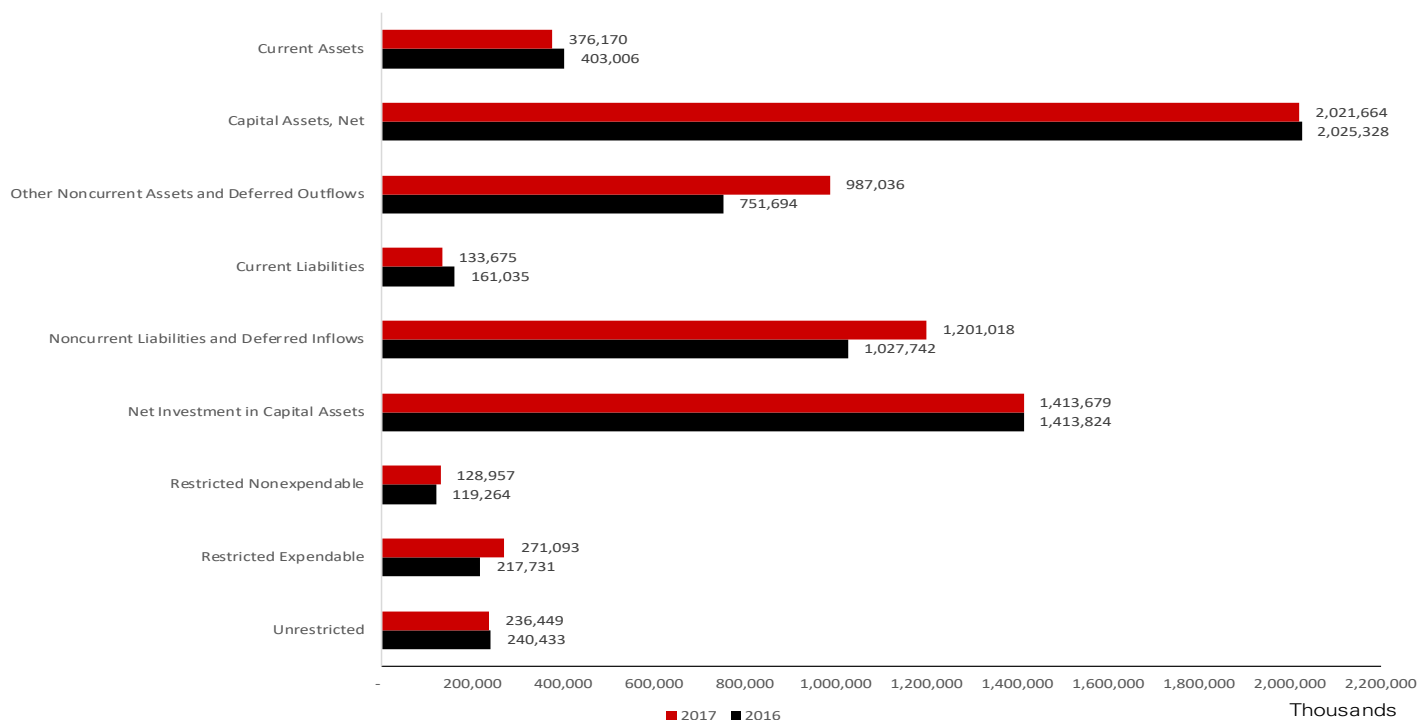
either net investment in capital assets, restricted or unrestricted. In addition, net position balances classified as restricted are classified as either nonexpendable or expendable. Overall, the *Statement of Net Position* provides information to evaluate the financial strength of the University and its ability to meet current and long-term obligations.

Following is a comparative analysis on the condensed balances reported in the *Statement of Net Position* as of June 30, 2017 and June 30, 2016.

	2017	2016	Increase/ (Decrease)
Assets			
Current Assets	\$ 376,169,813	\$ 403,005,557	\$ (26,835,744)
Capital Assets, Net	2,021,663,820	2,025,328,291	(3,664,471)
Other Noncurrent Assets	838,973,862	706,572,216	132,401,646
Total Assets	3,236,807,495	3,134,906,064	101,901,431
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	9,026,065	13,837,267	(4,811,202)
Deferred Outflows Related to Pensions	139,036,517	31,284,957	107,751,560
Total Deferred Outflows of Resources	148,062,582	45,122,224	102,940,358
Liabilities			
Current Liabilities	133,674,526	161,035,104	(27,360,578)
Noncurrent Liabilities			
Long-Term Liabilities	839,048,134	682,735,164	156,312,970
Other Noncurrent Liabilities	352,404,788	327,500,338	24,904,451
Total Liabilities	1,325,127,448	1,171,270,606	153,856,843
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	9,565,156	17,506,004	(7,940,848)
Net Position			
Net Investment in Capital Assets	1,413,679,229	1,413,824,172	(144,943)
Restricted			
Nonexpendable	128,956,654	119,263,539	9,693,115
Expendable	271,092,872	217,731,322	53,361,550
Unrestricted	236,448,718	240,432,645	(3,983,927)
Total Net Position	\$ 2,050,177,473	\$ 1,991,251,678	\$ 58,925,795



The following graph illustrates the assets, deferred outflows, liabilities and net position of the University as of June 30, 2017, as compared to restated June 30, 2016 balances (*in thousands*).



Assets totaled \$3.24 billion, an increase of \$101.9 million over the prior year. This change in assets includes a decrease in current assets of \$26.8 million, an overall decrease in net capital assets of \$3.7 million and an increase in other noncurrent assets of \$132.4 million.

Current assets decreased by \$26.8 million in fiscal year 2017. This decrease was primarily the result of a \$42.5 million decrease in cash and cash equivalents, driven by the management flexibility carryforward change from 5% to 2.5% and the reinvestment of a \$32.6 million Intermediate Term Fund investment liquidated in the prior year. Current restricted cash and cash equivalents increased \$16.3 million as a result of increases in contract and grants projects, gift income, capital improvement and debt funds. Other current assets increased or decreased by small amounts.

The decrease in net capital assets of \$3.7 million is due largely to a combination of a decrease in spending on construction projects and an increase in accumulated depreciation in fiscal year 2017 as compared to fiscal year 2016. Capital appropriations resources and capital gifts and grants decreased from the prior year.

The \$132.4 million increase in other noncurrent assets is made up of increases in endowment investments, restricted investments and other investments which was offset with a decrease in restricted cash. Noncurrent investments increased \$175.8 million due to increases in unrealized and realized gains due to market fluctuations, increases in participant contributions and the reinvestment of an intermediate term fund liquidated in the prior year. Noncurrent restricted cash and cash equivalents

decreased \$43.5 million in fiscal year 2017. This large decrease was caused by the investment of \$57.7 million from the Hofmann timber deed proceeds received in prior year which was offset by capital allotment increases of \$16.8 million. The remaining difference was made up of numerous smaller items.

The deferred outflows of resources for the University's swap agreements and the deferred outflows for pensions are shown in a separate section of the financial statements. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was implemented in fiscal year 2013, established deferred sections of the financial statements. The deferred outflows for pensions account reflects the University's allocated portion of deferred outflows for the TSERS cost-sharing pension plan. Amounts in this account are amortized over time as pension expense. Deferred outflows of resources increased \$102.9 million in current year. The \$107.7 million increase in the deferred outflows of pensions is due to changes in the pension contributions and the University's proportionate share of contributions to the plan. The accumulated decrease in the fair value of hedging derivatives account decreased \$4.8 million due to market fluctuations which positively affected the fair value.

Liabilities totaled \$1.33 billion, an increase of \$153.9 million over the prior year. The increase in liabilities is attributable to an increase in noncurrent liabilities of \$181.2 million, offset by a decrease in current liabilities of \$27.3 million.



Current liabilities totaled \$133.7 million. These liabilities include accounts payable and accrued liabilities, payables to other entities, unearned revenue, and the current portion of University debt. The current liabilities decrease of \$27.3 million was primarily caused by a decrease in short-term debt. The University issued General Revenue Bond series 2017 and refunded \$40.0 million in outstanding commercial paper in fiscal year 2017 and then issued an additional \$5.0 million in commercial paper in same year. This was offset by increases in unearned revenue of \$3.2 million, with the largest increase being in contract and grant unearned revenues. The current portion of long term liabilities relating to bonds payable increased \$5.3 million due to the new bond issuance. The remaining difference is made up of multiple smaller items.

Noncurrent liabilities totaled \$1.19 billion, and include deposits payable, funds held for other entities, funds held in trust in the investment pool, unearned revenue, long-term liabilities and the hedging derivative liability. The primary factors in the \$181.2 million increase in noncurrent liabilities was funds held in trust for pool participants and long-term liabilities. Long-term liabilities increased \$156.3 million, with the pension liability being the major reason for the increase. The net pension liability rose \$123.5 million due to differences in the expected and actual earnings in the Teachers' and State Employees' Retirement System (TSERS) pension plan. Long term liabilities also increased \$35.0 million in bonds payable relating to the 2017 bond issuance and \$4.8 million in pollution remediation liability due to pollution remediation for Lot 86. Still within long-term liabilities, the pension liability increase was partially offset by a \$3.0 million decrease in notes payables due to paying off the Carol Johnson Poole Clubhouse note and small decreases in the other accounts. Funds held for others and funds held in trust for pool

participants increased by a total of \$32.2 million, driven by increases in deposits by foundations. The hedging derivative liability rises and falls based on market values and showed a \$4.8 million decrease in fiscal year 2017. Other noncurrent liabilities increased or decreased by small amounts.

Deferred inflows for pensions, required by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This \$9.57 million deferred inflows of resources is another allocation of TSER's cost-sharing pension plan balances. The \$7.9 million drop in deferred inflows is driven by the higher pension liability related to the difference between projected and actual investment earnings. These deferred inflows for pensions are amortized over time as pension expense.

Net position totaled \$2.05 billion, an increase of \$58.9 million over the prior year. Restricted expendable net position increased \$53.3 million, driven by the increase in expendable net position for capital projects funded by capital appropriations and new debt issuance as well as the increase in endowed professorships due to professorships reaching their minimum endowment level which allows spending to commence. Restricted nonexpendable net position increased \$9.6 million and unrestricted net position decreased by \$4.0 million.

The University's current assets are more than sufficient to cover current liabilities, with a ratio of 2.8 times compared to 2.5 times in the prior year. The University's total assets are significantly more than the University's liabilities with a ratio of 2.4 times as compared to 2.7 times in the prior year. These financial ratios are indicators of NC State's financial strength and its ability to meet current and long-term obligations.





Statement of Revenues, Expenses, and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information regarding the University's activities for the year ending June 30, 2017. The activity balances are classified as operating, nonoperating, or other revenues, expense, gains or losses. Activities classified as operating include all revenues of the University except those considered nonoperating, or those associated with funds received to enhance capital assets or permanent endowments. Operating expenses are all expenses except those related to interest expense on financing activities, loss on disposal of capital assets, and

investment expenses (shown as net against investment income). Activities classified as nonoperating include state appropriations, noncapital gifts and grants revenue, investment income (net of investment expenses), and gains or losses on disposal of capital assets. Activities classified as other include capital gifts or grants and additions to permanent endowments. Overall, the *Statement of Revenues, Expenses, and Changes in Net Position* provides information to evaluate the University's management of operations and maintenance of financial strength.

Following is a comparative analysis on the condensed balances reported in the *Statement of Revenues, Expenses, and Changes in Net Position* for the fiscal years ended June 30, 2017, and June 30, 2016.

	2017	2016	Increase/ (Decrease)
Operating Revenues			
Student Tuition and Fees, Net	\$ 307,439,091	\$ 291,175,319	\$ 16,263,772
Federal Appropriations	22,562,648	13,847,694	8,714,954
Grants and Contracts	288,284,295	278,330,058	9,954,237
Sales and Services, Net	253,461,699	238,447,749	15,013,950
Other	16,198,009	14,551,643	1,646,366
Total Operating Revenues	887,945,742	836,352,463	51,593,279
Operating Expenses			
Salaries and Benefits	932,152,864	857,250,567	74,902,297
Supplies and Materials	125,589,349	127,911,047	(2,321,698)
Services	263,000,838	251,765,902	11,234,936
Scholarships and Fellowships	43,760,379	43,820,372	(59,993)
Utilities	34,128,182	32,028,497	2,099,685
Depreciation/Amortization	95,642,657	88,721,461	6,921,196
Total Operating Expenses	1,494,274,269	1,401,497,846	92,776,423
Net Operating Loss	(606,328,527)	(565,145,383)	41,183,144
Nonoperating Revenues (Expenses)			
State Appropriations	506,418,963	502,533,982	3,884,981
Noncapital Grants - Student Financial Aid	44,532,489	44,705,577	(173,088)
Other Noncapital Grants and Gifts	78,490,487	72,024,499	6,465,988
Investment Income	35,265,691	1,569,316	33,696,375
Other	(23,697,523)	(14,855,864)	8,841,659
Net Nonoperating Revenues	641,010,107	605,977,510	35,032,597
Gain Before Other Revenue	34,681,580	40,832,127	(6,150,547)
Capital Appropriations, Gifts, and Grants	14,598,596	18,483,657	(3,885,061)
Additions to Permanent Endowments	9,645,619	14,039,031	(4,393,412)
Increase in Net Position	58,925,795	73,354,815	(14,429,020)
Beginning Net Position	1,991,251,678	1,917,896,863	73,354,815
Ending Net Position	\$ 2,050,177,473	\$ 1,991,251,678	\$ 58,925,795

Fiscal year 2016-2017 total revenues are \$1,578,036,517 and total expenses are \$1,519,110,722.
Fiscal year 2015-2016 total revenues are \$1,491,595,178 and total expenses are \$1,418,240,363.



Operating and Nonoperating Activities

The following illustrates the relationships of operating and nonoperating revenue sources and expense functions to total revenue/expenses for the fiscal year 2017 and 2016, and the consistency of relationships between the two years.

OPERATING AND NONOPERATING REVENUES

Title	% to Total 2017	% to Total 2016
State Appropriations	33%	35%
Research Contracts and Grants	19%	19%
Student Tuition and Fees	20%	20%
Sales and Services	16%	16%
Noncapital Grants and Gifts	8%	8%
Federal Appropriations	1%	1%
Other	3%	1%
Total	100%	100%

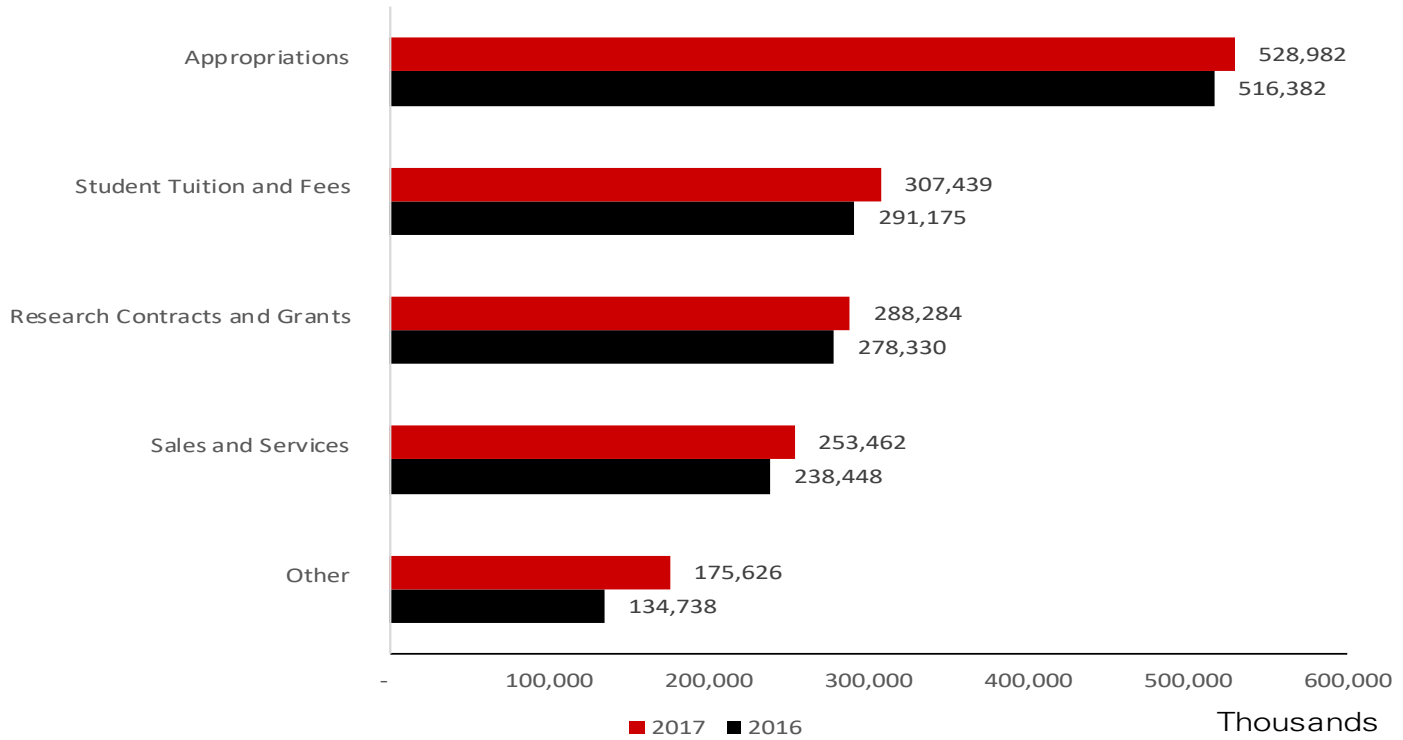
OPERATING AND NONOPERATING EXPENSES

Title	% to Total 2017	% to Total 2016
Instruction	30%	30%
Research	18%	19%
Public Service	8%	8%
Auxiliary Enterprises	12%	12%
Operations & Maintenance of Plant	6%	6%
Academic Support	6%	6%
Institutional Support	7%	7%
Depreciation/Amortization	6%	6%
Student Financial Aid	3%	3%
Student Services	2%	2%
Other	2%	1%
Total	100%	100%

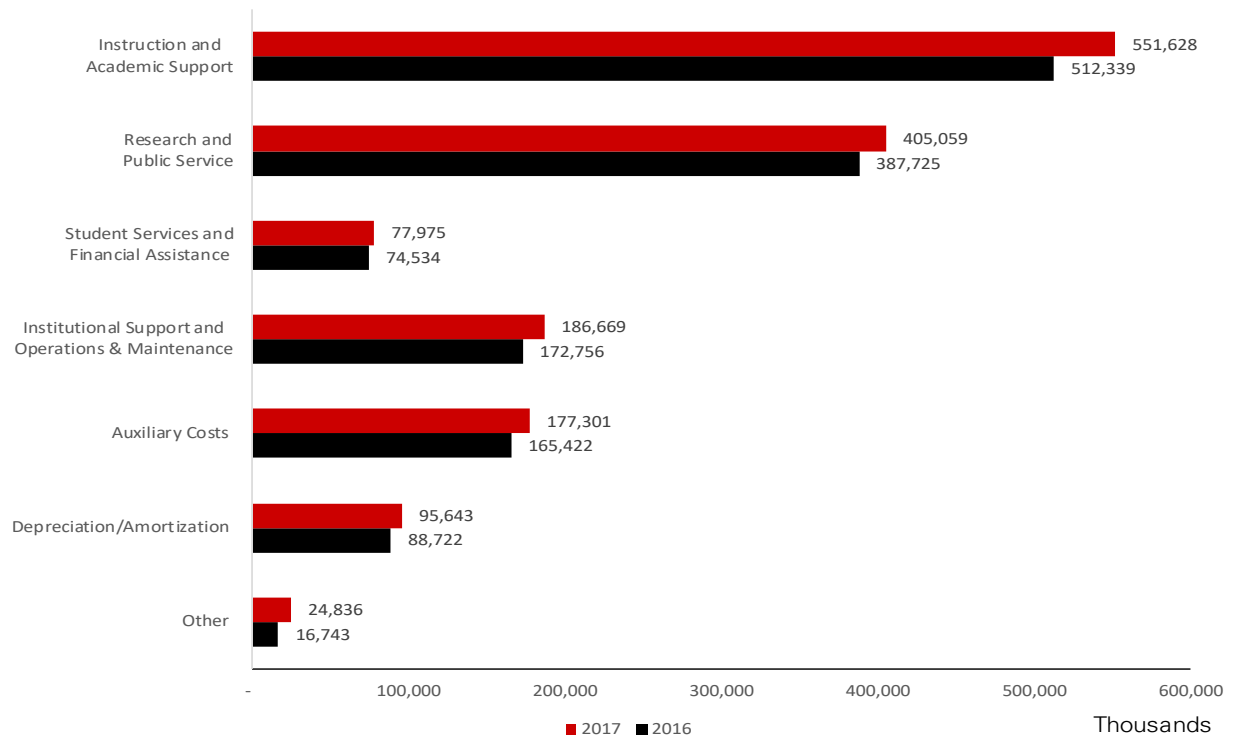


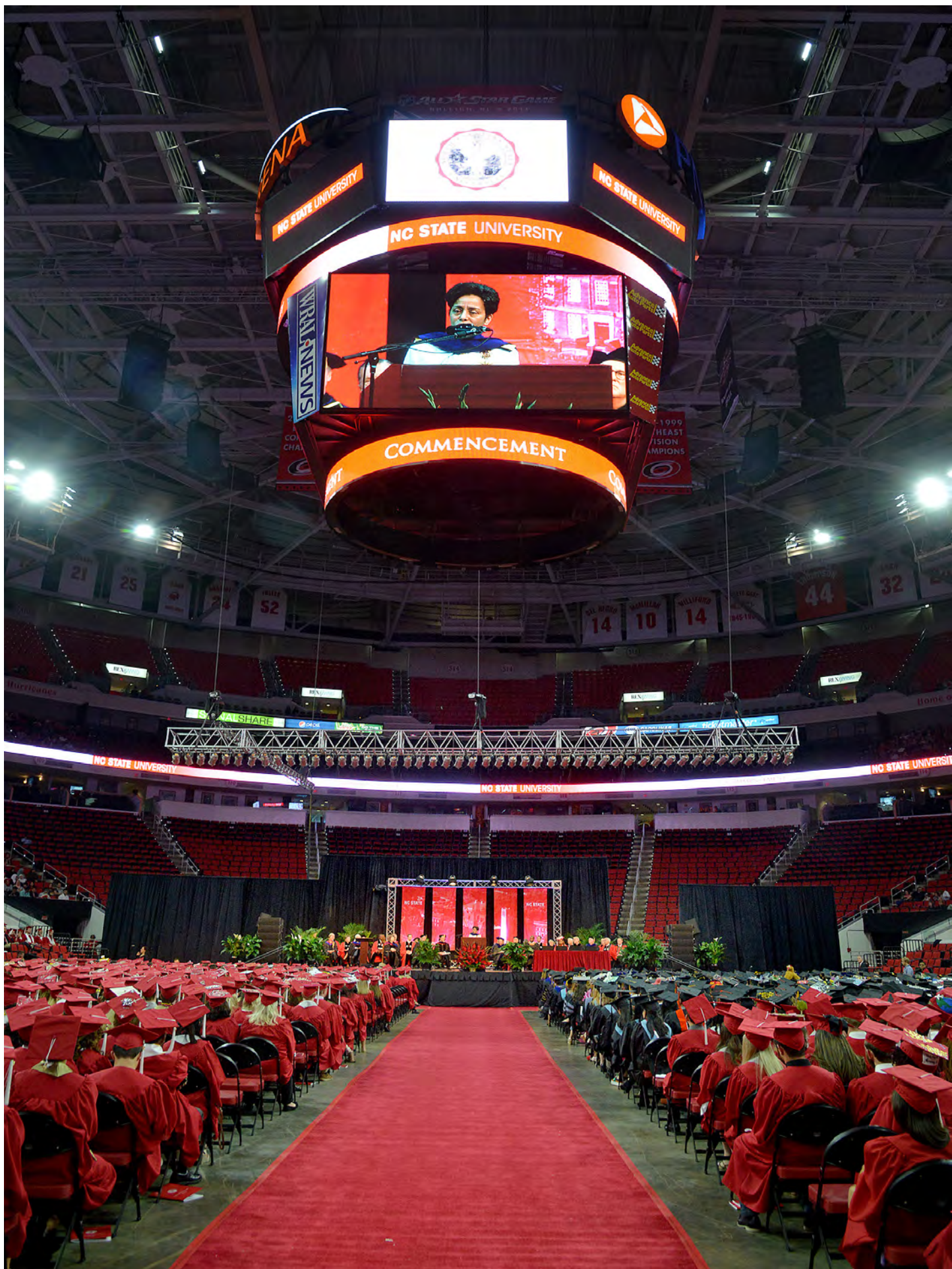
The following graphs illustrate the University's operating and nonoperating revenues/expenses by source/function (in thousands).

OPERATING AND NONOPERATING REVENUES



OPERATING AND NONOPERATING EXPENSES





Total revenues (operating, nonoperating, and other) increased \$86.4 million or 5.8% compared to the prior year. Student tuition and fees increased \$16.3 million, as rates increased in 2017 for resident and nonresident students. The biggest tuition change was a 6% increase for nonresident undergraduates. Sales and services revenues grew \$15.0 million or 6.3%. Athletics grew \$6.0 million and there were smaller increases in various services including veterinary services, housing and bookstore. Research contracts and grants rose by \$10.0 million, mostly in federal contracts and grants. Federal appropriations increased \$8.7 million due to timing in the federal draw-down in current year versus prior year. Noncapital gifts were up \$6.7 million or 9.4% and state appropriations increased \$3.9 million. Investment income increased \$33.7 million due to gains in a positive market. The remaining difference is made up of numerous small items.

Total expenses (operating and nonoperating) increased \$100.9 million or 7.1% compared to the prior year. Salaries and benefits increased \$74.9 million or 8.7% in 2017. The largest salary increases were in instruction, \$31.7 million, and institutional support, \$10.0 million. The largest increase of \$31.9 million is due to pension expense relating to GASB 68. There was a 1.5% legislative raise in fiscal year 2017 as well as a \$450 or \$750 merit bonus and other salary increases and the related benefits also contributed to the salaries growth. The next largest increase in expenses was services. Services grew \$11.2 million, driven by increases in repairs, maintenance agreements and communications. Auxiliary and academic support showed the largest increases in services. As capital assets rose, the related depreciation/amortization expense also increased by \$6.9 million or 7.8%. With fewer active construction projects, less interest was capitalized during 2017 so interest and fees on debt rose \$4.6 million. Other nonoperating expenses increased \$4.2 million due to pollution remediation for Lot 86. Utilities increased \$2.1 million due to an increase in electricity spending. Partially offsetting these expense increases, supplies and materials dropped \$2.3 million due to a drop in overall construction activity from prior year. The remaining difference is made up of numerous small items.

Other Activity

Other activity totaled \$24.2 million, down \$8.3 million from the prior year. The University received \$2.9 million less from the state in capital appropriations. Capital gifts fell \$2.6 million, due to receiving fewer gifts from foundations. Capital grants showed a small increase of \$1.6 million but additions to permanent endowment were down \$4.4 million.

Capital Assets and Long-Term Debt Activities

Capital Assets

The University capitalizes assets that have a value or cost equal to or greater than \$5,000 at the date of acquisition and an expected useful life of more than one year except for internally generated software which is capitalized when the value or cost is \$1,000,000 or greater and other intangible assets which are capitalized when the value or cost is \$100,000 or greater. Repairs and renovations that do not extend the life of the building beyond the expected useful life at acquisition, or increase the future service potential of the building are expensed and not capitalized.

Machinery and equipment are depreciated over their estimated useful lives, generally 4 to 22 years beginning in the year of acquisition. Buildings and general infrastructure are depreciated over their estimated useful lives, generally 10 to 50 years for buildings and 15 to 75 years for general infrastructure beginning in the year that the construction is completed or, if purchased after construction, when acquired. Computer software is amortized over a useful life of 2 to 15 years. Land, construction in progress, and computer software in development are nondepreciable capital assets. When a construction project is completed, the capital project costs are moved from the construction in progress account to either buildings or general infrastructure as appropriate.



As shown in the following table, the University decreased its net capital assets by \$3.7 million during fiscal year 2017.

	2017	2016	Increase/ (Decrease)
Land	\$ 65,562,092	\$ 62,457,494	\$ 3,104,598
Construction in Progress	39,116,700	61,591,561	(22,474,861)
Computer Software in Development	889,234	323,600	565,634
Buildings	2,302,604,237	2,228,388,315	74,215,922
Machinery and Equipment	382,078,385	359,435,354	22,643,031
General Infrastructure	208,278,633	207,764,589	514,044
Computer Software	25,606,749	20,544,306	5,062,443
Total Capital Assets	3,024,136,030	2,940,505,219	83,630,811
Accumulated Depreciation/ Amortization	(1,002,472,210)	(915,176,928)	87,295,282
Net Capital Assets	\$ 2,021,663,820	\$ 2,025,328,291	\$ (3,664,471)

In addition to costs incurred, the University had \$50.6 million in outstanding commitments for construction as of June 30, 2017.

During fiscal year 2017 NC State continued construction on new facilities and work on renovations to modernize the campus. Funding for these improvements came from funds provided by University debt financing and NC bonds and certificates of participation.

The multi-year renovation of Reynolds Coliseum was completed in the current fiscal year. The \$35 million project's Grand Re-Opening in September showcased one of the legacy buildings of NC State's campus. Originally opening in 1949, Reynolds was completely renovated and now serves as the home to all services of ROTC and several Wolfpack Athletic teams, including women's basketball, women's volleyball, women's gymnastics and men's wrestling. The 186,000 square foot structure also received certification as a LEED Silver building due to its new sustainability. Reynolds is designated as one of the University's "Hallowed Spaces" and because of this extraordinary care to preserve its special nature, the exterior was largely preserved as it was prior to the renovation.

Reynolds's new sustainability features include water efficient landscaping and water use reduction, and enhanced energy performance by installing an energy-efficient HVAC that services the entire building. To aid the HVAC system, external windows were completely replaced with new double glazed, thermally-improved units. Since this was a renovation, the size of the arena was reduced, the circulation area was improved and a Grand Hall was created as a new public space on campus using the same existing materials and structures to reduce waste.

Construction was completed on the new Gregg Museum of Art & Design near the University's iconic Belltower. The renovation of the historic chancellor's residence and grounds, and the addition of a new 15,000 square-wing for galleries and collections space opened in fiscal year 2017. The facility represents an exciting public-private collaboration. Partners including NC State students and alumni, faculty and staff, Wake County, and the City of Raleigh have joined with the University to make the proj-

ect possible. In addition to their significant investment in the building itself, donors continue to establish endowments to support programs, exhibitions, acquisitions and other needs at the new facility, which is poised to broaden experiences for NC State students, faculty and staff, as well as the wider community.

Renovation of the CVM Main Building Research Lab module 3B was completed to accommodate discipline clustering in a more open and flexible layout. Renovations include wet lab renovation and write-up computational support areas with finish, building system, and casework upgrades. This project renovates approximately 8,000 square feet of the existing CVM Main Building. Among the renovated areas are an open lab, bioinformatics space, conference room, equipment alcoves, and lab support spaces.



Long-Term Debt Activities

The University incurs long-term debt to finance construction projects, to purchase equipment using lease arrangements and to provide for accumulated unused vacation benefits for employees. As shown in the following chart, the University increased its long-term debt during fiscal year 2017.

	2017	2016	Increase/ (Decrease)
Bonds Payable	\$ 519,386,497	\$ 484,255,411	\$ 35,131,086
Net Pension Liability	202,388,385	78,841,126	123,547,259
Notes Payable	68,783,161	71,817,697	(3,034,536)
Capital Leases Payable	730,815	541,177	189,638
Compensated Absences	68,832,460	67,831,331	1,001,129
Pollution Remediation Payable	4,787,228		4,787,228
Total Long-term Liabilities	\$ 864,908,546	\$ 703,286,742	\$ 161,621,804

Long-term liabilities grew by \$161.6 million, mainly due to the increase in the University's share of the net pension liability for the Teachers' and State Employees' Retirement System (TSERS) plan. The primary cause of the \$123.5 million increase in the net pension liability was the difference between the projected and actual investment earnings in the TSERS plan. Principal payments of notes and bonds partially offset the increase in liability resulting from pension liability increase. The final payments for the General Revenue Bonds, Series 2005A and the Carol Johnson Poole Clubhouse Note were made in fiscal year 2016 which decreased bonds payable and notes payable principal amounts. Bonds payable had a net increase due to the University issuing \$50,438,952 in North Carolina State University at Raleigh General Revenue Bonds, Series 2017. The bonds were issued for a current refunding of \$50,000,000 in commercial paper and to have funds available for Case Commons. Pollution Remediation Payable was new this year due to pollution remediation for Lot 86.

Economic Factors That Will Affect the Future

The State of North Carolina continues to experience steady economic growth. Employment growth is improving as employment markets continue to stabilize. The State's economic growth is projected to keep pace with that of the nation as a whole. The State's unemployment rate decreased to 4.2% as of June 2017. The main drivers of revenue, employment and personal income, remain stable. Employment gains continue to improve prospects for better income growth over the next few years.

The North Carolina General Assembly passed and the Governor signed a 2017-19 Appropriation Bill that adjusted NC State University's state appropriated funds as follows. For the first time in over 10 years the University did not

receive a reduction in state appropriated operating funds. However, the University is anticipating a reduction in enrollment change funding of \$6.7 million for FY 17-18, but plans to rebound in FY 18-19 with a \$6.9 million increase in state appropriated funding. The University continues to plan for only very gradual enrollment change that is focused on graduate students. The University received \$9.2 million for repairs and renovations for facilities and infrastructure, \$10.5 million for salary increases and associated benefits for eligible employees, and \$9 million in additional tuition receipts from increases approved by the UNC Board of Governors in February, 2017.

The University is proceeding with two large capital improvement projects partially funded by the Connect NC Bonds. The Engineering Building Oval Project should begin construction in the spring of 2018 with a total project cost of \$154 million of which \$75 million will come from the Connect NC Bond. The Plant Sciences Initiatives project should begin construction in the spring of 2019 with a total project cost of \$160.2 million of which \$85 million will also come from the Connect NC Bond.

The University's projected enrollment growth through 2025 flattens and somewhat stabilizes undergraduate and master's degree enrollment with a focus on growing doctoral enrollment, especially in the STEM (Science, Technology, Engineering, Mathematics) disciplines. The quality of the undergraduate student body continues to increase. Retention and graduation rates continue to improve with graduating student debt at a very modest level among major public research universities. The University continues to be rated as one of the country's best values in higher education.

The University will be implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* in the 2018 fiscal year. The University expects this implementation to have a significant negative impact on its net position from a financial reporting perspective.



UNIVERSITY FINANCIAL STATEMENTS

NORTH CAROLINA
STATE UNIVERSITY

2017 ANNUAL
FINANCIAL REPORT

NORTH CAROLINA STATE UNIVERSITY
Statement of Net Position
June 30, 2017

Exhibit A-1
Page 1 of 2

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 167,212,568
Restricted Cash and Cash Equivalents	118,122,221
Receivables, Net (Note 5)	71,545,288
Due from Primary Government	7,528,701
Due from State of North Carolina Component Units	2,976,590
Due from University Component Units	450,000
Inventories	5,187,115
Notes Receivable, Net (Note 5)	<u>3,147,330</u>
Total Current Assets	<u>376,169,813</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	132,571,357
Endowment Investments	311,538,011
Restricted Investments	221,036,351
Other Investments	165,849,541
Notes Receivable, Net (Note 5)	7,978,602
Capital Assets - Nondepreciable (Note 6)	105,568,026
Capital Assets - Depreciable, Net (Note 6)	<u>1,916,095,794</u>
Total Noncurrent Assets	<u>2,860,637,682</u>
Total Assets	<u>3,236,807,495</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated Decrease in Fair Value of Hedging Derivatives	9,026,065
Deferred Outflows Related to Pensions	<u>139,036,517</u>
Total Deferred Outflows of Resources	<u>148,062,582</u>

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	43,570,047
Due to Primary Government	8,549,951
Due to State of North Carolina Component Units	445,849
Unearned Revenue	45,474,047
Interest Payable	4,629,220
Short-Term Debt (Note 8)	5,145,000
Long-Term Liabilities - Current Portion (Note 9)	<u>25,860,412</u>
Total Current Liabilities	<u>133,674,526</u>

Noncurrent Liabilities:

Deposits Payable	3,210,132
Funds Held for Others	36,869,345
Unearned Revenue	73,897,092
U.S. Government Grants Refundable	3,674,151
Funds Held in Trust for Pool Participants	225,728,003
Hedging Derivative Liability (Note 10)	9,026,065
Long-Term Liabilities, Net (Note 9)	<u>839,048,134</u>
Total Noncurrent Liabilities	<u>1,191,452,922</u>

Total Liabilities	<u>1,325,127,448</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions	<u>9,565,156</u>
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NORTH CAROLINA STATE UNIVERSITY
Statement of Net Position
June 30, 2017

Exhibit A-1
Page 2 of 2

NET POSITION

Net Investment in Capital Assets	1,413,679,229
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	11,819,357
Endowed Professorships	100,717,339
Departmental Uses	8,123,590
Loans	8,296,368
Expendable:	
Scholarships and Fellowships	31,546,395
Research	15,922,867
Endowed Professorships	79,541,478
Departmental Uses	40,861,641
Loans	1,102,670
Capital Projects	84,923,854
Debt Service	17,193,967
Unrestricted	<u>236,448,718</u>
Total Net Position	<u><u>\$ 2,050,177,473</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

NORTH CAROLINA STATE UNIVERSITY
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2017

Exhibit A-2

REVENUES

Operating Revenues:

Student Tuition and Fees, Net (Note 12)	\$ 307,439,091
Federal Appropriations	22,562,648
Federal Grants and Contracts	164,494,966
State and Local Grants and Contracts	38,715,311
Nongovernmental Grants and Contracts	85,074,018
Sales and Services, Net (Note 12)	253,461,699
Interest Earnings on Loans	264,392
Other Operating Revenues Net, (Note 12)	15,933,617

Total Operating Revenues	887,945,742
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EXPENSES

Operating Expenses:

Salaries and Benefits	932,152,864
Supplies and Materials	125,589,349
Services	263,000,838
Scholarships and Fellowships	43,760,379
Utilities	34,128,182
Depreciation/Amortization	95,642,657

Total Operating Expenses	1,494,274,269
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Operating Loss	(606,328,527)
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NONOPERATING REVENUES (EXPENSES)

State Appropriations	506,418,963
Noncapital Grants - Student Financial Aid	44,532,489
Noncapital Grants	530,255
Noncapital Gifts	77,960,232
Investment Income (Net of Investment Expense of \$1,232,417)	35,265,691
Interest and Fees on Debt	(21,378,848)
Federal Interest Subsidy on Debt	1,138,930
Other Nonoperating Expenses	(3,457,605)

Net Nonoperating Revenues	641,010,107
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Income Before Other Revenues	34,681,580
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Capital Appropriations	6,079,067
Capital Grants	4,138,812
Capital Gifts	4,380,717
Additions to Endowments	9,645,619

Increase in Net Position	58,925,795
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NET POSITION

Net Position - July 1, 2016	1,991,251,678
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Net Position - June 30, 2017	\$ 2,050,177,473
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The accompanying notes to the financial statements are an integral part of this statement.

NORTH CAROLINA STATE UNIVERSITY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

Exhibit A-3
Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 874,296,553
Payments to Employees and Fringe Benefits	(926,443,261)
Payments to Vendors and Suppliers	(415,820,009)
Payments for Scholarships and Fellowships	(43,760,379)
Loans Issued	(2,058,752)
Collection of Loans	1,989,771
Interest Earned on Loans	266,060
Other Receipts	15,897,070
	<hr/>
Net Cash Used by Operating Activities	(495,632,947)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	506,418,963
Noncapital Grants - Student Financial Aid	44,532,489
Noncapital Grants	(821,882)
Noncapital Gifts	77,510,232
Additions to Endowments	9,645,619
Proceeds from Hofmann Forest Timber Deed	128
William D. Ford Direct Lending Receipts	114,678,102
William D. Ford Direct Lending Disbursements	(111,197,222)
Related Activity Agency Receipts	55,620,428
Related Activity Agency Disbursements	(49,624,783)
External Participation in Investment Fund Receipts	42,213,000
External Participation in Investment Fund Disbursements	(16,441,134)
Other Receipts	(1,629,358)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	670,904,582

CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES

Proceeds from Capital Debt	275,623,952
Capital Appropriations	6,079,067
Capital Grants	3,777,093
Capital Gifts	3,420,786
Proceeds from Sale of Capital Assets	499,950
Acquisition and Construction of Capital Assets	(96,295,640)
Principal Paid on Capital Debt and Leases	(277,334,382)
Interest and Fees Paid on Capital Debt and Leases	(21,099,815)
Federal Interest Subsidy on Debt Received	1,138,930
Other Payments	(646,930)
	<hr/>
Net Cash Used by Capital Financing and Related Financing Activities	(104,836,989)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	8,359,488
Investment Income	4,255,697
Purchase of Investments and Related Fees	(152,730,288)
	<hr/>
Net Cash Provided by Investing Activities	(140,115,103)

Net Decrease in Cash and Cash Equivalents	(69,680,457)
Cash and Cash Equivalents - July 1, 2016	487,586,603
	<hr/>
Cash and Cash Equivalents - June 30, 2017	\$ 417,906,146

NORTH CAROLINA STATE UNIVERSITY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

Exhibit A-3
Page 2 of 2

**RECONCILIATION OF NET OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (606,328,527)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	95,642,657
Allowances, Write-Offs, and Amortizations	(167,410)
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	1,513,001
Due from Primary Government	(645,283)
Inventories	740,565
Notes Receivable, Net	(31,050)
Deferred Outflows for Pensions	(107,751,560)
Changes in Liabilities and Deferred Inflows of Resources	
Accounts Payable and Accrued Liabilities	1,921,957
Due to Primary Government	878,280
Due to State of North Carolina Component Units	(68,204)
Unearned Revenue	1,679,082
Net Pension Liability	123,547,259
Compensated Absences	1,001,129
Deposits Payable	376,005
Deferred Inflows for Pensions	(7,940,848)
Net Cash Used by Operating Activities	<u><u>\$ (495,632,947)</u></u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:	
Cash and Cash Equivalents	\$ 167,212,568
Restricted Cash and Cash Equivalents	118,122,221
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>132,571,357</u>
Total Cash and Cash Equivalents - June 30, 2017	<u><u>\$ 417,906,146</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	364,484
Assets Acquired through a Gift	959,931
Change in Fair Value of Investments	25,924,943
Loss on Disposal of Capital Assets	(546,239)
Amortization of Bond Premiums/Discounts	(1,322,866)

The accompanying notes to the financial statements are an integral part of this statement.



COMPONENT UNIT FINANCIAL STATEMENTS

NORTH CAROLINA
STATE UNIVERSITY

2017 ANNUAL
FINANCIAL REPORT

**NORTH CAROLINA STATE UNIVERSITY
FOUNDATIONS**
Statement of Financial Position
June 30, 2017

Exhibit B-1

	North Carolina State University Foundation, Inc.	NC State Student Aid Association, Inc.	The North Carolina Agricultural Foundation, Inc.
ASSETS			
Cash and Cash Equivalents	\$ 17,936,203	\$ 4,975,902	\$ 19,969,970
Current Investments		7,890,229	
Intermediate Investments	7,082,930		19,014,469
Long-Term Investments	283,498,211	26,175,834	88,471,468
Closely Held Stock			4,890
Cash Surrender Value of Life Insurance		134,885	
Assets Held in Charitable Trusts and Annuities	22,863,844	1,280,725	
Donated Property and Land	1,586,350		34,685,980
Land and Property Held for Others	1,000,000		
Receivables, Net	101,306	88,845	179,035
Pledges Receivable/Promises	63,756,360	20,289,933	5,504,040
Land Held for Investment		7,348,929	
Prepaid Expenses		53,576	
Cash Restricted for Long-Term Purposes		8,801,835	
Property and Equipment, Net	6,711,993	28,856,560	54,384
Other Assets	292,683		10,828
Total Assets	404,829,880	105,897,253	167,895,064
LIABILITIES			
Accounts Payable and Accrued Expenses	630,109	606,962	329,038
Due to University		450,000	
Due to Others	1,289,635	1,524,277	105,173
Life Income Funds Payable	19,284,816		5,818,663
Deferred Revenue	8,545	2,714,900	42,987
Funds Held for Others	828,862		
Long-Term Debt		19,465,000	
Total Liabilities	22,041,967	24,761,139	6,295,861
NET ASSETS			
Unrestricted	13,808,426	24,876,419	3,121,752
Temporarily Restricted	119,109,772	19,554,973	75,972,516
Permanently Restricted	249,869,715	36,704,722	82,504,935
Total Net Assets	382,787,913	81,136,114	161,599,203
Total Liabilities and Net Assets	\$ 404,829,880	\$ 105,897,253	\$ 167,895,064

The accompanying notes to the financial statements are an integral part of this statement.

NORTH CAROLINA STATE UNIVERSITY FOUNDATIONS
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Exhibit B-2

	North Carolina State University Foundation, Inc.	NC State Student Aid Association, Inc.	The North Carolina Agricultural Foundation, Inc.
CHANGES IN UNRESTRICTED NET ASSETS			
Revenues and Gains:			
Contributions	\$ 8,963	\$ 12,459,041	\$ 1,736,028
Clubs Income		177,530	
Donated Services and Salaries	1,609,000		1,444,000
Leasehold Improvements	219,029		
Net Investment Income	1,629,471	3,280,713	132,811
Advertising Income		803,786	
Special Events		174,927	
Interest and Dividends	273,678		431,763
Disposal of Other Assets			(29,271)
Other Income	1,801,099	69,771	140,826
Net Assets Released from Restrictions: Program or Time Restrictions	20,872,238		12,894,138
Net Assets Released from Restrictions: Facility Improvements		6,165,959	
Total Unrestricted Revenues, Gains and Other Support	26,413,478	23,131,727	16,750,295
Expenses and Losses:			
Scholarships and Fellowships	6,706,287		3,988,496
University Support	6,013,049	12,519,814	7,480,651
University Facilities Support	3,231,483	7,974,451	201,157
Other Contracted Services	1,335,855		
Other Current Services	632,237		2,182,958
Administrative	704,053	1,271,710	382,000
Fund Raising	4,481,287	2,410,621	2,477,991
Other	1,848,646		
Total Expenses	24,952,897	24,176,596	16,713,253
Loss on Sale of Asset		5,000	
Total Expenses and Losses	24,952,897	24,181,596	16,713,253
Increase (Decrease) in Unrestricted Net Assets	1,460,581	(1,049,869)	37,042
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Contributions	12,693,554	3,336,378	9,482,523
Grant Revenue			625,784
Change in Pledges Receivables	202,021		220,103
Donated Property			2,080,000
Disposal of Other Assets			(3,788,601)
Vaughn Towers		3,500,177	
Net Investment Income	26,929,754	7,091	7,931,641
Royalties			315,644
Interest and Dividends	87,563		223,828
Other Income	2,426,517		990,130
Net Assets Released from Restrictions: Program or Time Restrictions	(20,872,238)		(12,894,138)
Net Assets Released from Restrictions: Facility Improvements		(6,165,959)	
Increase in Temporarily Restricted Net Assets	21,467,171	677,687	5,186,914
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS			
Contributions	27,014,002	589,324	3,911,215
Change in Pledges Receivable	(383,112)		(1,838,993)
Donated Property	490,000		298,557
Net Investment Income	1,907,773		535,851
Change in Value of Split Interest Agreements and Trusts	(4,733,732)	71,412	(1,359,024)
Interest and Dividends	141,028		94,579
Other Income	516,212		667,560
Increase in Permanently Restricted Net Assets	24,952,171	660,736	2,309,745
Increase in Net Assets	47,879,923	288,554	7,533,701
Net Assets at Beginning of Year	334,907,990	80,847,560	154,065,502
Net Assets at End of Year	\$ 382,787,913	\$ 81,136,114	\$ 161,599,203

The accompanying notes to the financial statements are an integral part of this statement.



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NOTE 1**Significant Accounting Policies**

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. North Carolina State University (University) is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds belonging to the University and its component units. While the Board of Governors of the University of North Carolina System has ultimate responsibility, the Chancellor, the Board of Trustees, and the Board of Trustees of the Endowment Fund have delegated responsibilities for financial accountability of the University's funds. The University's component units are either blended or discretely presented in the University's financial statements. See below for further discussion of the University's component units. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

Blended Component Units - Although legally separate, the NC State Investment Fund, Inc. (Investment Fund) and the NC State University Partnership Corporation (Corporation), component units of the University, are reported as if they were part of the University.

The Investment Fund is governed by a board consisting of six ex officio directors and five elected directors. The Investment Fund's purpose is to support the University by operating an investment fund for charitable, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The Investment Fund is a governmental external investment pool. Because the elected directors of the Investment Fund are appointed by the members of the North Carolina State University Board of Trustees and the Investment Fund's primary purpose is to benefit North Carolina State University, its financial statements have been blended with those of the University.

The Corporation is governed by a five member Board of Directors appointed based on their positions held with North Carolina State University. Additional members of the board may be appointed by the Chancellor of North Carolina State University. The Corporation's purpose is to support and benefit the University with the aims of creating new knowledge and improving the lives of the

people of North Carolina. The Corporation formed NC State University Centennial Development, LLC on January 25, 2002 to construct, own and operate a golf course located on the North Carolina State University Centennial Campus. In addition, the Corporation formed NC State Upfit, LLC on October 27, 2006 to develop, construct, own, finance, manage and otherwise upfit facilities and other infrastructure on Centennial Campus. Also, the Corporation formed NC State CBC Land I, LLC on June 1, 2007 to acquire, develop, own, lease, hold, manage, sell, and otherwise exercise all right of ownership of land and flex lab facilities on Centennial Biomedical Campus. Additionally, the Corporation formed NC State American Home, LLC on August 8, 2007 and changed its name to Bell Tower Holdings LLC on December 14, 2009. The purposes of Bell Tower Holdings LLC are to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all right of ownership of real property and enter into any related agreements for assisting with the acquisition, development, financing, construction, management and operation of real property. On March 31, 2008 the Corporation formed NC State CC Holdings I, LLC to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all right of ownership of land and facilities on Centennial Campus. Leaders in Innovation and Nonwovens Commercialization, LLC (LINC), was established on July 9, 2012 to foster economic development and creation of new knowledge by facilitating commercialization of technologies developed at the Nonwovens Institute at NC State University. On September 27, 2016 the Corporation established the Wolfpack Investor Network, LLC (WIN) to connect the NC State alumni network with the NC State entrepreneurial community to create an angel investing platform. Because the Corporation's Board consists of University employees and members appointed by the Chancellor and its sole purpose is to support and benefit the University, the Corporation and the LLCs are considered part of the University for financial reporting purposes.

Separate financial statements for the Investment Fund and for the Corporation and the LLCs may be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149. Other related foundations and similar non-profit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

Condensed combining information regarding blended component units is provided in Note 19.

Discretely Presented Component Units - The North Carolina State University Foundation, Inc. (Foundation), NC State Student Aid Association, Inc. (Athletic Club) and The North Carolina Agricultural Foundation, Inc. (Agricultural Foundation) are legally separate nonprofit corporations and are reported as discretely presented component units based on the nature and significance of their relationship to the University.

The Foundation, Athletic Club and Agricultural Foundation

are legally separate, tax-exempt component units of the University. These entities act primarily as fundraising organizations to supplement the resources that are available to the University in support of its programs. Separate Boards of Directors govern these entities independent of the University's Board of Trustees. Although the University does not control the timing or amount of receipts from these entities, the majority of resources, or income thereon that these entities hold and invest are restricted to the activities of the University by the donors. Because these restricted resources held by these entities can only be used by, or for the benefit of the University, these entities are considered component units of the University and are reported in separate financial statements because of the difference in their reporting model, as described below.

The Foundation, Athletic Club and Agricultural Foundation are private nonprofit organizations that report their financial results under Financial Accounting Standards Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to their financial information in the University's financial reporting entity for these differences.

During the year ended June 30, 2017, the Foundation distributed \$19,345,471 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

During the year ended June 30, 2017, the Athletic Club distributed \$14,918,696 to the University for both restricted and unrestricted purposes. Complete financial statements for the Athletic Club can be obtained from the NC State Student Aid Association, PO Box 37100, Raleigh, NC 27627, or by calling (919) 865-1500.

During the year ended June 30, 2017, the Agricultural Foundation distributed \$14,136,869 to the University for both restricted and unrestricted purposes. Complete financial statements for the Agricultural Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

B. Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the full scope of the University's activities is considered to be a single business-type activity

and accordingly, is reported within a single column in the basic financial statements.

C. Basis of Accounting - The financial statements of the University have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. Cash and Cash Equivalents - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, money market accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E. Investments - To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

Endowment investments include the principal amount of gifts and bequests that, according to donor restrictions, must be held in perpetuity or for a specified period of time, along with any accumulated investment earnings on such amounts. Further, endowment investments also include amounts internally designated by the University for investment in an endowment capacity (i.e. quasi-endowments), along with accumulated investment earnings on such amounts.

Restricted investments include funds of affiliated entities that are neither part of the University's reporting entity nor reported discretely but invested through the Investment Fund.

F. Receivables - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments and private sources in connection with

reimbursement of allowable expenditures made pursuant to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.

G. Inventories - Inventories, consisting of expendable supplies and merchandise for resale, are valued at cost using the first-in, first-out method. Exceptions are the bookstore, which uses the retail inventory method, and physical plant, which uses the moving weighted average method.

H. Capital Assets - Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs. Interest costs incurred are capitalized during the period of construction.

The University capitalizes assets that have a value or cost of \$5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated software which is capitalized when the value or cost is \$1,000,000 or greater and other intangible assets which are capitalized when the value or cost is \$100,000 or greater.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings	10 - 50 years
Machinery & Equipment	4 - 22 years
General Infrastructure	15 - 75 years
Computer Software	2 - 15 years

The University does not capitalize its Arts and Design or Historic collections. These collections adhere to the University's policy to maintain for public exhibition, education, or research; protect, keep unencumbered, care for, and preserve; and requires proceeds from their sale to be used to acquire other collection items. Accounting principles generally accepted in the United States of America permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

I. Restricted Assets - Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources legally segregated for the payment of principal and interest as required by debt covenants, unspent debt proceeds, and endowment and other restricted investments.

J. Funds Held in Trust for Pool Participants - Funds held in trust for pool participants represent the external portion of the University's governmental external investment pool more fully described in Note 2.

K. Noncurrent Long-Term Liabilities - Noncurrent long-term liabilities include principal amounts of revenue bonds payable, net pension liability, notes payable, capital lease obligations, compensated absences, and pollution remediation payable that will not be paid within the next fiscal year.

Revenue bonds payable are reported net of unamortized premiums or discounts. The University amortizes bond premiums/discounts over the life of the bonds using the straight-line method. Losses on refunding and issuance costs on bonds payable are not material to the accompanying financial statements and are expensed in the year incurred.

The net pension liability represents the University's proportionate share of the collective net pension liability reported in the State of North Carolina's 2016 *Comprehensive Annual Financial Report*. This liability represents the University's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 14 for further information regarding the University's policies for recognizing liabilities, expenses, and deferred outflows of resources and deferred inflows of resources related to pensions.

L. Compensated Absences - The University's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the University has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

M. Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The University has the following items that qualify for reporting in this category: the accumulated decrease in fair value of hedging derivatives and deferred outflows related to pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The University has deferred inflows related to pensions that qualify for reporting in this category.

N. Net Position - The University's net position is classified as follows:

Net Investment in Capital Assets - This represents the University's total investment in capital assets, net of outstanding liabilities related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

Restricted Net Position- Nonexpendable - Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources, and, as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position- Expendable - Expendable restricted net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Position - Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the University. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always

used first. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources.

O. Scholarship Discounts - Student tuition and fees revenues and certain other revenues from University charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the University and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship discount.

P. Revenue and Expense Recognition - The University classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, (3) certain federal, state, and local grants and contracts that are essentially contracts for services, and (4) interest earned on loans. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the University, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

Q. Internal Sales Activities - Certain institutional auxiliary operations provide goods and services to University departments, as well as to its customers. These institutional auxiliary operations include activities such as Central Stores, the Creamery, Telecommunications, Physical Plant, and Motor Pool. In addition, the University has other miscellaneous sales and service units that operate either on a reimbursement or charge basis. All internal sales activities to University departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and

expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

NOTE 2

Deposits and Investments

A. Deposits - Unless specifically exempt, the University is required by *North Carolina General Statute* 147-77 to deposit moneys received with the State Treasurer or with a depository institution in the name of the State Treasurer. However, the University of North Carolina Board of Governors, pursuant to G.S. 116-36.1, may authorize the University to deposit its institutional trust funds in interest-bearing accounts and other investments authorized by the Board of Governors, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. Although specifically exempted, the University may voluntarily deposit institutional trust funds, endowment funds, special funds, revenue bond proceeds, debt service funds, and funds received for services rendered by health care professionals with the State Treasurer. Special funds consist of moneys for intercollegiate athletics and agency funds held directly by the University.

Cash on hand at June 30, 2017 was \$448,885. The carrying amount of the University's deposits not with the State Treasurer reported as cash on the Statement of Net Position, was \$6,204,432 and the bank balance was \$6,307,408. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University follows the Cash Management Plan (Plan) approved by the North Carolina Office of the State Controller. As provided by the Plan, imprest checking accounts are established with outside banks when considered effective in meeting management objectives. All imprest checking accounts are authorized by the University Treasurer and are limited to the minimum amount needed for sanctioned purposes. In addition, pursuant to G.S. 116-36(e), the University invests certain endowment funds with outside bank accounts. The University does not have a deposit policy for custodial credit risk. As of June 30, 2017, the University's bank balance exposed to custodial credit risk (amounts that are uninsured and uncollateralized) was \$5,453,566.

B. Investments - The University is authorized by the University of North Carolina Board of Governors pursuant to G.S. 116-36.2 and Section 600.2.4 of the Policy Manual of the University of North Carolina to invest its special funds and funds received for services rendered by health care professionals in the same manner as the State Treasurer is required to invest, as discussed below.

Additionally, the University has also been delegated authority by the President of the University of North Carolina pursuant to G.S. 116-36.1 and Section 600.2.4.1 of the Policy Manual of the University of North Carolina to invest its trust funds in the same manner as the State Treasurer is required to invest, as discussed below.

G.S. 147-69.1(c), applicable to the State's General Fund, and G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; certificates of deposit and other deposit accounts of specified financial institutions; prime quality commercial paper; asset-backed securities with specified ratings, specified bills of exchange or time drafts, and corporate bonds/notes with specified ratings; general obligations of other states; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

In accordance with the bond resolutions, bond proceeds and debt service funds are invested in obligations that will by their terms mature on or before the date funds are expected to be required for expenditure or withdrawal.

G.S. 116-36(e) provides that the trustees of the Endowment Fund shall be responsible for the prudent investment of the Fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the Endowment Fund to be invested.

Investments of the Endowment Fund, including those invested in the Investment Fund, a University component unit, are subject to and restricted by G.S. 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) and any requirements placed on them by contract or donor agreements.

Investments of various funds may be pooled unless prohibited by statute or by terms of the gift or contract. The University utilizes investment pools to manage investments and distribute investment income.

Investments are subject to the following risks as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3*.

Interest Rate Risk: Interest rate risk is the risk the University may face should interest rate variances affect the value of investments. The University does not have a formal policy that addresses interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy that addresses credit risk.

Short-Term Investment Fund - At June 30, 2017, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$411,252,829 which represents the University's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities

and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.6 years as of June 30, 2017. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

Investment Fund - The Investment Fund began operations in April 1999 and is classified as a non-rated 2a7-like governmental external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Endowment Fund of North Carolina State University, The North Carolina Agricultural Foundation, Inc., and the North Carolina State University Foundation, Inc. represent the Investment Fund's internal participants. The North Carolina Agricultural Foundation, Inc. and the North Carolina State University Foundation, Inc. are discretely presented component units in the accompanying financial statements. Other affiliated organizations not included in the University's reporting entity represent the Investment Pool's external participants. The external portion of the Investment Pool is presented in the accompanying financial statements as "Funds Held in Trust for Pool Participants." The Investment Fund includes the Long-Term Investment Pool (LTIP) and the Intermediate Term Fund (ITF) which was established on July 3, 2014 for the collective investment of the participants' excess operating funds.

The Investment Fund is not subject to any formal oversight other than that provided by the Investment Fund Members Board or its Board of Directors. The Members Board is responsible for adopting investment objectives and policies and for monitoring policy implementation and investment performance. The Members Board has chosen not to make individual security selection decisions. The Board of Directors has the responsibility to oversee the allocation of the Investment Fund's portfolio among the asset classes, investment vehicles, and investment managers. Authority to manage the ITF in accordance with the investment policy has been granted jointly to the University's Vice Chancellor and Associate Vice Chancellor for Finance and Administration.

Bank of New York Mellon is the custodian for the Investment Fund and provides the University with quarterly statements defining income and fair value information, which is then allocated among the fund's participants. Each participant holds Master Trust Units of the Investment Fund. The unit price fluctuates based on the investment experience of the investment pool. There are no involuntary participants in the Investment Fund. The University has not provided or obtained any legally binding guarantees during the period to support the value for the Investment Fund's investments. The annual financial report for the Investment Fund may be obtained from the Foundations Accounting and Investment Office, Campus Box 7207, Raleigh, NC 27695 or by calling (919) 513-7149 or at <http://foundationsaccounting.ofa.ncsu.edu/investment-fund>.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2017, for the Investment Fund.

INVESTMENT FUND

Investment Type	Investment Maturities (in Years)		
	Amount	Less	
		Than 1	1 to 5
Debt Securities			
Collective Investment Funds	\$ 72,249,983	\$ 72,249,983	\$ 0
Debt Mutual Funds	188,615,727		188,615,727
Total Debt Securities	260,865,710	<u>\$ 72,249,983</u>	<u>\$ 188,615,727</u>
Other Securities			
UNC Investment Fund	\$ 774,716,927		
Private Equity Limited Partnerships	19,146,385		
Total Investment Fund	<u>\$ 1,054,729,022</u>		

At June 30, 2017, investments in the Investment Fund had the following credit quality distribution for securities with credit exposure (based on S&P ratings):

	Amount	AAA Aaa	AA Aa	A	BBB Baa	BB/Ba and Below	Unrated
Collective Investment Funds	\$ 72,249,983	\$ 7,572,889	\$ 10,950,476	\$ 0	\$ 0	\$ 1,284,179	\$ 52,442,439
Debt Mutual Funds	188,615,727			27,608,252	94,314,829	27,821,509	38,871,137
Totals	<u>\$ 260,865,710</u>	<u>\$ 7,572,889</u>	<u>\$ 10,950,476</u>	<u>\$ 27,608,252</u>	<u>\$ 94,314,829</u>	<u>\$ 29,105,688</u>	<u>\$ 91,313,576</u>

UNC Investment Fund, LLC - At June 30, 2017, the University's investments include \$774,716,927 which represents the University's equity position in the UNC Investment Fund, LLC (UNC Investment Fund). The UNC Investment Fund is an external investment pool that is not registered with the Securities and Exchange Commission, does not have a credit rating, and is not subject to any regulatory oversight. Investment risks associated with the UNC Investment Fund are included in audited financial statements of the UNC Investment Fund, LLC which may be obtained from UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, NC 27517.

Non-Pooled Investments - The following table presents investments by type and investments subject to interest rate risk at June 30, 2017, for the University's non-pooled investments.

NON-POOLED INVESTMENTS

Investment Type	Amount	Investment Maturities (in Years)
		Less Than 1
Debt Securities		
Money Market Mutual Funds	\$ 10,603	\$ 10,603
Other Securities		
Domestic Stocks	100,587	
Collections and Mineral Rights	65,134	
Total Non-Pooled Investments	\$ 176,324	

At June 30, 2017, the University's non-pooled investments had the following credit quality distribution for securities with credit exposure (based on Moody's and S&P ratings):

	Amount	AAA Aaa
Money Market Mutual Funds	\$ 10,603	\$ 10,603

Total Investments - The following table presents the total investments at June 30, 2017:

Investment Type	Amount
Debt Securities	
Collective Investment Funds	\$ 72,249,983
Debt Mutual Funds	188,615,727
Money Market Mutual Funds	10,603
Other Securities	
UNC Investment Fund	774,716,927
Private Equity Limited Partnerships	19,146,385
Domestic Stocks	100,587
Collections and Mineral Rights	65,134
Total Investments	\$ 1,054,905,346

Total investments include \$356,481,443 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements.

NOTE 3**Fair Value Measurements**

To the extent available, the University's investments and derivatives are recorded at fair value as of June 30, 2017. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1	Investments whose values are based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
Level 2	Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
Level 3	Investments classified as Level 3 have unobservable inputs for an asset or liability and may require a degree of professional judgment.

The following table summarizes the University's investments and hedging derivatives, including the Short-Term Investment Fund, within the fair value hierarchy at June 30, 2017:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investment by Fair Value Level				
Debt Securities				
Collective Investment Funds	\$ 72,249,983	\$ 72,249,983	\$ 0	0
Debt Mutual Funds	188,615,727	188,615,727		
Money Market Mutual Funds	10,603	10,603		
Total Debt Securities	260,876,313	260,876,313		
Other Securities				
Short Term Investment Fund	411,252,829		411,252,829	
UNC Investment Fund	774,716,927			774,716,927
Domestic Stocks	100,587			100,587
Total Investments by Fair Value Level	1,446,946,656	<u>\$ 260,876,313</u>	<u>\$ 411,252,829</u>	<u>\$ 774,817,514</u>
Investments Measured at the Net Asset Value (NAV)				
Private Equity Limited Partnerships	19,146,385			
Collection and Mineral Rights	65,134			
Total Investments Measured at the NAV	19,211,519			
Total Investments Measured at Fair Value	<u>\$ 1,466,158,175</u>			
Derivative Instruments				
Hedging Derivative Instruments				
Interest Rate Swaps	\$ 9,026,065	\$ 0	\$ 9,026,065	0

Short-Term Investment Fund - Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian.

UNC Investment Fund - Ownership interests of the UNC Investment Fund are determined on a market unit valuation basis each month and in accordance with the UNC Investment Fund's operating procedures.

Debt and Equity Securities – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Domestic Stock – Domestic stock classified as Level 3 of the fair value hierarchy are valued at book value. There is no readily determinable fair value.

Derivative Instruments – Derivative instruments classified as Level 2 of the fair value hierarchy are valued at present value using discounted cash flows.

The valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) is presented on the following table.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Limited Partnerships	\$ 19,146,385	\$ 5,146,973	n/a	n/a
Collection and Mineral Rights	65,134	n/a	n/a	n/a
Total Investments Measured at the NAV	\$ 19,211,519			

A. Private Equity Limited Partnerships - Private equities include venture capital partnerships, buy-outs, and international funds. The valuation of the underlying private companies requires significant judgment and interpretation by the general partners of the underlying investment partnerships due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Private companies are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer, the lack of liquidity inherent in a non-public investment, credit markets, and the fact that comparable public companies are not identical to the companies being valued.

B. Art Collection: The Kamphoefner art collection, with an estimated value of \$27,300, was gifted to the Endowment Fund in 1979. This collection is to be held for the use of the D. H. Hill Library at NC State University.

Mineral Rights: Virginia Rock and Mineral rights were gifted to the Endowment Fund in 1987. This was a gift for the use of the NC State Geology Department. There have been three sales of these mineral rights since the original receipt of the gift. The most recent sale from July 2016 was used to adjust the value per acre.

NOTE 4**Endowment Investments**

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA), authorized by the North Carolina General Assembly on March 19, 2009, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements, or applicable State of North Carolina law. However, a majority of the University's endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

Investment return of the University's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the University pooled

endowment funds are determined by applying 4% (the Board approved spending rate) to the average market value of the long term investment pool (for a twenty quarter period), divided by the number of investment units in the pool to determine the "average spending amount" per unit of investment. The individual endowment fund payout or spending budget is then determined by applying the "average spending amount" to the number of investment units held by the individual endowment fund. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted and unrestricted, expendable net position endowment balances to make up the difference. At June 30, 2017, net appreciation of \$143,452,290 was available to be spent, of which \$134,798,915 was classified in net position as Restricted, Expendable: Scholarships and Fellowships, Restricted Expendable: Endowed Professorships, and Restricted Expendable: Departmental Uses, as it is restricted to specific purposes. The remaining portion of net appreciation available to be spent is classified as unrestricted net position.

NOTE 5**Receivables**

Receivables at June 30, 2017, were as follows:

Current Receivables:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Students	\$ 1,807,991	\$ 1,253,773	\$ 554,218
Student Sponsors	2,864,411		2,864,411
Accounts	28,371,732	1,649,384	26,722,348
Intergovernmental	41,051,768		41,051,768
Interest on Loans	505,087	458,215	46,872
Federal Interest Subsidy on Debt	305,671		305,671
Total Current Receivables	\$ 74,906,660	\$ 3,361,372	\$ 71,545,288

Notes Receivable:**Notes Receivable - Current:**

Federal Loan Programs	\$ 2,762,577	\$ 10,544	\$ 2,752,033
Institutional Student Loan Programs	397,557	2,260	395,297
Total Notes Receivable - Current	\$ 3,160,134	\$ 12,804	\$ 3,147,330

Notes Receivable - Noncurrent:

Federal Loan Programs	\$ 8,520,316	\$ 701,425	\$ 7,818,891
Institutional Student Loan Programs	306,331	146,620	159,711
Total Notes Receivable - Noncurrent	\$ 8,826,647	\$ 848,045	\$ 7,978,602

NOTE 6**Capital Assets**

A summary of changes in the capital assets for the year ended June 30, 2017, is presented as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets, Nondepreciable:				
Land	\$ 62,457,494	\$ 3,104,598	\$ 0	\$ 65,562,092
Construction in Progress	61,591,561	17,467,418	39,942,279	39,116,700
Computer Software in Development	323,600	4,878,082	4,312,448	889,234
Total Capital Assets, Nondepreciable	124,372,655	25,450,098	44,254,727	105,568,026
Capital Assets, Depreciable:				
Buildings	2,228,388,315	75,334,907	1,118,985	2,302,604,237
Machinery and Equipment	359,435,354	30,917,605	8,274,574	382,078,385
General Infrastructure	207,764,589	514,044		208,278,633
Computer Software	20,544,306	5,062,448	5	25,606,749
Total Capital Assets, Depreciable	2,816,132,564	111,829,004	9,393,564	2,918,568,004
Less Accumulated Depreciation/Amortization for:				
Buildings	626,225,799	64,865,501	1,093,700	689,997,600
Machinery and Equipment	214,375,842	21,620,327	7,194,420	228,801,749
General Infrastructure	63,549,795	5,212,345	59,255	68,702,885
Computer Software	11,025,492	3,944,484		14,969,976
Total Accumulated Depreciation/Amortization	915,176,928	95,642,657	8,347,375	1,002,472,210
Total Capital Assets, Depreciable, Net	1,900,955,636	16,186,347	1,046,189	1,916,095,794
Capital Assets, Net	\$ 2,025,328,291	\$ 41,636,445	\$ 45,300,916	\$ 2,021,663,820

During the year ended June 30, 2017, the University incurred \$21,978,337 in interest costs related to the acquisition and construction of capital assets. Of this total, \$21,954,121 was charged in interest expense, and \$24,216 was capitalized.

NOTE 7**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at June 30, 2017, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 21,734,521
Accounts Payable-Capital	8,605,144
Accrued Payroll	6,011,453
Contract Retainage	1,589,010
Other	5,629,919
Total Current Accounts Payable and Accrued Liabilities	\$ 43,570,047

NOTE 8**Short-Term Debt - Commercial Paper Program And Line of Credit**

The University has available Commercial Paper Program financing for short-term debt credit up to \$100,000,000 to finance capital construction projects. The University's available funds are pledged to the Commercial Paper Program financing with the anticipation of converting to general revenue bond financing in the future. As of June 30, 2017, \$5,000,000 in Taxable Commercial Paper was outstanding.

The NC State University Partnership Corporation, through the NC State University Centennial Development LLC has available a Line of Credit, from SunTrust Bank, up to \$250,000 for operations at the Lonnie Poole Golf Course. The line is unsecured and must maintain a zero balance for at least 30 consecutive days during each twelve months. As of June 30, 2017, \$145,000 was outstanding.

Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Draws	Repayments	Balance June 30, 2017
Commercial Paper Program	\$ 40,000,000	\$ 225,000,000	\$ 260,000,000	\$ 5,000,000
Partnership Corporation - Line of Credit	100,000	185,000	140,000	145,000
Total Short-Term Debt	\$ 40,100,000	\$ 225,185,000	\$ 260,140,000	\$ 5,145,000

NOTE 9

Long-Term Liabilities

A. Changes in Long-Term Liabilities - A summary of changes in the long-term liabilities for the year ended June 30, 2017, is presented as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
Revenue Bonds Payable	\$ 462,090,000	\$ 50,438,952	\$ 13,985,000	\$ 498,543,952	\$ 18,605,636
Plus: Unamortized Premium	22,165,411		1,322,866	20,842,545	
Total Revenue Bonds Payable, Net	484,255,411	50,438,952	15,307,866	519,386,497	18,605,636
Net Pension Liability	78,841,126	123,547,259		202,388,385	
Notes Payable	71,817,697		3,034,536	68,783,161	3,558,786
Capital Leases Payable	541,177	364,484	174,846	730,815	203,728
Compensated Absences	67,831,331	41,684,604	40,683,475	68,832,460	3,390,290
Pollution Remediation Payable		4,787,228		4,787,228	101,972
Total Long-Term Liabilities	\$ 703,286,742	\$ 220,822,527	\$ 59,200,723	\$ 864,908,546	\$ 25,860,412

Additional information regarding capital lease obligations is included in Note 11.

Additional information regarding the net pension liability is included in Note 14.

B. Revenue Bonds Payable - The University was indebted for revenue bonds payable for the purposes shown in the following table:

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2017	Principal Outstanding June 30, 2017
GENERAL REVENUE						
Housing System Projects/Doak Field Projects	2003B	3.54% swap*	10/01/2027	\$ 45,660,000	\$ 3,455,000	\$ 42,205,000
Various Construction Projects	2008B	4% - 4.25%	10/01/2020	26,955,000	25,755,000	1,200,000
Various Construction Projects	2010A	4% - 5%	10/01/2022	18,065,000	8,195,000	9,870,000
Various Construction Projects	2010B	5.079% - 6.027% **	10/01/2035	59,565,000		59,565,000
Advance Refund Series 2003A	2012	4% - 5%	10/01/2018	16,265,000	9,315,000	6,950,000
Adv Refund 2005A/Wolf Ridge Housing	2013A	2% - 5%	10/01/2042	132,440,000	2,275,000	130,165,000
Adv Refund 2005A/Talley Student Union	2013B	1.164% - 4%	10/01/2041	141,650,000	4,320,000	137,330,000
Refund 2008A	2015	3.86% swap*	10/01/2028	64,455,000	3,635,000	60,820,000
Various Construction Projects	2017	2.58%	10/01/2031	50,438,952		50,438,952
Total Revenue Bonds Payable (principal only)				\$ 555,493,952	\$ 56,950,000	\$ 498,543,952
Plus: Unamortized Premium						20,842,545
Total Revenue Bonds Payable, Net						\$ 519,386,497

* For variable rate debt, interest rates in effect at June 30, 2017, are included. For variable rate debt with interest rate swaps, the synthetic fixed rates are included.

** The University has elected to treat these bonds as federally taxable "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act and to receive a cash subsidy from the U.S. Treasury equal to 32% of the interest payable on these bonds. For these bonds, the interest rate included is the taxable rate, which does not factor in the cash subsidy from the U.S. Treasury.

C. Demand Bonds - Included in bonds payable is a variable rate demand bond issue. Demand bonds are securities that contain a “put” feature that allows bondholders to demand payment before the maturity of the debt upon proper notice to the University’s remarketing or paying agents.

With regard to the following demand bond, the University has entered into take out agreements, which would convert the demand bonds not successfully remarketed into another form of long-term debt.

North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2003B: On June 20, 2003 the University issued tax-exempt variable rate revenue demand bonds in the amount of \$45,660,000 that have a final maturity date of October 1, 2027. The bonds are subject to mandatory sinking fund redemption that began on October 1, 2004. The University’s proceeds of this issuance were used to pay a portion of the costs of certain improvements on the campus of the University, to refund certain debt previously incurred for that purpose, and to pay the costs incurred in connection with the issuance of the 2003B bonds.

While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven days’ notice and delivery to the paying agent, U.S. Bank National Association. Upon notice from the paying agent, the Remarketing Agent, Wells Fargo Bank, N.A., has agreed to exercise its best efforts to remarket the bonds for which a notice of purchase has been received.

Under a Standby Bond Purchase Agreement (Agreement) between the Board of Governors of the University of North Carolina and Wells Fargo Bank, N.A., a Liquidity Facility has been established for the Trustee (U.S. Bank National Association) to draw amounts sufficient to pay the purchase price and accrued interest on bonds delivered for purchase when remarketing proceeds or other funds are not available. This Agreement requires a commitment fee equal to 0.36% of the available commitment, payable quarterly in arrears, beginning on February 1, 2016 and on each May 1, August 1, November 1, and February 1 thereafter until the expiration date or the termination date of the Agreement.

Under the Agreement, any bonds purchased through the Liquidity Facility become Liquidity Provider Bonds and shall, from the date of such purchase and while they are Liquidity Provider Bonds, bear interest at the Base rate (the greater of the bank prime commercial lending rate plus 1.00%, the federal funds rate plus 2.0%, and 7.0%). Upon remarketing of Liquidity Provider Bonds and the receipt of the sales price by the Liquidity Provider, such bonds are no longer considered Liquidity Provider Bonds. Payment of the interest on the Liquidity Provider Bonds is due the first business day of each quarter in which Liquidity Provider Bonds are outstanding. At June 30, 2017, there were no Liquidity Provider Bonds held by the Liquidity Facility. The Liquidity Facility is scheduled to expire on November 18,

2020, unless otherwise extended based on the terms of the Agreement.

Upon expiration or termination of the Agreement, the University is required to redeem (purchase) the Liquidity Provider Bonds held by the Liquidity Facility in 6 semi-annual installments, beginning 181 days from the date of the last draw at the Term Loan Rate (Base Rate + 1.00%). In the event the outstanding \$42,205,000 million of demand bonds was “put” and not resold, the University would be required to pay \$16.1 million a year for three years under this agreement assuming an 8.00% interest rate.

D. Annual Requirements - The annual requirements to pay principal and interest on the long-term obligations at June 30, 2017, are as follows:

Fiscal Year	Annual Requirements					
	Revenue Bonds Payable			Notes Payable		
	Principal	Interest	Interest Rate		Principal	Interest
			Swaps, Net			
2018	\$ 18,605,636	\$ 17,686,030	\$ 1,888,219	\$ 3,558,786	\$ 2,602,284	
2019	18,401,019	17,084,084	1,769,150	4,012,877	2,458,647	
2020	19,053,469	16,623,254	1,645,233	4,505,104	2,296,412	
2021	19,541,318	16,195,234	1,516,469	4,987,707	2,114,936	
2022	20,278,612	15,718,684	1,382,553	5,500,029	1,913,907	
2023 - 2027	107,129,058	70,991,795	3,537,103	35,997,427	5,791,599	
2028 - 2032	115,064,840	51,933,885	34,743	10,221,231	246,102	
2033 - 2037	71,635,000	31,271,951				
2038 - 2042	88,755,000	14,163,425				
2043 - 2047	20,080,000	502,000				
Total Requirements	\$ 498,543,952	\$ 252,170,342	\$ 11,773,470	\$ 68,783,161	\$ 17,423,887	

Interest on the variable rate 2003B general revenue bonds is calculated at 0.89% at June 30, 2017

Interest rate is reset each week by the remarketing agent based upon University credit ratings and market condition

Interest on the variable rate 2015 general revenue bonds is calculated at 1.3197% at June 30, 2017

Interest rate is reset each month based upon 1 month LIBOR

This schedule also includes the debt service requirements for debt associated with interest rate swaps. More detailed information about interest rate swaps is presented in Note 10 Derivative Instruments

E. Notes Payable - The University was indebted for notes payable for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate/Ranges	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2017	Compounded Interest	Principal Outstanding June 30, 2017
Energy Conservation Loan	BB&T	3.245%	09/01/2028	\$ 19,700,703	\$ 3,587,272	\$ 707,470	\$ 16,820,901
Energy Conservation Loan	Bank of America	4.07%	08/17/2028	56,060,010	7,620,688	3,522,938	51,962,260
Total Notes Payable				\$ 75,760,713	\$ 11,207,960	\$ 4,230,408	\$ 68,783,161

F. Pollution Remediation Payable - The University has recognized a pollution remediation liability for remediation of Lot 86 which the University used as a burial site for hazardous chemical and low level radioactive waste generated in the University's laboratories. The amount of the estimated liability is \$4,787,228. This estimate was calculated at its expected amount using the expected cash flow technique. This liability could change over time due to changes in cost of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

NOTE 10**Derivative Instruments**

Derivative instruments held at June 30, 2017 are as follows:

Type	Notional Amount	Change in Fair Value		Fair Value at June 30, 2017	
		Classification	Increase (Decrease)	Classification	Asset (Liability)
<i>Hedging Derivative Instruments</i>					
<i>Cash Flow Hedges</i>					
Pay-Fixed Interest Rate Swap 2003 B Bonds	\$ 24,655,000	Deferred Outflow of Resources	\$ 1,955,132	Hedging Derivative Liability	\$ (3,674,256)
Pay-Fixed Interest Rate Swap 2015 Bonds	\$ 44,765,000	Deferred Outflow of Resources	<u>\$ 2,856,070</u>	Hedging Derivative Liability	<u>\$ (5,351,809)</u>
Total Derivative Instruments			<u>\$ 4,811,202</u>		<u>\$ (9,026,065)</u>

Hedging derivative instruments held at June 30, 2017 are as follows:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms
Pay-Fixed Interest Rate Swap	Hedge changes in cash flows on General Revenue 2003B Series Bonds	\$ 24,655,000	06/20/2003	10/01/2027	Pay 3.54% fixed, Receive 75% 1 mo LIBOR
Pay-Fixed Interest Rate Swap	Hedge changes in cash flows on General Revenue 2015 Series Bonds	\$ 44,765,000	09/01/2008	10/01/2026	Pay 3.862% fixed, Receive 68% 1 mo LIBOR

As of June 30, 2017, the synthetic interest rates on the swapped portion of the 2003B and 2015 bonds were 3.51% and 4.35% respectively. The fair value of the pay-fixed interest rate swaps was estimated using the discounted cash flows method adjusted for credit risk. This method calculates the fair market value of the instruments.

Hedging Derivative Risks

Credit Risk: At June 30, 2017, the University was not exposed to credit risk on its interest rate swaps because the swaps had negative fair values. However, should interest rates change and the fair value of the swap becomes positive, the University would be exposed to credit risk in the amount of the derivative's positive fair value. The swap agreements require termination should the University's or the counterparty's credit rating fall below either Baa2 as issued by Moody's or BBB as issued by S&P or Fitch. Also, under the terms of the swap agreements, should one party become insolvent or otherwise default on its obligations, provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions. To mitigate the potential for credit risk, if the counterparty's credit quality falls below A3 as determined by Moody's or A- as determined by S&P, the swap will be collateralized by the counterparty with cash, U.S. government or agency securities. If the counterparty is required to collateralize, then the collateral will be posted with a third party custodian or secured party. The swap agreements entered into by the University are held with separate counterparties. All the counterparties are rated A1/A+ or better.

Interest Rate Risk: The University is exposed to interest rate risk on its interest rate swaps. The fair values of these instruments are highly sensitive to interest rate changes. Because rates have changed since the effective dates of the swaps, both of the swaps have a negative fair value as of June 30, 2017. The negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the University's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values are the market values as of June 30, 2017. Both of the swaps outstanding have termination dates between 9 and 10 years. As the yield curve rises, the value of the swaps will increase and as rates fall,

the value of the swaps will decrease.

Basis Risk: The University is exposed to basis risk on the swaps when the variable payment received is based on an index other than the Securities Industry and Financial Markets Association (SIFMA). Should the relationship between London Interbank Offering Rate (LIBOR) and SIFMA move to convergence, the expected cost savings may not be realized. The current outstanding swap and the related variable rate demand bonds reset rates weekly and pay monthly. As of June 30, 2017, the SIFMA rate was 0.89% whereas 68% of LIBOR was 0.83% and 75% of LIBOR was 0.92%.

Termination Risk: The University or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the University would be liable to the counterparty for that amount.

Rollover Risk: By definition, the University is exposed to rollover risk because the swap related to the 2015 bonds terminates October 1, 2026, two years before the related bonds mature on October 1, 2028. It is not the intent of the University at this time to re-hedge the bonds.

NOTE 11

Lease Obligations

A. Capital Lease Obligations - Capital lease obligations relating to equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2017:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 243,460
2019	234,970
2020	210,478
2021	121,621
2022	<u>8,899</u>
Total Minimum Lease Payments	819,428
Amount Representing Interest (9.28% Rate of Interest)	<u>88,613</u>
Present Value of Future Lease Payments	<u><u>\$ 730,815</u></u>

B. Operating Lease Obligations - The University entered into operating leases for equipment and property rental. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2017:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 11,751,740
2019	9,160,364
2020	8,553,255
2021	8,053,313
2022	7,813,122
2023-2027	31,717,173
2028-2032	<u>3,781,269</u>
Total Minimum Lease Payments	<u><u>\$ 80,830,236</u></u>

Rental expense for all operating leases during the year was \$10,237,130.

Machinery and equipment acquired under capital lease amounted to \$980,991 at June 30, 2017.

Depreciation for the capital assets associated with capital leases is included in depreciation expense, and accumulated depreciation for assets acquired under capital lease totaled \$284,114 at June 30, 2017.

NOTE 12**Revenues**

A summary of eliminations and allowances by revenue classification is presented as follows:

	Gross Revenues	Internal Sales Eliminations	Less Scholarship Discounts	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:					
Student Tuition and Fees, Net	\$ 404,929,666	\$ 519,943	\$ 96,480,921	\$ 489,711	\$ 307,439,091
Sales and Services, Net	\$ 348,716,036	\$ 74,852,329	\$ 20,205,652	\$ 198,356	\$ 253,459,699
Other Operating Revenues, Net	\$ 20,440,866	\$ 4,408,142	\$ 0	\$ 99,107	\$ 15,933,617

NOTE 13**Operating Expenses by Function**

The University's operating expenses by functional classification are presented as follows:

	Salaries and Benefits	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	\$ 393,601,333	\$ 25,431,016	\$ 43,041,818	\$ 0	\$ 4,028	\$ 0	\$ 462,078,195
Research	178,233,220	21,585,221	76,311,311		1,020,051		277,149,803
Public Service	85,250,578	11,597,288	30,613,101		448,486		127,909,453
Academic Support	48,987,205	17,438,631	23,109,148		14,446		89,549,430
Student Services	20,740,758	1,806,361	8,141,918		352,220		31,041,257
Institutional Support	79,182,912	5,662,322	18,876,068		1,754		103,723,056
Operations and Maintenance of Plant	38,522,971	7,267,313	11,722,949		25,432,301		82,945,534
Student Financial Aid	1,393,415	105,717	1,674,641	43,760,379			46,934,152
Auxiliary Enterprises	86,240,472	34,695,480	49,509,884		6,854,896		177,300,732
Depreciation/Amortization						95,642,657	95,642,657
Total Operating Expenses	\$ 932,152,864	\$ 125,589,349	\$ 263,000,838	\$ 43,760,379	\$ 34,128,182	\$ 95,642,657	\$ 1,494,274,269

NOTE 14

Pension Plans

A. Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The University's contractually-required contribution rate for the year ended June 30, 2017 was 9.98% of covered payroll. Employee contributions to the pension plan were \$19,478,073, and the University's contributions were \$32,398,529 for the year ended June 30, 2017.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2016 *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The plan's fiduciary net position was determined on the same basis used by the pension plan.

Methods Used to Value TSERS Investment: Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-Term Investment portfolio and the sole participants in the External Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and External Fixed Income Investment Portfolios. The Global Equity Asset Class includes the Equity Investment Portfolio. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2016 *Comprehensive Annual Financial Report*.

Net Pension Liability: At June 30, 2017, the University reported a liability of \$202,388,385 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, and update procedures were used to roll forward the total pension liability to June 30, 2016. The University's proportion of the net pension liability was based on the present value of future salaries for the University relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2016, the University's proportion was 2.20202%, which was an increase of 0.06262 from its proportion measured as of June 30, 2015.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/2015
Inflation	3%
Salary Increases*	3.50% - 8.10%
Investment Rate of Return**	7.25%

* Salary increases include 3.5% inflation and productivity factor

** Investment rate of return is net of pension plan investment expense, including inflation.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuations were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc Cost of Living Adjustment (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's tar-

get asset allocation as of June 30, 2016 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Credit	6.0%
Inflation Protection	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2016 calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Net Pension Liability			
1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)	
\$ 380,653,442	\$ 202,388,385	\$ 52,491,907	

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2017, the University recognized pension expense of \$40,483,773. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	\$ 0	\$ 9,565,156
Changes of Assumptions	29,847,368	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	72,178,186	
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	4,612,434	
Contributions Subsequent to the Measurement Date	32,398,529	
Total	<u>\$ 139,036,517</u>	<u>\$ 9,565,156</u>

The amount of \$32,398,529 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:

Year Ended June 30:	Amount
2018	\$ 17,092,595
2019	17,284,362
2020	40,239,499
2021	22,456,376
Total	<u>\$ 97,072,832</u>

B. Defined Contribution Plan - The Optional Retirement Program (ORP) is a defined contribution pension plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and staff of the University may join the ORP instead of the TSERS. The Board of Governors of the University of North Carolina is responsible for the administration of the ORP and designates the companies authorized to offer investment products or the trustee responsible for the investment of contributions under the ORP and approves the form and contents of the contracts and trust agreements.

Participants in the ORP are immediately vested in the value of employee contributions. The value of employer contributions is vested after five years of participation in the ORP. Participants become eligible to receive distributions when they terminate employment or retire.

Participant eligibility and contributory requirements are established by General Statute 135-5.1. Employer and member contribution rates are set each year by the North Carolina General Assembly. For the year ended June 30, 2017, these rates were set at 6.84% of covered payroll for employers and 6% of covered payroll for members. The University assumes no liability other than its contribution.

For the current fiscal year, the University had a total payroll of \$786,565,772, of which \$297,583,277 was covered under the Optional Retirement Program. Total employer

and employee contributions for pension benefits for the year were \$20,354,696 and \$17,854,997, respectively. The amount of expense recognized in the current year related to ORP is equal to the employer contributions. The University had forfeitures reflected in pension expense for the current fiscal year of \$580,793.

NOTE 15

Other Postemployment Benefits

A. Health Benefits - The University participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System (TSERS) or the Optional Retirement Program (ORP). Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

The Plan's benefit and contribution provisions are established by Chapter 135, Article 3B, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of TSERS and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are established by the General Assembly.

For the period July 1, 2016 through December 31, 2016, the University contributed 5.60% of the covered payroll under TSERS and ORP to the Fund, and for the period January 1, 2017 through June 30, 2017, the University contributed 6.02% of the covered payroll under TSERS and ORP to the Fund. Required contribution rates for the years ended June 30, 2016, and 2015, were 5.60% and 5.49%, respectively. The University made 100% of its annual required contributions to the Plan for the years ended June 30, 2017, 2016, and 2015, which were \$36,150,856, \$33,217,050, and \$31,585,734, respectively. The University assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report

is available by accessing the North Carolina Office of the State Controller's internet homepage at <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

B. Disability Income - The University participates in the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of TSERS and ORP. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2017, the University made a statutory contribution of .38% of covered payroll under TSERS and ORP to the DIPNC. Required contribution rates for the years ended June 30, 2016, and 2015, were .41% in both years. The University made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2017, 2016, and 2015, which were \$2,364,428, \$2,431,963, and \$2,358,862, respectively. The University assumes no liability for long term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

NOTE 16**Risk Management**

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

A. Employee Benefit Plans**1. State Health Plan**

University employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims.

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% for the current fiscal year.

B. Other Risk Management and Insurance Activities**1. Automobile, Fire, and Other Property Losses**

The University is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Such coverage is provided at no cost to the University for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the coverage. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible. University departments, as an individual business decision, may also purchase through the Fund primary extended coverage for buildings and contents. Coverage may also be purchased through the Fund for theft, vandalism, sprinkler leakage, or all-risk perils. University departments also have the option to purchase all-risk coverage for computers and "miscellaneous equipment" on a scheduled basis. Flood insurance may also be purchased through the Fund for qualifying assets. Receipts-supported auxiliary units insure assets for additional perils coverage, as per the options noted above, in addition to the fire and lightning perils. General-funded departments and units insure for the perils of fire and lightning with the exception of certain coastal properties which are also insured for extended coverage perils and the peril of flood.

All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are \$1,000,000 per claim and \$10,000,000 per occurrence. The University pays premiums to the North Carolina Department of Insurance for the coverage.

2. Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$10,000,000 per occurrence via contract with a private insurance company. The University pays the premium, based on a composite rate, directly to the private insurer.

3. Employee Dishonesty and Computer Fraud

The University is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is \$1,000,000 per occurrence. The applicable deductible is \$25,000 per occurrence.

4. Statewide Workers' Compensation Program

The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the State and its component units are included in the program. When an employee is injured, the University's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The University is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The University retains the risk for workers' compensation.

Additional details on the state-administered risk management programs are disclosed in the State's *Comprehensive Annual Financial Report*, issued by the Office of the State Controller.

5. Other Insurance Held by the University

The University purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance and the State's Agent of Record. The types of insurance policies purchased include: medical professional liability, veterinary professional liability, fine arts property, master crime, inland marine property for musical instruments, campers accident and sickness, athletic accident, boiler and machinery, watercraft, oceanographic equipment, cyber and data breach, and nuclear energy liability.

NOTE 17**Commitments and Contingencies**

A. Commitments - The University has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were \$50,590,841 at June 30, 2017.

The University has amended the Use Agreement for the PNC Arena with the Centennial Authority (a related party) and therein agreed to make scheduled capital contributions totaling \$6,000,000 to the Authority's Building Enhancement Fund over a 15 year period. The total outstanding commitment on this agreement was \$2,700,000 as of June 30, 2017.

B. Pending Litigation and Claims - As previously reported, the NC School Boards Association, et. al. filed a civil action against various state officials in their official capacity seeking a judicial determination as to whether the state constitution requires certain monetary payments collected by state agencies to be paid to the local county school funds. On July 1, 2005, the NC Supreme Court held in favor of the school boards with regard to parking fines. The matter was remanded back to the trial court for disposition in accordance with the Superior Court's decision. On August 8, 2008, the Wake County Superior Court issued judgment that the estimated amounts collected from January 1, 1996, to June 30, 2005, by UNC Campuses belong and should have been paid to the public schools of the State by payment to the State's Civil Penalty and Forfeiture Fund. The manner in which the judgment will be settled is uncertain and is to be determined by the North Carolina General Assembly. At issue for NC State University is approximately \$6,749,207 in transportation fines collected since January 1, 1996, to June 30, 2005. Of this amount, the University has transferred \$2,273,817 to the Office of State Budget and Management leaving approximately \$4,475,390 still outstanding. Since July 2005, the University has been forwarding transportation fine collections, less collection costs, to the Office of State Budget and Management on a monthly basis.

The University is a party to other litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. University management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the University.

NOTE 18**Related Parties**

Foundations - There are 10 separately incorporated nonprofit foundations associated with the University. These foundations are The North Carolina Agricultural Foundation, Inc., North Carolina State University Foundation, Inc., North Carolina Tobacco Foundation, Inc., North Carolina State University College of Sciences Foundation, Inc., NC State Engineering Foundation, Inc., North Carolina Veterinary Medical Foundation, Inc., NC State Natural Resources Foundation, Inc., North Carolina Textile Foundation, Inc., NC State Student Aid Association, Inc., and the North Carolina State Alumni Association, Inc.

These organizations serve as the primary fundraising arm of the University through which individuals, corporations, and other organizations support University programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific colleges and the University's overall academic environment. As described in Note 1 to the financial statements, The North Carolina Agricultural Foundation, Inc., the North Carolina State University Foundation, Inc. and the NC State Student Aid Association, Inc. are considered component units of the University for reporting purposes and their financial statements are presented separately as part of the University's financial statements. The University's financial statements do not include the assets, liabilities, net position, or operational transactions of the other foundations, except for support from each organization to the University. This support of the foundations, excluding amounts from The North Carolina Agricultural Foundation, Inc., the North Carolina State University Foundation, Inc. and the NC State Student Aid Association, Inc. approximated \$19,821,748 for the year ended June 30, 2017.

Reynolds Coliseum - The NC State Student Aid Association has agreed to fund \$20,000,000 of the \$35,000,000 project to renovate the University's Reynolds Coliseum.

Case Commons Residence Hall - The NC State Student Aid Association has agreed to fund the construction of an athletics residence hall for the University, estimated to cost approximately \$15,000,000. The University has received \$2,000,000 from the Association as of June 30, 2017.

Payments from the Association for both Reynolds

Coliseum and Case Commons Residence Hall are scheduled to begin in 2018.

Nonprofit Corporation - The Centennial Authority (Authority) was created by the 1995 General Assembly (Senate Bill 606) for the purpose of studying, designing, planning, constructing, owning, promoting, financing and operating a regional facility on land owned by the State. Prior to this act, the General Assembly authorized the construction by the University of a facility to be known as the "Entertainment and Sports Arena" (ESA). This facility serves as a regional sports entertainment center and is available for cultural performances, sporting events and other activities of the University or of other entities (the Centennial Center project). With the 1995 legislation, the Centennial Center project was transferred to the Authority.

The Authority entered into a Ground Lease with the State of North Carolina to lease land for the ESA for a period of 99 years at an annual rent of \$1. The University entered into a Use Agreement with the Authority. Both parties agreed that the University shall be the primary and preferred user of all areas of the ESA. The University is required to pay the greater of 10% of gross ticket revenues or \$52,330 for each men's and \$22,898 for each women's basketball game to compensate the Authority for facility rental and operating expenses. Rent and expense payments for miscellaneous events will be negotiated on an event by

event basis based on the availability of the ESA and the anticipated attendance. In fiscal year 2012, the name of the ESA was changed to "PNC Arena."

In fiscal year 2008, the University entered a Capital Improvement Plan Agreement with the Authority to pay \$6,000,000 in quarterly installments over 15 years.



NOTE 19**Blended Component Units**

Condensed combining information for the University's blended component units for the year ended June 30, 2017, is presented as follows:

Condensed Statement of Net Position
June 30, 2017

	North Carolina State University	NC State Investment Fund, Inc	NC State University Partnership Corporation	Eliminations	Total
ASSETS					
Current Assets	\$ 364,291,515	\$ 5,207,655	\$ 6,670,643	\$ 0	\$ 376,169,813
Capital Assets	2,000,630,436		21,033,384		2,021,663,820
Other Noncurrent Assets	168,991,917	698,247,579	1	(28,265,634)	838,973,862
Primary Government Receivable from Component Unit	2,785,750			(2,785,750)	
Total Assets	2,536,699,618	703,455,234	27,704,027	(31,051,384)	3,236,807,495
Total Deferred Outflows of Resources	148,062,582				148,062,582
LIABILITIES					
Current Liabilities	132,035,966	505,399	1,133,161		133,674,526
Long-Term Liabilities, Net	839,048,134				839,048,134
Other Noncurrent Liabilities	380,085,895		584,527	(28,265,634)	352,404,788
Component Unit Payable to Primary Government			2,785,750	(2,785,750)	
Total Liabilities	1,351,169,995	505,399	4,503,438	(31,051,384)	1,325,127,448
Total Deferred Inflows of Resources	9,565,156				9,565,156
NET POSITION					
Net Investment in Capital Assets	1,396,169,214		17,510,015		1,413,679,229
Restricted - Nonexpendable	(573,993,181)	702,949,835	2		128,956,654
Restricted - Expendable	271,029,946		62,926		271,092,872
Unrestricted	230,821,070		5,627,648		236,448,718
Total Net Position	\$ 1,324,027,049	\$ 702,949,835	\$ 23,200,589	\$ 0	\$ 2,050,177,473

1. Total investments in the NC State Investment Fund, Inc. audit report included \$356,481,443 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements. See Note 2 to the financial statements. It will therefore be excluded from the Condensed Statement of Net Position and the Condensed Statement of Revenues, Expenses, and Changes in Net Position.

2. Restricted Nonexpendable assets are held in the NC State Investment Fund, Inc. while the associated liabilities are held in North Carolina State University statements resulting in a negative net position before blending.

**Condensed Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2017**

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Elimination	Total
OPERATING REVENUES					
Operating Revenue	\$ 883,594,890	\$ 0	\$ 11,029,275	\$ (6,678,423)	\$ 887,945,742
OPERATING EXPENSES					
Operating Expenses	1,393,363,811	2,049,989	9,896,235	(6,678,423)	1,398,631,612
Depreciation/Amortization	95,163,891		478,766		95,642,657
Total Operating Expenses	1,488,527,702	2,049,989	10,375,001	(6,678,423)	1,494,274,269
Operating Income (Loss)	(604,932,812)	(2,049,989)	654,274	-	(606,328,527)
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	506,418,963				506,418,963
Noncapital Grants	45,062,744				45,062,744
Noncapital Gifts	77,960,232				77,960,232
Investment Income	(113,965,373)	149,231,064			35,265,691
Other Nonoperating Expenses	(23,629,953)		(67,570)		(23,697,523)
Net Nonoperating Revenues (Expenses)	491,846,613	149,231,064	(67,570)		641,010,107
Capital Appropriations	6,079,067				6,079,067
Capital Grants	4,138,812				4,138,812
Capital Gifts	4,380,717				4,380,717
Additions to Endowments	9,645,619				9,645,619
Increase (Decrease) in Net Position	(88,841,984)	147,181,075	586,704		58,925,795
NET POSITION					
Net Position, July 1, 2016	1,412,869,033	555,768,760	22,613,885		1,991,251,678
Net Position, June 30, 2017	\$ 1,324,027,049	\$ 702,949,835	\$ 23,200,589	\$ 0	\$ 2,050,177,473

Condensed Statement of Cash Flows

June 30, 2017

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Total
Net Cash Provided (Used) by Operating Activities	\$ (496,803,743)	\$ 0	\$ 1,170,796	\$ (495,632,947)
Net Cash Provided by Noncapital Financing Activities	670,904,582			670,904,582
Net Cash Used by Capital and Related Financing Activities	(104,333,636)		(503,353)	(104,836,989)
Net Cash Used by Investing Activities	(111,097,540)	(29,017,563)		(140,115,103)
Net Increase (Decrease) in Cash and Cash Equivalents	(41,330,337)	(29,017,563)	667,443	(69,680,457)
Cash and Cash Equivalents, July 1, 2016	447,992,948	34,225,218	5,368,437	487,586,603
Cash and Cash Equivalents, June 30, 2017	\$ 406,662,611	\$ 5,207,655	\$ 6,035,880	\$ 417,906,146

The condensed combining financial statements include the elimination of a note payable between the University and the NC State University Partnership Corporation for land purchased by Bell Tower Holdings, LLC.

NOTE 20

Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2017, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*

GASB Statement No. 82, *Pension Issues – An amendment of GASB Statement No. 67, No. 68, and No. 73*

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pen-

sions that are within their respective scopes.

GASB Statement No. 74 establishes new accounting and financial reporting requirements for defined benefit other postemployment benefits (OPEB) plans that replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement

of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 82 addresses certain issues with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 21

Discretely Presented Component Units

The University's discretely presented component units use the accounting and reporting standards promulgated by FASB. Selected disclosures from the discretely presented component units' audited financial statements follow:

NORTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.

Long-Term Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investments at June 30, 2017 consisted of:

	Cost	Fair Value
STIF	\$ 720,656	\$ 720,656
NC State Investment Fund, Inc.		
Long Term Investment Pool (LTIP)	189,694,045	262,073,265
SRI Fund	8,608,907	11,104,719
Life Income Funds	9,257,930	9,599,571
Total	<u>\$ 208,281,538</u>	<u>\$ 283,498,211</u>

As of June 30, 2017, approximately 88.9% of these limited partnerships were with the UNC Management Company, 2.2% were committed to or in other private equity investments with JP Morgan, Blackrock, and SEI, 8.3% was invested in the LPP, and 0.6% was invested in the STIF. The LTIP's net assets were valued at approximately \$870,450,000 at June 30, 2017. The Foundation's investment in the LTIP represents approximately 30.1% of the member equity of the LTIP at June 30, 2017.

The SRI Fund assets are invested in a socially responsible manner through a diversified portfolio of managers that consider environmental, social, and governance issues. As of June 30, 2017, approximately 35.2% of total assets were invested with RBC SRI Wealth Management Group (RBC), 57.8% with Generation IM Global Equity A Fund, and 7% with Goldman Sachs Private Equity Fund.

The Foundation's investments held by Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

Life Income Funds

The consolidated financial statements include assets and liabilities of charitable gift annuities and unitrust agreements for which the Foundation is trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift. Life income funds at June 30, 2017 have asset balances of \$9,559,571.

The liabilities for distributions to grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries, and totaled \$5,879,006 at June 30, 2017. Payments from these funds were \$658,881 during the year ended June 30, 2017. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 5% from all new CGAs established in order to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 5% of the total value of the Foundation's CGA pool. As of June 30, 2017, the CGA reserve balance was \$166,249.

In addition to the above life income funds, the Foundation

was named the recipient of an externally managed trust in 2011 which represents irrevocable life income funds with a market value totaling \$20,247,044 and life income funds payable of \$13,405,810 as of June 30, 2017. The Foundation is not serving as trustee for these funds. These life income funds have been reflected in the accompanying consolidated financial statements at their fair value. Estimated future distributions to the beneficiaries have been reflected in the accompanying consolidated financial statements and were computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries.

Pledges Receivable

Pledges receivable consisted of the following at June 30:

Receivable in Less than One Year	\$	50,180,643
Receivable in One to Five Years		14,171,423
Receivable in Greater Than Five Years		1,370,001
Total Gross Pledges Receivable		65,722,067
Less Allowance for Uncollectible Pledges		687,000
Less Unamortized Discount (Discount Rate of 1.20% to 2.01%)		1,278,707
Net Pledges Receivable	\$	<u>63,756,360</u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance, excluding three large pledges for which signed memorandums of understanding exist and therefore the Foundation is reasonably assured of collecting. These three large pledges represented approximately \$52.0 million of total undiscounted pledges receivable at June 30, 2017. Active past due pledges receivable are reviewed semi-annually by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

NC STATE STUDENT AID ASSOCIATION, INC.

Pledges Receivable

The Association carries its pledges receivable at cost less a discount for pledges receivable due in more than a year and less an allowance for doubtful accounts. On a periodic basis, the Association evaluates its receivables and establishes an allowance for doubtful accounts, based on history of past write-offs and current credit conditions.

Pledges receivable at June 30, 2017 are as follows:

Pledges Receivable	\$	26,918,506
Less Allowance for Uncollectible Pledges		1,345,925
Less Discount on Pledges		5,282,648
		<u>20,289,933</u>
Less Current Portion		7,004,994
Pledges Due After One Year	\$	<u>13,284,939</u>

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%.

Receivable in Less than One Year	\$	7,373,678
Receivable in One to Five Years		8,328,579
Receivable in Greater Than Five Years		11,216,249
		<u>26,918,506</u>
Less Allowance for Uncollectible Pledges		1,345,925
Less Discount on Pledges		5,282,648
Net Pledges Receivable	\$	<u>20,289,933</u>

Under the Vaughn Towers Management and Use Agreement dated March 2013, Goal Line Drive and Wolfpack Pride campaign pledge revenues totaling \$7,206,915 were committed to be paid to NCSU to retire certain facility debt and other obligations related to NCSU's athletic facilities. Payments in the amount of \$1,441,383 were due annually over five years through May 2017.

INVESTMENTS

The Association held the following investments at June 30, 2017:

	Historical Cost	Market Value
Marketable Equity Securities	\$ 12,339,368	\$ 14,056,778
Other Marketable Debt Securities	6,983,157	6,992,562
U.S. Government Obligations	2,735,928	2,728,703
Alternative Investments	5,794,879	6,043,183
Mutual Funds	4,111,679	4,244,837
Total	<u>\$ 31,965,011</u>	<u>\$ 34,066,063</u>

Investment income (loss) consists of the following:

Interest	\$	537,849
Dividends		582,264
Realized Gain on Sale of Investments		1,457,012
Unrealized Gain on Investments		978,443
Investment Expenses		(267,764)
Total	\$	<u>3,287,804</u>

Long-Term Debt

Bond Indentures--Vaughn Towers

In March 2013, the Association refinanced bonds originally issued in 2004 to finance the construction of the Vaughn Towers press box at Carter-Finley Stadium. The refinancing was with Branch Banking & Trust Company (BB&T) through a \$12,660,000 Series 2013 bond, issued through the North Carolina Capital Facilities Finance Agency. The bond pays interest monthly at a variable rate based on the monthly London Interbank Offered Rates (LIBOR). The variable rate was 2.0016% at June 30, 2017. Principal payments of \$1,055,000 are due annually until the bond matures in September 2024. The outstanding bond principal was \$8,440,000 at June 30, 2017.

Note Payable--Wolves Den

In June 2015, the Association entered into a note agreement in the amount of \$450,000 with BB&T in order to finance the renovation of a portion of Vaughn Towers into a new premium seating option at Carter-Finley Stadium, referred to as the Wolves Den. Annual principal payments of \$112,500 are payable beginning in January 2016 until the note matures in January 2019. Interest is payable annually at a rate equal to the One Month LIBOR (1.06033% at June 30, 2017) plus 1.15% per annum. The outstanding balance of the note payable was \$225,000 at June 30, 2017.

Notes Payable--Indoor Practice Facility

In May 2014, the Association entered into multiple note agreements with BB&T in order to finance the construction of a new Indoor Practice Facility for the football program at NCSU. The total financing available through the notes payable was \$14,000,000. The notes mature at various times through May 2026 and bear interest at fixed rates (ranging from 1.84% to 2.75%) and variable rates (One Month LIBOR plus 0.9%). The Association must maintain a debt service coverage ratio of 1.00 to 1.00, maintain unrestricted liquid assets of \$4,000,000 until such point that the credit available and outstanding total to less than \$10,000,000, and meet certain pledge targets. The notes payable are collateralized by pledges and cash received from the related capital campaign. The total outstanding balance of the notes payable was \$10,800,000 at June 30, 2017.

Long-term debt consists of the following at June 30, 2017:

Vaughn Towers Project -- Series 2013 Bond	\$	8,440,000
Note Payable -- BB&T (Wolves Den)		225,000
Note Payable -- BB&T (Indoor Practice Facility)		10,800,000
		<u>19,465,000</u>
Less Amount Classified as Current Liability		2,367,500
Amount Due After One Year	\$	<u><u>17,097,500</u></u>

Maturities of long-term debt are as follows:

Year Ending June 30	
2018	\$ 2,367,500
2019	2,367,500
2020	2,255,000
2021	2,255,000
2022	2,255,000
Thereafter	7,965,000
Total	<u><u>\$ 19,465,000</u></u>

The Association is currently in negotiations with BB&T to consolidate all the remaining debt listed above into one note. The terms of this note are still being discussed and have not been finalized as of the date of this report.

THE NORTH CAROLINA AGRICULTURAL FOUNDATION, INC.

Long-Term Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investments at June 30, 2017 consisted of:

	Cost	Fair Value
STIF	\$ 218,061	\$ 218,061
NC State Investment Fund, Inc.		
Long Term Investment (LTIP)	52,801,034	78,202,741
Life Income Funds	9,796,145	10,050,666
Total	<u><u>\$ 62,815,240</u></u>	<u><u>\$ 88,471,468</u></u>

As of June 30, 2017, approximately 88.9% of the LTIP was invested with the UNC Management Company ("UNCMC"), 2.2% was committed to or in other private equity investments with JP Morgan, Blackrock, and SEI, 8.3% was invested in the LPP, and 0.6% was invested in the STIF. The LTIP's net assets were valued at approximately \$870,450,000 at June 30, 2017. The Foundation's investment in LTIP represents approximately 8.98% of the member's equity of the LTIP at June 30, 2017.

The Foundation's investments at Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

Pledges Receivable

Pledges receivable consisted of the following at June 30:

Receivable in Less than One Year	\$ 1,678,904
Receivable in One to Five Years	4,174,950
Receivable in Greater Than Five Years	<u>173,860</u>
Total Gross Pledges Receivable	6,027,714
Less Allowance for Uncollectible Pledges	302,000
Less Unamortized Discount (Discount Rate of 1.20% to 2.01%)	<u>221,674</u>
Net Pledges Receivable	<u><u>\$ 5,504,040</u></u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance. Active past due pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

Four donors represent approximately \$3.4 million of total undiscounted pledges receivable at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH CAROLINA
STATE UNIVERSITY

2017 ANNUAL
FINANCIAL REPORT

NORTH CAROLINA STATE UNIVERSITY
Required Supplementary Information
Schedule of the Proportionate Net Pension Liability
Teachers' and State Employees' Retirement System
Last Four Fiscal Years

	2016	2015	2014	2013
Proportionate Share Percentage of Collective Net Pension Liability	2.20%	2.14%	2.15%	2.12%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 202,388,385	\$ 78,841,126	\$ 25,160,037	\$ 128,553,827
Covered-Employee Payroll	\$ 312,155,082	\$ 308,539,969	\$ 305,353,765	\$ 306,165,883
Net Pension Liability as a Percentage of Covered-Employee Payroll	64.84%	25.55%	8.24%	41.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.32%	94.64%	98.24%	90.60%

NORTH CAROLINA STATE UNIVERSITY
Required Supplementary Information
Schedule of University Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 32,398,529	\$ 28,562,190	\$ 28,231,407	\$ 26,535,242	\$ 25,503,618
Contributions in Relation to the Contractually Determined Contribution	32,398,529	28,562,190	28,231,407	26,535,242	25,503,618
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 324,634,557	\$ 312,155,082	\$ 308,539,969	\$ 305,353,765	\$ 306,165,883
Contributions as a Percentage of Covered-Employee Payroll	9.98%	9.15%	9.15%	8.69%	8.33%
	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 22,231,989	\$ 15,004,360	\$ 10,741,148	\$ 10,536,565	\$ 9,039,835
Contributions in Relation to the Contractually Determined Contribution	22,231,989	15,004,360	10,741,148	10,536,565	9,039,835
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 298,817,058	\$ 304,348,067	\$ 300,872,483	\$ 313,588,252	\$ 296,388,035
Contributions as a Percentage of Covered-Employee Payroll	7.44%	4.93%	3.57%	3.36%	3.05%

Note: Changes in benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the pension RSI tables.

NORTH CAROLINA STATE UNIVERSITY
Notes to Required Supplementary Information
Schedule of University Contributions
Teachers' and State Employees' Retirement System

Last Ten Fiscal Years

Changes of Benefit Terms:

Cost of Living Increase

2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
N/A	N/A	1.00%	N/A	N/A	N/A	2.20%	2.20%	3.00%	2.00%

Changes of assumptions. In 2008, 2012, and 2015, the actuarial assumptions were updated to more closely reflect actual experience. In 2015, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement systems' actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent Experience Review examined each plan's experience during the period between January 1, 2010, and December 31, 2014. Based on the findings, the Board of Trustees of the Teachers' and State Employees' Retirement System adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were reduced to more closely reflect actual experience.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2016 *Comprehensive Annual Financial Report*.

SUPPLEMENTARY INFORMATION SECTION

NORTH CAROLINA
STATE UNIVERSITY

2017 ANNUAL
FINANCIAL REPORT

Ratio of Net Gain in Endowment Investments

Ten Year History

For the Year Ended June 30,

(in thousands)

University Endowment Investments - Market Value

Fiscal Year	End of Year	Beginning of Year	Yearly Change	Ratio
2007-2008	161,208	173,193	(11,985)	(6.92)
2008-2009	129,619	161,208	(31,589)	(19.60)
2009-2010	143,112	129,619	13,493	10.41
2010-2011	161,402	143,112	18,290	12.78
2011-2012	161,385	161,402	(17)	(0.01)
2012-2013	177,402	161,385	16,017	9.92
2013-2014	205,010	177,402	27,608	15.56
2014-2015	230,099	205,010	25,089	12.24
2015-2016	209,047	230,099	(21,052)	(9.15)
2016-2017	311,538	209,047	102,491	49.03%

Revenue Bond Coverage

Ten Year History

For the Year Ended June 30,

(in thousands)

Fiscal Year	Gross Operating Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage Ratio
2007-2008	96,438	65,895	30,543	3,915	1,273	5,188	5.89
2008-2009	5,941	-	5,941	785	108	893	6.65
2009-2010	5,599	337	5,262	845	51	896	5.87
2010-2011	6,674	309	6,365	300	11	311	20.47
2011-2012	-	-	-	-	-	-	-
2012-2013	-	-	-	-	-	-	-
2013-2014	-	-	-	-	-	-	-
2014-2015	-	-	-	-	-	-	-
2015-2016	-	-	-	-	-	-	-
2016-2017	-	-	-	-	-	-	-

Revenue Bond Coverage calculations are for the University's Revenue Bonds secured by specific revenue streams and do not include University Bonds secured by Available Funds. The University began using Available Funds to secure borrowings in Fiscal Year 2002. The Centennial Campus 1997A Revenue Bonds were the last bonds with a pledged source of revenues and they matured in fiscal year 2011.

Available Funds

For the Year Ended June 30,

(in thousands)

		2013		2014		2015		2016		2017
Total Unrestricted Revenue	\$	1,073,637	\$	1,090,045	\$	1,140,445	\$	1,196,096	\$	1,241,931
Less:										
State Appropriations		(484,022)		(473,005)		(481,548)		(502,534)		(506,419)
Tuition and Fees		(205,180)		(215,694)		(229,771)		(244,013)		(260,513)
Plus:										
Beginning										
Unrestricted Net Assets		214,419		230,802		165,234 *		217,106		240,433
Total Available Funds	\$	598,854	\$	632,148	\$	594,360	\$	666,655	\$	715,432

Debt service requirements subtracted is only for the specific revenue bonds which were outstanding as of the 2002 move to available funds. The last specific revenue bonds outstanding, the Centennial Campus 1997A Revenue Bonds, matured in fiscal year 2011.

* Beginning Unrestricted Net Position was restated, decreased by \$91.0 million for the required GASB 68 pension entires.

Admissions, Enrollment and Degree Statistics

Ten Year History of Fall
Enrollment

(Headcount)

Freshman Admissions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Applied	16,437	17,661	18,502	19,148	19,634	20,435	21,619	20,213	21,101	25,929
Accepted	9,869	10,371	10,242	10,372	10,372	10,137	10,137	10,395	10,582	12,034
Enrolled	4,791	4,669	4,637	4,558	4,564	4,225	4,165	4,374	4,210	3,918
SAT Total	1,171	1,176	1,184	1,186	1,191	1,218	1,243	1,248	1,250	1,263
SAT Verbal	568	569	572	575	579	591	604	607	610	617
SAT Math	603	607	612	611	612	627	639	641	640	646
High School GPA	4.12	4.17	4.19	4.24	4.28	4.37	4.43	4.45	4.44	4.31
High School Valedictorians	70	67	81	93	107	110	125	146	130	116
High School Salutatorians	67	57	81	66	81	93	83	129	102	77
Transfer Admissions										
Applied	3,976	3,766	3,869	4,157	3,807	3,747	3,923	3,628	4,164	4,167
Accepted	1,358	1,410	1,390	1,493	1,313	1,503	1,519	1,640	1,470	1,724
Enrolled	1,029	1,089	1,097	1,141	1,027	1,209	1,215	1,253	1,107	1,257
Graduate Admissions										
Applied	7,882	8,119	12,126	13,607	14,004	14,395	14,433	15,404	15,387	16,055
Accepted	3,330	3,533	3,800	3,811	3,865	3,533	3,500	3,597	3,575	3,541
Enrolled	2,100	2,284	2,362	2,516	2,613	2,599	2,609	2,839	2,892	3,097

(Percentage of Total Applications)

Freshman Admissions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Accepted	60.0%	58.7%	55.4%	54.2%	52.8%	49.6%	46.9%	51.4%	50.1%	46.4%
Enrolled	29.1%	26.4%	25.1%	23.8%	23.2%	20.7%	19.3%	21.6%	20.0%	15.1%
Transfer Admissions										
Accepted	34.2%	37.4%	35.9%	35.9%	34.5%	40.1%	38.7%	45.2%	35.3%	41.4%
Enrolled	25.9%	28.9%	28.4%	27.4%	27.0%	32.3%	31.0%	34.5%	26.6%	30.2%
Graduate Admissions										
Accepted	42.2%	43.5%	31.3%	28.0%	27.6%	24.5%	24.2%	23.4%	23.2%	22.1%
Enrolled	26.6%	28.1%	19.5%	18.5%	18.7%	18.1%	18.1%	18.4%	18.8%	19.3%

(Degrees Conferred)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bachelors	4,558	4,571	4,611	4,797	5,175	5,423	5,468	5,535	5,594	5,641
Masters	1,457	1,507	1,665	1,795	2,080	2,341	2,335	2,455	2,338	2,535
Doctoral	411	328	457	422	395	446	488	494	512	552
First Professional (DVM)	75	74	73	77	77	79	72	81	79	98
Professional	-	-	-	-	-	-	-	-	-	-
Total	6,501	6,480	6,806	7,091	7,727	8,289	8,363	8,565	8,523	8,826

Admissions, Enrollment and Degree Statistics

Ten Year History of Fall Enrollment

(Headcount)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Undergraduate	22,070	22,874	23,392	23,636	23,770	23,430	23,125	23,019	22,574	22,545
Graduate	6,826	7,243	7,674	8,267	8,924	8,808	8,780	8,937	9,358	9,374
Lifelong Education	2,906	2,755	2,753	2,473	2,073	2,102	2,104	2,033	2,083	1,836
Full-time	24,989	25,940	26,736	27,290	27,438	27,108	26,770	26,965	26,767	26,776
Part-time	6,813	6,932	7,083	7,086	7,329	7,232	7,239	7,024	7,248	6,979
Male	17,732	18,344	18,777	19,077	19,441	19,176	18,913	18,945	18,769	18,561
Female	14,070	14,528	15,042	15,299	15,326	15,164	15,096	15,044	15,246	15,194
White	23,766	24,279	24,606	24,663	24,458	24,019	23,586	22,911	22,590	22,168
African-American	2,739	2,809	2,701	2,758	2,634	2,531	2,314	2,212	2,163	2,075
Asian	1,507	1,509	1,573	1,640	1,620	1,583	1,644	1,678	1,625	1,762
Hispanic	774	790	953	1,065	1,163	1,296	1,309	1,392	1,487	1,469
Other	3,016	3,485	3,986	4,250	4,892	4,911	5,156	5,796	6,150	6,281
In-state	27,293	27,850	28,484	28,613	28,336	27,739	27,185	26,699	26,440	26,571
Out-of-state	2,573	2,802	2,963	3,233	3,399	3,642	3,688	3,823	3,733	3,291
International	1,936	2,220	2,372	2,530	3,032	2,959	3,136	3,467	3,842	3,893
Total Enrollment	31,802	32,872	33,819	34,376	34,767	34,340	34,009	33,989	34,015	33,755

(Percentage of Total)

Undergraduate	69.4%	69.6%	69.2%	68.8%	68.4%	68.2%	68.0%	67.7%	66.4%	66.8%
Graduate	21.5%	22.0%	22.7%	24.0%	25.6%	25.7%	25.8%	26.3%	27.5%	27.8%
Lifelong Education	9.1%	8.4%	8.1%	7.2%	6.0%	6.1%	6.2%	6.0%	6.1%	5.4%
Full-time	78.6%	78.9%	79.1%	79.4%	78.9%	78.9%	78.7%	79.3%	78.7%	79.3%
Part-time	21.4%	21.1%	20.9%	20.6%	21.1%	21.1%	21.3%	20.7%	21.3%	20.7%
Male	55.8%	55.8%	55.5%	55.5%	55.9%	55.8%	55.6%	55.7%	55.2%	55.0%
Female	44.2%	44.2%	44.5%	44.5%	44.1%	44.2%	44.4%	44.3%	44.8%	45.0%
White	74.7%	73.9%	72.8%	71.7%	70.3%	69.9%	69.4%	67.4%	66.4%	65.7%
African-American	8.6%	8.5%	8.0%	8.0%	7.6%	7.4%	6.8%	6.5%	6.4%	6.1%
Asian	4.7%	4.6%	4.7%	4.8%	4.7%	4.6%	4.8%	4.9%	4.8%	5.2%
Hispanic	2.4%	2.4%	2.8%	3.1%	3.3%	3.8%	3.8%	4.1%	4.4%	4.4%
Other	9.6%	10.6%	11.7%	12.4%	14.1%	14.3%	15.2%	17.1%	18.0%	18.6%
In-state	85.8%	84.7%	84.2%	83.2%	81.5%	80.8%	79.9%	78.6%	77.7%	78.7%
Out-of-state	8.1%	8.5%	8.8%	9.4%	9.8%	10.6%	10.9%	11.2%	11.0%	9.7%
International	6.1%	6.8%	7.0%	7.4%	8.7%	8.6%	9.2%	10.2%	11.3%	11.5%

Admissions, Enrollment and
Degree Statistics

Enrollment by County
Student Enrollment, Fall
Semester 2016

Residence	Total	Residence	Total	Residence	Total	Residence	Total
Alamance	318	Cumberland	455	Johnston	684	Randolph	220
Alexander	43	Currituck	24	Jones	11	Richmond	32
Alleghany	11	Dare	85	Lee	132	Robeson	102
Anson	22	Davidson	265	Lenoir	80	Rockingham	106
Ashe	22	Davie	114	Lincoln	151	Rowan	167
Avery	22	Duplin	80	McDowell	32	Rutherford	73
Beaufort	76	Durham	911	Macon	22	Sampson	127
Bertie	16	Edgecombe	58	Madison	26	Scotland	37
Bladen	37	Forsyth	709	Martin	37	Stanly	72
Brunswick	128	Franklin	164	Mecklenburg	1,813	Stokes	58
Buncombe	472	Gaston	265	Mitchell	14	Surry	99
Burke	83	Gates	13	Montgomery	28	Swain	5
Cabarrus	383	Graham	7	Moore	246	Transylvania	22
Caldwell	121	Granville	139	Nash	234	Tyrrell	1
Camden	20	Greene	26	New Hanover	608	Union	683
Carteret	179	Guilford	1,389	Northhampton	18	Vance	73
Caswell	42	Halifax	72	Onslow	195	Wake	9,600
Catawba	279	Harnett	184	Orange	642	Warren	27
Chatham	221	Haywood	62	Pamlico	34	Washington	24
Cherokee	32	Henderson	157	Pasquotank	42	Watauga	91
Chowan	33	Hertford	21	Pender	83	Wayne	216
Clay	7	Hoke	46	Perquimans	15	Wilkes	54
Cleveland	129	Hyde	11	Person	62	Wilson	196
Columbus	58	Iredell	413	Pitt	281	Yadkin	44
Craven	174	Jackson	23	Polk	29	Yancey	19
						Total	26,288

Admissions, Enrollment and Degree Statistics

Five Year Comparison of Enrollment by Level
and College

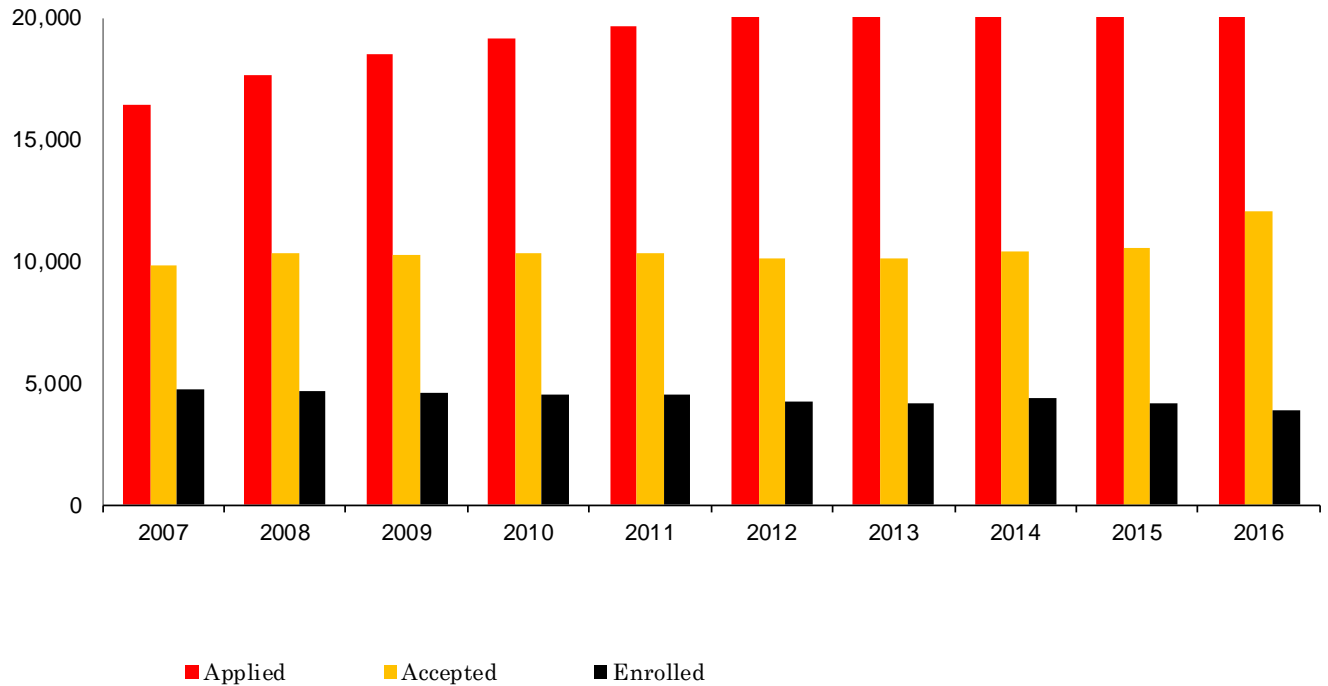
Student Enrollment, Fall Semester

	2012	2013	2014	2015	2016
Undergraduate					
Provost's Office	27	13	10	30	3
Agriculture and Life Sciences	4,459	2,371	2,424	2,461	2,441
Design	606	595	581	556	553
Education	762	656	574	540	489
Engineering	6,093	5,960	6,186	6,243	6,218
Natural Resources	1,336	1,357	1,332	1,272	1,453
Humanities and Social Sciences	3,896	3,632	3,453	3,341	3,487
Management	2,536	2,589	2,639	2,623	2,724
Physical and Mathematical Sciences	886	2,997	2,909	2,714	2,549
Textiles	931	985	995	991	949
University Undesignated (1)	1,507	1,584	1,577	1,472	1,257
Agriculture Institute	391	386	339	331	422
Lifelong Education	1,403	1,411	1,454	1,537	1,282
Total Undergraduate	24,833	24,536	24,473	24,111	23,827
Total FTE Undergraduate	22,597	22,125	22,058	21,654	21,745
Graduate					
Provost's Office	91	113	133	160	119
Agriculture and Life Sciences	1,071	937	1,028	1,039	1,029
Design	241	259	246	232	238
Education	1,227	1,139	1,060	1,050	1,102
Engineering	2,819	2,843	3,072	3,273	3,165
Natural Resources	493	488	459	425	415
Humanities and Social Sciences	852	821	804	817	811
Management	651	696	630	754	828
Physical and Mathematical Sciences	793	877	858	933	973
Textiles	168	185	202	213	232
Veterinary Medicine	402	422	445	462	462
Lifelong Education	699	693	579	546	554
Total Graduate	9,507	9,473	9,516	9,904	9,928
Total FTE Graduate	6,327	6,202	6,409	6,561	6,154
Total Headcount	34,340	34,009	33,989	34,015	33,755
Total FTE Enrollment	28,924	28,327	28,467	28,215	28,291
Percentage of Students (FTE) from Outside State	18.7%	19.4%	21.0%	22.1%	22.2%

(1) Includes First Year College.

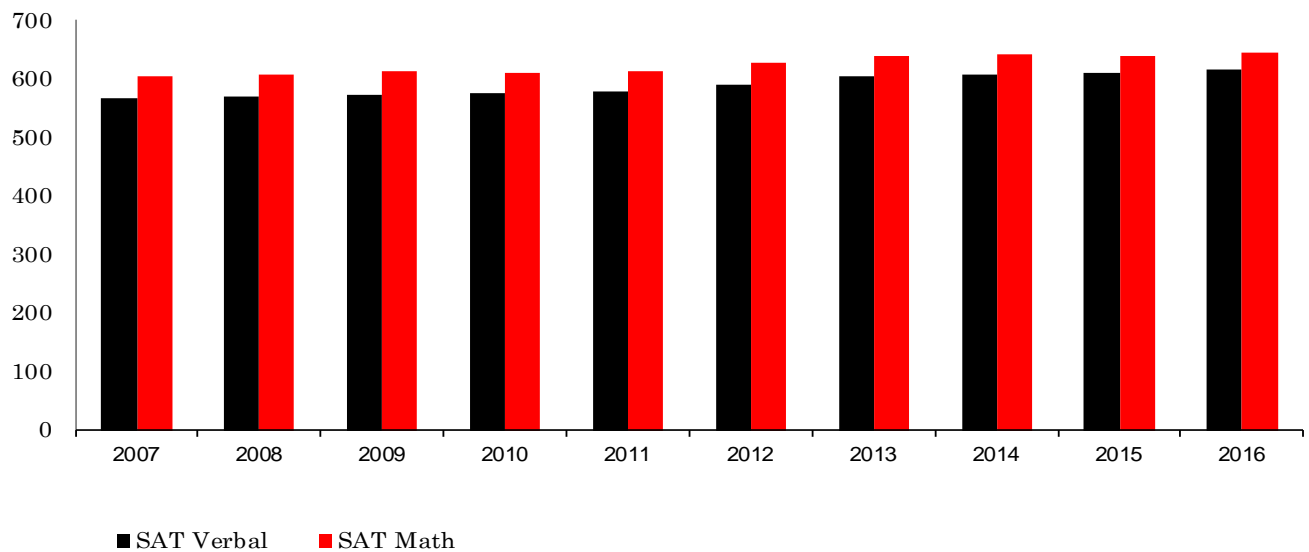
Fall Enrollment

Freshman Admissions by Year

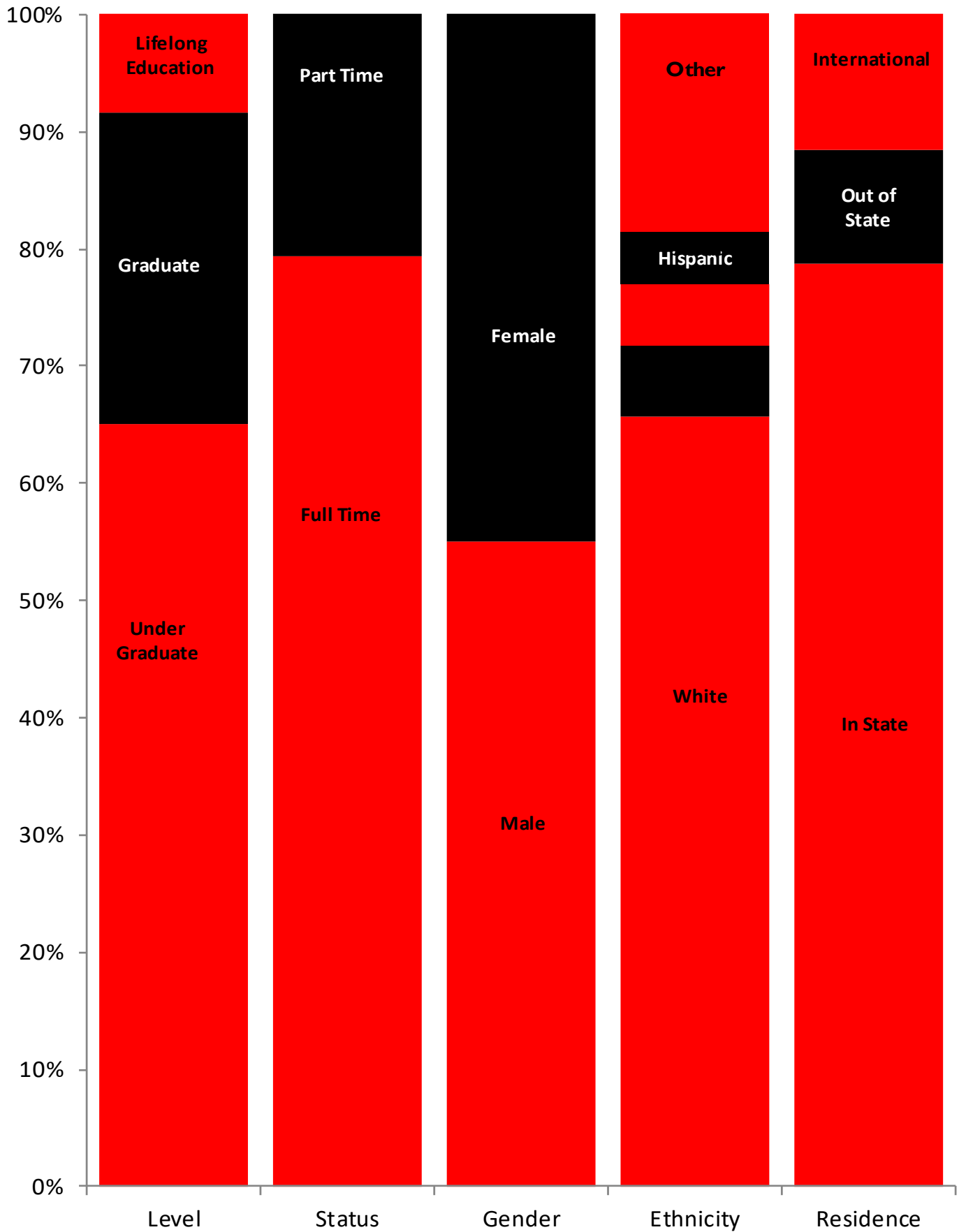


SAT Scores

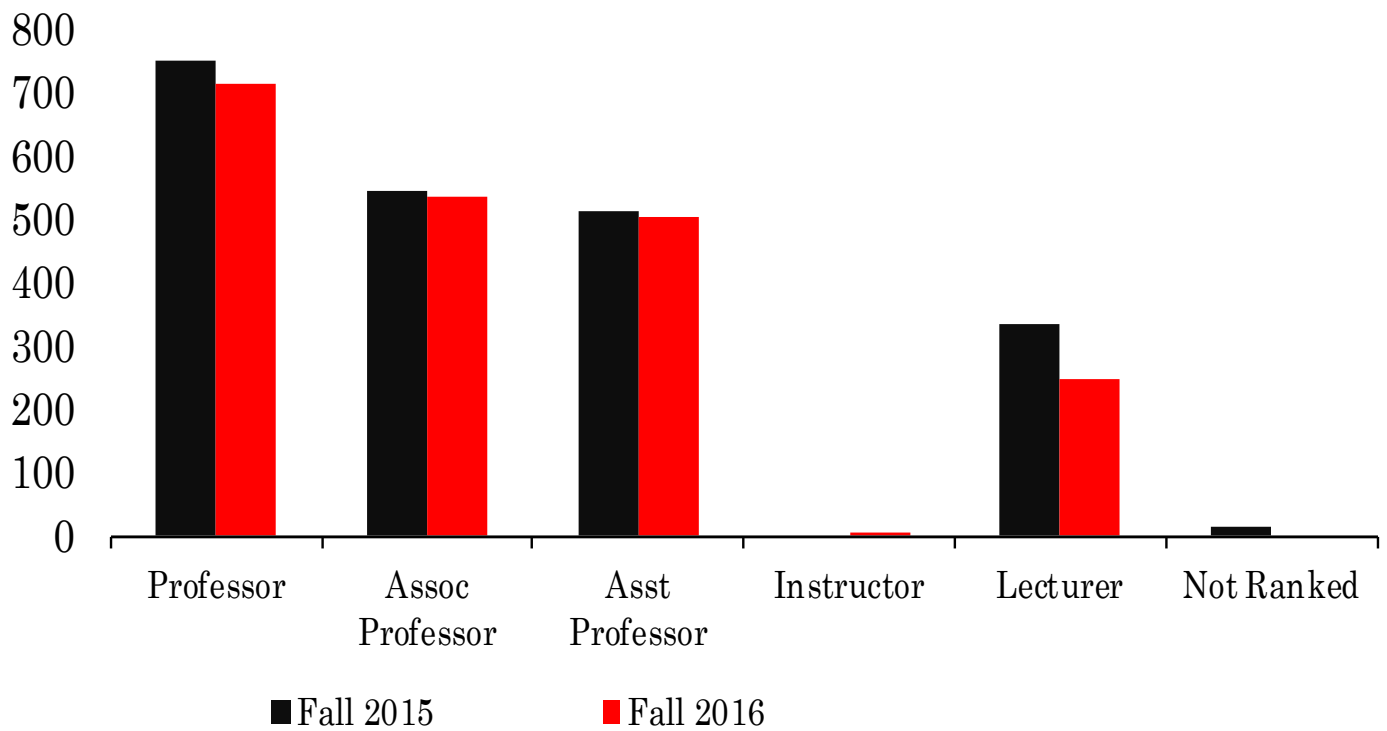
Freshman Admissions by Year



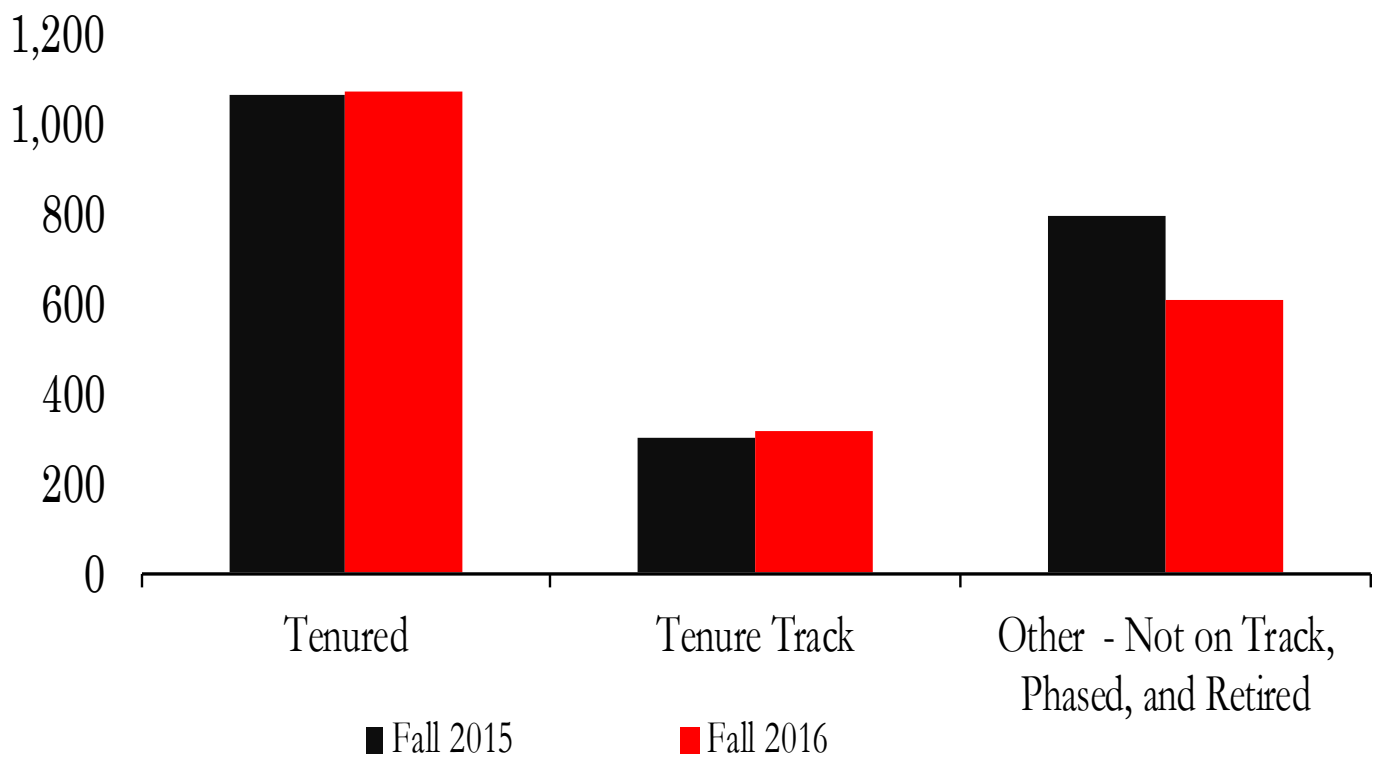
Student Profile
Fall 2016

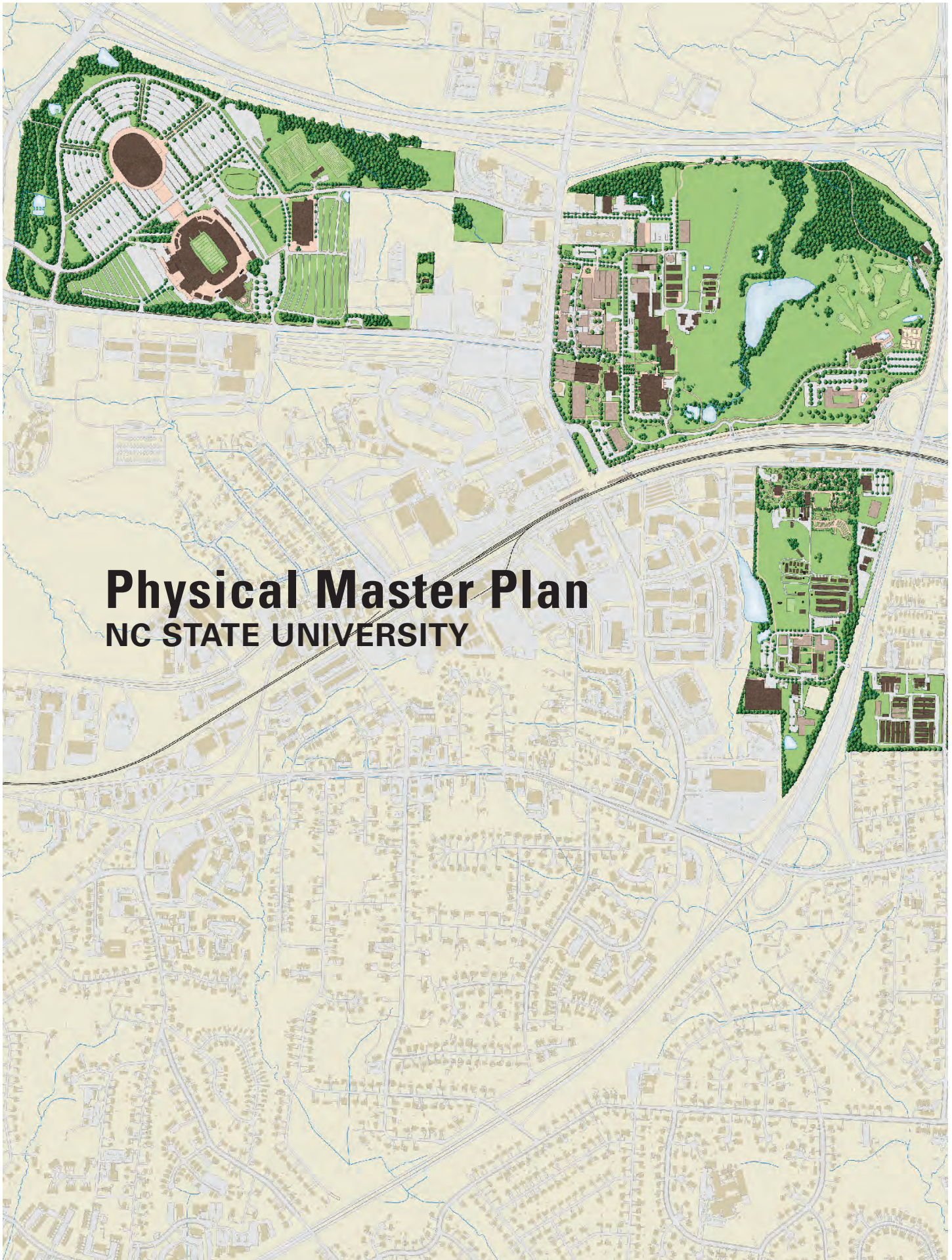


Faculty by Rank



Full Time Faculty by Tenure





Physical Master Plan

NC STATE UNIVERSITY



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**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
AUDITS				
Division of Academic and Student Affairs - Student Health Services Investigation	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	Closed	The objective of this audit was to investigate an allegation from an internal source regarding concerns related to the new medical records system implementation. 8 issues were reported related to operation and functionality of the new Medcat system. The investigation occurred in 2 phases: Phase 1: Focused on potential compliance issues. Phase 2: Focused on correction of system issues. Phase 1 Report issued 4/27/17. No issues reported. Phase 2 Report issued 7/18/17. Allegations were substantiated and corrective actions for the issues reported were fully and successfully implemented. Investigation closed.
College of Engineering - Material Science and Engineering Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	Closed	The objective of this audit was to investigate an allegation from an internal source regarding summer salary paid to a faculty member was in compliance with University, State, and Federal requirements related to the sponsored program. 1 issue was reported related to summer salary being charged to an incorrect account. Allegation was substantiated and corrective action for the issue reported was fully and successfully implemented. Report issued 8/24/17. Investigation closed.
The Friday Institute for Educational Innovation Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	Closed	The objective of this audit was to investigate an allegation from an internal source regarding possible inappropriate charges made to a faculty member's PCard during summer 2016. 1 issue was reported related to unsupported travel expenses. Allegation was substantiated and corrective action for the issue reported was fully and successfully implemented. Report issued 9/20/17. Investigation closed.
Environmental Health and Public Safety - University Police Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Closed	The objective of this audit was to investigate an allegation received from an internal source regarding proper performance of required background checks and concerns related to possible misuse of funds. Allegations were unsubstantiated. Report issued 10/9/17. Investigation closed.
College of Agriculture and Life Sciences - Agricultural and Human Sciences Investigation	No - Added	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Regulatory Non-Compliance	Closed	The objective of this audit was to investigate allegations from an internal source regarding a potential conflict of interest existing between a faculty member and a relative who was providing services to the University. 1 issue was reported related to a conflict of interest with a faculty member. Allegation was substantiated and corrective action for the issue reported was fully and successfully implemented. Report issued 11/20/17. Investigation closed.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
College of Agriculture and Life Sciences - Animal Science Department Investigation	Yes - Carried Forward From Prior Year	10 - Sexual Violence or Other Serious Crime Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	Complete - In Follow-up	The objective of this audit was to investigate an allegation from an internal source regarding the potential misuse of funds in University accounts. 2 issues were noted related to student organization financial training and University procedures related to reporting concerning behavior. Report issued 10/16/17. Number of Audit Issues Remaining Open: 2 (corrective actions in progress) Number of Audit Issues Closed: 0
College of Agriculture and Life Sciences - Department of Food, Bioprocessing, and Nutrition Sciences Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls	In Process	The objective of this audit is to investigate an allegation from an internal source regarding possible falsification of timesheets.
College of Agriculture and Life Sciences - Poultry Sciences - Feed Mill Education Unit Investigation	No - Added	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Processes	In Process	The objective of this audit is to investigate allegations from an internal source regarding potential non-compliance with State and University procurement and PCard policies.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
College of Agriculture and Life Sciences - Department of Crop and Soil Sciences Investigation	No - Added	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to investigate allegations from an internal source regarding the potential misuse of funds using a University PCard.
College of Agriculture and Life Sciences - Foundations Internal Controls Review	Yes - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to review Foundation financial processes, internal controls, and assess compliance with University policy.
College of Natural Resources - Parks, Recreation, and Tourism Management Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to investigate an allegation from an internal source regarding potential undeposited receipts, mismanagement of funds, and misuse of funds.

Key:	Closed	In Process	Not Started	On-Hold
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**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
College of Sciences - Marine, Earth and Atmospheric Science Investigation	No - Added	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to investigate allegations from an internal source regarding potential non-compliance with University policy on compensation.
College of Sciences - Bio Sciences Investigation	No - Added	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Prior Year Strategic Risk - Employee Misconduct	In Process	The objective of this audit is to investigate allegations from an internal source regarding potential non-compliance with State and University procurement policies and regulations.
College of Sciences - The Science House Investigation	No - Added	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	In Process	The objective of this audit is to investigate allegations from an internal source regarding potential misuse of funds and non-compliance with University policies and procedures.
Campus Enterprises - NCSU Dining Timesheet Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls	In Process	The objective of this audit is to investigate allegations received from both external and internal sources regarding the manipulation of employee's time sheets by the supervisor.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
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AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
Campus Enterprises - University Dining Vendor Processes Fraud Risk	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to assess the effectiveness of University Dining's financial processes and internal controls at reducing the risk of fraud.
User Controls Over Ultra-Sensitive Data	Yes - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to assess processes followed by users accessing ultra-sensitive University data for effectiveness and compliance to Federal, State, and University security requirements.
Security Applications and Technology (SAT) Services	Yes - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to assess the processes and related controls governing the system used by SAT to provide physical access controls for campus locations.
Non-Salary Year End Transfer of Expenses	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to test non-salary year end transfer of expenses for allowability, allocability, and appropriateness.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow- up	Canceled	Returning to Continuous Risk Assessment	

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Audit of Expenditures from Special Academic Program Resources	Yes	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	The objective of this audit is to assess expenditures from special academic program resource funds for compliance with the approved purposes.
Cooperative Extension Services (CES) Financial Governance	Yes	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Governance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Not Started	The objective of this audit is to assess NCSU CES central office governance and financial processes.
Fraud Controls in the Accounts Payable Vendor Account Management Process	Yes	Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Identification and Risk Management	Not Started	The objective of this audit is to assess newly implemented internal controls intended to prevent fraud in the vendor account management process.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
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<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
Grant Expenses at Award End	Yes	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Not Started	The objective of this audit is to test financial expenditures at the end of the federal grant award life cycle to ensure they are allowable, allocable, and reasonable. Compliance of the expenditures to applicable regulations and provisions of the award agreements will also be assessed.
Internal Controls Over Salary Supplements	Yes	5 - Faculty Losses Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Not Started	The objective of this audit is to evaluate internal controls over the administration of supplemental salary payments (e.g., honor, interim, administrative, and temporary) to employees and campus-wide compliance to University requirements governing supplemental salary.
Academic Information Technology Disaster Recovery Planning	Yes	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Not Started	The objective of this audit is to assess the strategic alignment between college and departmental information technology disaster recovery (DR) planning and their related business continuity plans (BCP). Primary focus will be on academic and instructional DR and BCP.
Title IX	Yes - Carried Forward From Prior Year	6 - Reduction in Financial Aid 10 - Sexual Violence or Other Serious Crime Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	On Hold	The objective of this audit is to assess the University's compliance to the Federal Office of Civil Rights Title IX requirements relating to sexual violence in the student population. Engagement placed on hold due to other University entities performing reviews of various aspects of Title IX; Provost has initiated a project to evaluate and revise current processes; Internal Audit Division will monitor progress of process changes.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

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<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
PRIOR YEARS' AUDIT FOLLOW-UP				
University Employee Time and Leave Management - Follow-up	Yes - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Follow-up - In Process	The objective of this audit was to test compliance to Federal Fair Labor Standards Act, State and University requirements relating to employee compensatory leave and overtime hours. 8 issues were noted related to incorrect payroll payments to employees, timesheet standardization and guidance, aged out compensatory time reporting process, hiring processes, holiday pay, compensatory leave, and incorrect full time equivalency status. Original report issued 9/15/16. Number of Audit Issues Remaining Open: 6 (corrective actions in progress) Number of Audit Issues Closed: 2
College of Agriculture and Life Sciences - Business Processes - Follow-up	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Follow-up - In Process	The objective of this audit was to review internal controls and effectiveness of the College of Agriculture and Life Sciences business processes as related to previous investigations. In addition, determine the status of other improvements in areas where corrective action is still needed. 5 issues were noted related to financial oversight procedures, procedures for monitoring and oversight of personnel charges, additional compensation payment procedures, salary redistribution procedures, and administration of faculty departures. Original report issued 4/19/17. Number of Audit Issues Remaining Open: 5 (corrective actions in progress) Number of Audit Issues Closed: 0
CONSULTING ENGAGEMENTS				
PeopleSoft Module Implementation - Timekeeping and Absence Management Module	Yes - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Closed	Internal Audit provided advisory and consulting services to Human Resources on their implementation of the PeopleSoft Timekeeping and Absence Management module that was implemented in July 2017. The changes automated 90% of the business processes that were previously completed manually for timekeeping for non-exempt personnel. Consultation closed 8/24/17.
Research Administration Systems Replacement - eRA (electronic Research Administration)	Yes - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Identification and Risk Management	In Process	Assistant Director is providing advisory and consulting services to the Office of Research, Innovation and Economic Development and the Office of Finance and Administration in their replacement of legacy systems used for electronic research administration activities (PINS, RADAR, COI, NOI, TEARS).

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
2017 Office of the State Auditor Information Technology General Controls Audit	No - Added	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	Internal Audit is consulting with the Office of Information Technology Security and Compliance to facilitate the Office of State Auditor's audit of NCSU's Information Technology general controls. The State Auditor's audit includes review of Internal Audit Information Technology audit reports.
2017 National Science Foundation Audit	No - Added	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non- Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	Internal Audit is consulting with Office of Contracts and Grants to manage and facilitate the National Science Foundation's (NSF) review of selected Federal grants awarded by NSF.
College of Agriculture and Life Sciences - Integrated Pest Management Research	No - Added	Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	Internal Audit is consulting with Integrated Pest Management - Research management regarding an issue with non-compliance with University policy on compensation
Implementation of Accounts Payable Vendor Management System	Yes	Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	Internal Audit Division is consulting with the University Controller's Office on their implementation of a vendor management system application.
SPECIAL ASSIGNMENTS				
Financial Reporting Director Selection Committee	No - Added	N/A	Closed	Director was on the selection committee for the Financial Reporting Director search.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow- up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
Office of Finance and Administration – University-wide Research Management Business Processes	Yes - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Faculty Loss (infrastructure) Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Closed	Internal Audit collaborated with the Office of Finance and Administration in reviewing existing research management and research support structures across campus. This included identifying: 1) gaps in compliance; 2) best practices; 3) improvements to general business and central processes; 4) gaps in current available guidance documents; 5) efficiency and effectiveness of customer support structure; and, 6) ability to adapt to the growing and changing University research environment. Review spanned all applicable University entities involved in the area of research management. Internal Audit reported on and presented the results of this review to the Colleges, Central Offices, and other stakeholders. Engagement closed 9/20/17.
Information Technology Governance Redesign Steering Team	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Governance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	Closed	Director is on the steering team to recommend improvements for the Office of Information Technology University-wide Information Technology governance structure, process and high-level implementation plan, and will provide oversight for the implementation. NC State's Information Technology governance process is a strategic initiative that is part of the implementation of NC State's Information Technology Strategic Plan. Engagement closed 1/2/18.
Power America Information Technology Security Assessment	No - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	In Process	Director and Assistant Director are collaborating with Office of Information Technology Security and Compliance to assess the effectiveness of the information technology security and compliance program implementation.
National Institute of Standards and Technology (NIST) 800-171 Compliance Steering Team	Yes - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Prior Year Strategic Risk - Faculty Loss (infrastructure) Other - Prior Year Strategic Risk - Research Scandal Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	In Process	Internal Audit Division is providing advisory and consulting services to the Office of Research, Innovation and Economic Development, Office of Finance and Administration, Office of General Counsel, and Office of Information Technology as they develop a collaborative compliance process to assist the University in achieving its research goals while maintaining compliance with NIST 800-171 "Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations" and NIST 800-53 "Security and Privacy Controls for Federal Information Systems and Organizations". The goal is to raise awareness of research compliance, provide compliance educational opportunities, assess the impact of compliance, and create and provide quality resources that will optimize compliance activity.
Quality Assurance Review (QAR) Preparation (Internal)	Yes	N/A	In Process	A QAR is mandated by the Institute of Internal Auditors Professional Standards and by the State of NC for all state internal audit units every five years. The objective of a QAR is to determine whether an internal audit function/program is in general compliance with the International Standards of the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, and to determine whether they are meeting management's needs.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2018 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 24, 2018**

<u>Engagement</u>	<u>On Original Fiscal Year 2018 Audit Plan?</u>	<u>Coverage of University Strategic Risks</u>	<u>Status</u>	<u>Auditor Comments</u>
University Information Technology Strategic Advisory Committee (ITSAC) and Various Subcommittees	Yes	Other - Internal Audit Universe Risk - Governance	In Process	Director is a member of the ITSAC, the University-wide, top-level committee of non-Information Technology personnel whose focus is to ensure that changes, new directions, and planning is done in a coordinated and collaborative fashion. Additional consulting activities are performed by the Assistant Director who provides objective, independent input to several of the ITSAC subcommittees such as Security, Enterprise Application Systems Management, and the College Information Technology Directors.
Data Analytics	No - Added	N/A	In Process	Senior Internal Auditor is using data analytics software to develop continuous audits that quickly identify anomalies, trends, and suspicious activity. This will supplement current audit activities with more efficient analysis and quicker turnaround of corrective actions. Effort will compliment, but not duplicate, analytics processes already in place across the University.
University Compliance and Integrity Initiative	Yes	Other - Internal Audit Universe Risk - Governance	In Process	Internal Audit is collaborating with the Office of General Counsel's Compliance Manager to enhance University-wide compliance activities by increasing collaboration and expanding reporting opportunities for student, faculty, and staff ethical or compliance related concerns.
Quality Assurance Review (QAR) for Internal Audit (External)	Yes	N/A	Not Started	A QAR is mandated by the Institute of Internal Auditors Professional Standards and by the State of NC for all state internal audit units every five years. The objective of a QAR is to determine whether an internal audit function/program is in general compliance with the International Standards of the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, and to determine whether they are meeting management's needs. Our QAR is scheduled for May 2018.
CONTINUOUS RISK ASSESSMENT AND AUDIT PLANNING				
Continuous Risk Assessment and Audit Planning	Yes	N/A	OnGoing	All team members visit faculty and staff across the University throughout the year to discuss their unit's strategic plans, goals, and risk posture. This includes new and on-going activities related to their academic, research, and outreach missions and potential concerns or emerging risks to both strategic and tactical goals at the unit and University level. This process supports the identification of potential audit and consulting engagements and is used as an objective tool in the development of our Annual Audit Plan. 67 Risk Assessments completed as of 1/24/18.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**Extramural Contracts and Grants Expenditures
By Sponsor
(in \$millions)**

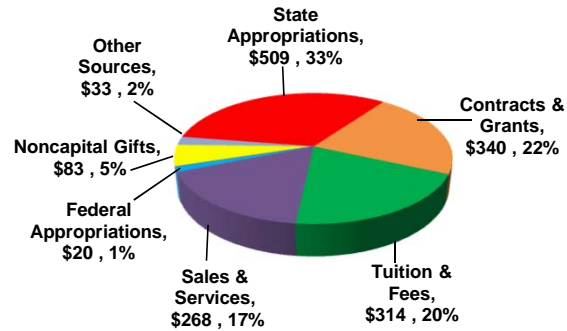
<u>SPONSORS</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
FEDERAL:			
National Science Foundation	\$49	\$49	\$53
Agriculture	24	26	27
Energy	15	27	25
Defense	18	24	25
Public Health Service	17	20	21
Commerce	5	6	6
Education	3	4	4
Interior	4	4	3
Nat'l Aeronaut. & Space Admin.	2	2	2
Environ. Protection Agency	1	1	1
Other Federal	13	4	5
TOTAL FEDERAL	\$151	\$167	\$172
STATE	39	39	41
PRIVATE / INDUSTRY	85	81	89
TOTAL EXPENDED	\$275	\$287	\$302
<i>Facil. & Admin. included in above</i>	\$50	\$49	\$52

**Extramural Contracts and Grants Expenditures
By Colleges and Units
(in \$millions)**

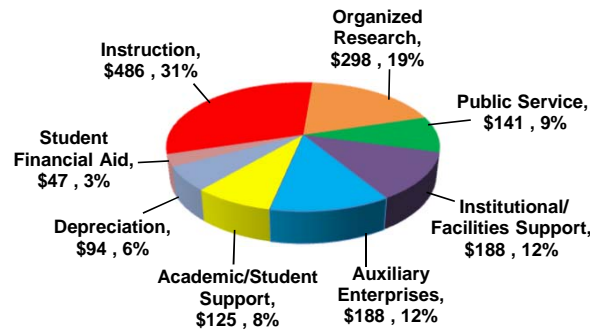
<u>COLLEGES/UNITS</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Agriculture & Life Sciences	\$57	\$62	\$66
Design	1	1	1
Education	10	10	11
Engineering	78	78	84
Natural Resources	11	10	10
Humanities & Social Sciences	8	7	7
Sciences	41	41	39
Textiles	7	6	5
Veterinary Medicine	8	8	9
Poole College of Management	1	1	1
TOTAL COLLEGES	\$222	\$224	\$233
OTHER UNITS	53	63	69
TOTAL COLLEGES/UNITS	\$275	\$287	\$302

**2017-18 NC State University Budget
\$1,567 Million**

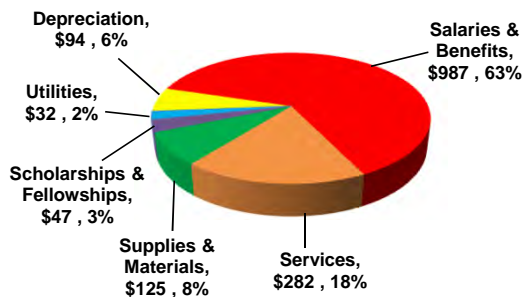
Projected Revenue by Source (in \$millions)



Projected Expenditures by Program (in \$millions)



Projected Expenditures by Account (in \$millions)



NC STATE UNIVERSITY

Budget & Financial Information

Office of Finance & Administration

<https://ofa.ncsu.edu/>



Additional budget and financial information may be found on the following websites:

Division of Budget & Resource Management

<https://brm.ofa.ncsu.edu/>

Budget Central

<https://budget.ncsu.edu/budgetcentral/>

Finance & Administration Dashboard on OFA/Resources
(Unity Login required):

<https://ofa.ncsu.edu/>

Revenue & Expenditure History
(in \$millions)

NC State University
Actual Operating Expenditures (in \$millions)
All Funding Sources (excluding transfers)

Tuition, Fees, & Other Education Costs
(Per Academic Year)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Revenue Sources</u>			
State Appropriations	\$482	\$503	\$506
Tuition & Fees	270	291	307
Federal Appropriations	17	14	23
Contracts & Grants	317	323	334
Sales & Services	225	238	253
Noncapital Gifts	68	72	78
<u>Other Sources</u>	<u>39</u>	<u>18</u>	<u>53</u>
Total Revenue	<u>\$1,418</u>	<u>\$1,459</u>	<u>\$1,554</u>

Operating Expenditures by Program

Instruction	\$402	\$429	\$462
Organized Research	253	268	277
Public Service	121	119	128
Academic/Student Support	106	112	120
Institutional/Facilities Support	159	173	187
Auxiliary Enterprises	151	165	177
Student Financial Aid	48	46	47
Depreciation	82	89	96
<u>Pension Liability</u>	<u>12</u>	<u>n/a</u>	<u>n/a</u>

Total Operating Expenditures by Program	<u>\$1,334</u>	<u>\$1,401</u>	<u>\$1,494</u>
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Operating Expenditures by Account

Salaries & Benefits	\$829	\$857	\$932
Supplies & Materials	118	128	125
Services	223	251	263
Scholarships & Fellowships	46	44	44
Utilities	36	32	34
<u>Depreciation</u>	<u>82</u>	<u>89</u>	<u>96</u>

Total Operating Expenditures by Account	<u>\$1,334</u>	<u>\$1,401</u>	<u>\$1,494</u>
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Endowment Assets	\$984	\$999	\$1,123
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Summary by College/Division	2014-15	2015-16	2016-17
Provost's Office	\$10	\$10	\$12
Div. of Acad & Student Affairs-DASA	81	89	93
Libraries	39	39	39
Student Financial Aid	229	227	228
<u>Other Provost's Units</u>	<u>80</u>	<u>83</u>	<u>89</u>
Total Provost's Units	\$439	\$448	\$461
Agriculture & Life Sciences	\$248	\$252	\$278
Design	14	14	15
Education	33	35	37
Engineering	197	209	226
Natural Resources	39	39	41
Humanities & Social Sciences	61	62	62
Sciences	115	118	119
Textiles	34	28	26
Veterinary Medicine	81	84	93
<u>Poole College of Management</u>	<u>34</u>	<u>35</u>	<u>38</u>
Total Colleges	\$856	\$876	\$935
Total Provost's Units & Colleges	\$1,295	\$1,324	\$1,396
Chancellor/General Counsel	\$13	\$14	\$11
Ofc. Research, Innov & Econ. Dev.	52	68	78
University Advancement	20	20	27
Athletics	67	76	80
Finance & Administration	205	213	218
University Utilities	32	29	29
Office of Info. Technology-OIT	49	60	62
<u>University Payments</u>	<u>70</u>	<u>126</u>	<u>73</u>
Total University Services	\$508	\$606	\$578
Total Operating Expenditures	\$1,803	\$1,930	\$1,974
Financial Statement Adjustments	(469)	(529)	(480)
Year-End Financial Report Totals	\$1,334	\$1,401	\$1,494

STUDENT ENROLLMENT

Student Credit Hours (RT & DE)	Actual	Actual	Actual
<u>State Fundable</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Undergraduate	661,596	648,967	645,200
Graduate	131,075	140,557	146,573
Total	792,671	789,524	791,773

<u>Unduplicated Headcount</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>
Undergraduate	24,473	24,111	23,827
Graduate (incl. DVM)	9,516	9,904	9,928
Total	33,989	34,015	33,755

<u>Undergraduate</u>		<u>2016-17</u>	<u>2017-18</u>
NC Resident:	Tuition	\$6,407	\$6,535
	Fees	2,473	2,523
Non-Resident:	Tuition	\$23,926	\$24,883
	Fees	2,473	2,523

Other Estimated Costs

Housing	6,560	6,618
Meals	4,075	4,236
Books & Supplies	1,082	1,082
Personal Expenses	1,508	1,556
Transportation	894	1,088

Graduate

NC Resident:	Tuition	\$8,088	\$8,492
	Fees	2,484	2,535
Non-Resident:	Tuition	\$22,610	\$23,967
	Fees	2,484	2,535

Other Estimated Costs

Housing	8,964	8,802
Meals	4,075	4,236
Books & Supplies	854	854
Personal / Travel Expenses	3,740	3,740

Doctor of Veterinary Medicine (DVM)

NC Resident:	Tuition	\$16,032	\$16,436
	Fees	2,484	2,535
Non-Resident:	Tuition	\$41,269	\$42,626
	Fees	2,484	2,535

Other Estimated Costs

Living Allowance	13,039	13,038
Books & Supplies	1,500	1,375
Personal / Travel Expenses	4,914	4,914

Some professional, graduate, and certificate programs have an additional "premium tuition" charge.

More information on Tuition & Fees may be found on:
<https://studentservices.ncsu.edu/your-money/tuition-and-fees/>



• National Association of College and University Business Officers
 1110 Vermont Avenue, NW, Suite 800, Washington DC 20005-3544
 T 202.861.2500 F 202.861.2583
www.nacubo.org

PROVISIONS OF H.R. 1, THE TAX CUTS AND JOBS ACT

AND

PROVISIONS OF THE SENATE TAX CUTS AND JOBS ACT

IMPACTING HIGHER EDUCATION

(NOTE: ALL PROVISIONS WOULD BECOME EFFECTIVE
 JANUARY 1, 2018 UNLESS OTHERWISE NOTED)

**LAST UPDATED JANUARY 5, 2018 WITH
 FINAL CONFERENCE AGREEMENT**

Education Incentives

American Opportunity Tax Credit (AOTC). In H.R. 1, the AOTC and Lifetime Learning Credit would be consolidated into an enhanced AOTC. The new AOTC, like the current AOTC, would provide a 100-percent tax credit for the first \$2,000 of certain higher education expenses and a 25-percent tax credit for the next \$2,000 of such expenses. Like the current AOTC, expenses covered under the credit include tuition, fees, and course materials. The AOTC would also be available for a fifth year of postsecondary education at half the rate as the first four years, with up to \$500 of such credit being refundable. The Lifetime Learning Credit would be repealed, leaving part-time students unable to claim an education tax credit.

➤ **The Senate does not offer any changes to the current AOTC.**

➤ **FINAL: No changes will be made to the current AOTC.**

Coverdell Education Savings Accounts. In H.R. 1, new contributions to Coverdell education savings accounts after 2017 (except rollover contributions) would be prohibited, but tax-free rollovers from Coverdell accounts into Section 529 plans would be allowed.

➤ **The Senate does not offer any changes to Coverdell Education Savings Accounts but would allow 529 savings plans to be used for public, private and religious elementary and secondary schools and home schooling.**

➤ **FINAL: No changes to Coverdell Education Savings Accounts and 529 plans would be expanded to be used for public, private and religious elementary and secondary schools.**

Discharge of certain student loan indebtedness. In H.R. 1, any income resulting from the discharge of student debt because of death or total disability of the student would be excluded from taxable income.

- **The Senate includes the same proposal.**
- **FINAL: Provides that student loan debt forgiveness—before December 31, 2025—on account or death or disability would be excludable from income.**

Student Loan Interest Deduction. In H.R. 1, the deduction would be repealed.

- **The Senate does not offer any changes to Student Loan Interest Deduction.**
- **FINAL: The Student Loan Interest Deduction remains. It is not eliminated.**

Above-the-Line Deduction for Qualified Tuition and Related Expenses. In H.R. 1, individuals would no longer be able to claim an above-the-line deduction for qualified tuition and related expenses incurred.

- **The Senate does not offer any changes to this deduction.**
- **FINAL: No changes will be made to the above-the-line deduction for qualified tuition and related expenses.**

Section 117d: Qualified Tuition Reductions. In H.R. 1, qualified tuition reductions or tuition remission provided by educational institutions to employees and their spouses or dependents would no longer be excluded from income. Currently Section 117(d)5 allows institutions to offer graduate research and teaching assistants a reduced or waived tuition without tax consequences. The House bill would eliminate Section 117(d), which includes 117(d)5.

- **The Senate does not change current law.**
- **FINAL: No changes will be made to Section 117(d).**

Section 127: Employer-Provided Education Assistance. In H.R. 1, employer-provided education assistance would no longer be excluded from income. The exclusion is currently limited to \$5,250 per year and applies to both graduate and undergraduate courses.

- **The Senate does not change current law.**
- **FINAL: No changes will be made to Section 127.**

Section 529

- **As noted above, the Senate would allow 529 savings plans to be used for public, private and religious elementary and secondary schools and home schooling.**
- **FINAL: As noted above, 529 plans would be expanded to be used for public, private and religious elementary and secondary schools.**

Endowments Excise Tax

Excise tax based on investment income of private colleges and universities. In H.R. 1, Certain private colleges and universities would be subject to a 1.4 percent excise tax on net investment income. The provision would only apply to private colleges and universities that have at least 500 students and assets (other than those used directly in carrying out the institution's educational purposes) valued at the close of the preceding tax year of at least \$250,000 per full-time student. State colleges and universities would not be subject to the provision.

The House legislation defines net investment income using the rules of [section 4940 \(c\)](#).

- **The Senate also includes an excise tax proposal.** The Senate provision would only apply to private colleges and universities that:
 - have at least 500 students and
 - assets (other than those used directly in carrying out the institution's educational purposes) valued at the close of the preceding tax year of at least \$500,000 per full-time student. The Joint Committee on Taxation summary explains that "assets used directly in carrying out the institution's exempt purpose" include, for example, classroom buildings and physical facilities used for educational activities and office equipment or other administrative assets used by employees of the institution in carrying out exempt activities, among other assets, and are excluded from the assets-per-FTE calculation.
- **FINAL: The conference agreement states:**

The conference agreement follows the Senate amendment with the following modification. The provision modifies the definition of "applicable educational institution" to include only institutions more than 50 percent of the students of which are located in the United States. For this purpose, the number of students at a location is based on the daily average number of full-time students attending the institution, with part-time students being taken into account on a full-time student equivalent basis.

It is intended that the Secretary promulgate regulations to carry out the intent of the provision, including regulations that describe: (1) assets that are used directly in carrying out the educational institution's exempt purpose; (2) the computation of net investment income; and (3) assets that are intended or available for the use or benefit of the educational institution.

Effective date.—The provision is effective for taxable years beginning after December 31, 2017.

Charitable Giving

Charitable Deduction. The standard deduction would be increased to \$24,000 for joint filers and \$12,000 for individuals. The bill estimates that that this would reduce the number of taxpayers who itemize deductions from approximately one-third under current law to fewer than 10 percent. The Joint Committee on Taxation has estimated that H.R. 1 would spur a dramatic drop in the amount of charitable giving in the U.S. with 32 million fewer people eligible to claim the deduction.

- The Senate proposal is similar although though the thresholds are slightly higher in the Senate version (\$12,200 for individuals/\$24,400 for couples).
- **FINAL: The conference agreement accepts the House proposal; the provision expires after 2025.**

Estate Tax. The estate tax threshold would be doubled from \$5.49 million to \$10.98 million, then repealed entirely after 2024. (An amendment delayed this one year beyond what was originally proposed).)

- The Senate proposal preserves the estate tax but doubles the exemption level. Fewer individuals will pay the tax, and they will pay less.
- **FINAL: The conference agreement accepts the Senate proposal; the provision expires after 2025.**

Limitations for Cash Gifts. The 50-percent limitation for cash contributions to charitable organizations would be increased to 60 percent of adjusted gross income (AGI). The provision would retain the five-year carryover period to the extent that the contribution amount exceeds 60 percent of the donor's AGI.

- The Senate includes the same provision.
- **FINAL: The conference agreement accepts the Senate proposal; the provision expires after 2025.**

College Athletic Event Seating Rights. The special rule that provides a charitable deduction of 80 percent of the amount paid for the right to purchase tickets for athletic events would be repealed.

- The Senate also eliminates this special rule.
- **FINAL: The conference agreement accepts the Senate proposal.**

Additional reporting requirements for donor-advised fund sponsoring organizations. Donor-advised funds would be required to disclose annually their policies on inactive donor-advised funds as well as the average amount of grants made from their donor-advised funds.

➤ **The Senate does not include this provision.**

➤ **FINAL: The conference agreement does not include the House bill provision. No change to current law.**

Other Exempt Organizations Provisions/UBIT

Exclusion of research income limited to publicly available research. Exempt organizations could exclude from UBTI only income from fundamental research where the results are freely available to the public.

➤ **The Senate draft does not include this provision.**

➤ **FINAL: The conference agreement does not include the House bill provision. No change to current law.**

Unrelated business taxable income separately computed for each trade or business (aka “basketing”). The Senate includes a UBIT provision that does not appear in H.R. 1:

For an organization with more than one unrelated trade or business, the proposal requires that unrelated business taxable income (UBTI) first be computed separately with respect to each trade or business and without regard to the specific deduction generally allowed under section 512(b)(12). The organization’s unrelated business taxable income for a taxable year is the sum of the amounts (not less than zero) computed for each separate unrelated trade or business, less the specific deduction allowed under section 512(b)(12). A net operating loss (NOL) deduction is allowed only with respect to a trade or business from which the loss arose. A recent modification to the Senate bill tightens the proposed NOL deduction limitation of 90% of taxable income for losses arising in tax years beginning after 2017 to 80% of taxable income for taxable years after 2022.

➤ **FINAL: The conference agreement accepts a modified version of the Senate provision as described below.**

Net Operating Losses. The bill passed by the House provides that prior year NOLs may offset up to 90% of current year income.

➤ **The Senate includes the same provision.**

If the Senate provision regarding separately computed UBTI is passed, it is likely that most schools will incur a tax liability in spite of overwhelming NOLs, because of both the new “basketing” provision and the new NOL carryback provision.

- **FINAL: The rule permitting NOLs to be “carried back” for two years has been repealed. The ability to carry forward NOLs under current law has not been changed. The final conference agreement limits the NOL deduction to 80 percent of taxable income (determined without regard to the deduction) for losses arising in taxable years beginning after December 31, 2017.**

Note: An earlier version of the Senate bill included a provision to modify the UBIT treatment of the licensing of an organization’s name or logo generally to subject royalty income derived from such a license to UBIT. The provision was not included in the legislation that the Senate approved on December 2 and it does not appear in the House bill, H.R. 1.

- **FINAL: The conference agreement does not include any provision to modify the UBIT treatment of the licensing of an organization’s name or logo generally to subject royalty income. There is no change to current law.**

Unrelated business taxable income (UBI) increased by amount of certain fringe expenses for which deduction is disallowed. Tax-exempt entities would be taxed on the value of providing their employees with transportation fringe benefits, and on-premises gyms and other athletic facilities, by treating the funds used to pay for such benefits as UBI, thus subjecting the values of those employee benefits to a tax equal to the corporate tax rate.

- **The Senate does not include this provision.**

- **FINAL: The conference agreement accepts the House proposal.**

Excise tax on excess tax-exempt organization executive compensation. A tax-exempt organization—generally including most public entities— would be subject to a 20-percent excise tax on compensation in excess of \$1 million paid to any of its five highest-paid employees for the tax year. The excise tax would apply to all remuneration paid to a covered person for services, including cash and the cash value of all remuneration (including benefits) paid in a medium other than cash, except for payments to a tax-qualified retirement plan, and amounts that are excludable from the executive’s gross income.

Once an employee qualifies as a covered person, the excise tax would apply to compensation in excess of \$1 million paid to that person as long as the organization pays them remuneration. The excise tax also would apply to excess parachute payments paid by the organization to such individuals. Under the provision, an excess parachute payment generally would be a payment contingent on the employee’s separation from employment with an aggregate present value of three times the employee’s base compensation or more.

- **The Senate includes the same provision.**

Note: An earlier version of the Senate bill included provisions modifying the intermediate sanctions rules. The provisions were not included in the legislation that the Senate approved on December 2.

- **FINAL: The conference agreement accepts the proposal with some modifications:**

Under the conference agreement, the tax rate is equal to corporate tax rate, which is 21 percent under the conference agreement. In addition, for purposes of the requirement to treat remuneration as paid when the rights to the remuneration are no longer subject to a substantial risk of forfeiture, the conference agreement clarifies that “substantial risk of forfeiture” is based on the definition under section 457(f)(3)(B) which applies to ineligible deferred compensation subject to section 457(f). Accordingly, the tax imposed by this provision can apply to the value of remuneration that is vested (and any increases in such value or vested remuneration) under this definition, even if it is not yet received.

The conference agreement exempts compensation paid to employees who are not highly compensated employees (within the meaning of section 414(q)) from the definition of parachute payment, and also exempts compensation attributable to medical services of certain qualified medical professionals from the definitions of remuneration and parachute payment. For purposes of determining a covered employee, remuneration paid to a licensed medical professional which is directly related to the performance of medical or veterinary services by such professional is not taken into account, whereas remuneration paid to such a professional in any other capacity is taken into account. A medical professional for this purpose includes a doctor, nurse, or veterinarian.

Housing. The exclusion for housing provided for the convenience of the employer and for employees of educational institutions would be limited to \$50,000 (\$25,000 for a married individual filing a joint return) and would phase out for highly compensated individuals (income of \$120,000 for 2017, as adjusted for inflation) at a rate of one dollar for every two dollars of AGI earned by the individual beyond the statutory threshold of being highly compensated. The exclusion also would be limited to one residence. The provision would be effective for tax years beginning after 2017.

➤ **There is no similar provision in the Senate draft.**

➤ **FINAL: The conference agreement does not include the House bill provision. No change to current law.**

State Pensions. All entities exempt from tax under section 501(a), notwithstanding the entity’s exemption under any other provision of the Code, would be subject to the UBIT rules. Previously, State and local entities (such as public pension plans) may not have been subject to the UBIT rules.

➤ **There is no similar provision in the Senate draft.**

➤ **FINAL: The conference agreement accepts the House proposal.**

Bond Reforms

Termination of private activity bonds (PABs). Interest on newly issued PABs, including those for all 501(c)(3) organizations, would be included in income and thus subject to tax, effectively eliminating tax-exempt bond financing for private colleges and universities. The provisions would be effective for bonds issued after 2017. This provisions also impacts any public universities that utilize private activity bonds.

- **The Senate does not terminate private activity bonds.**
- **FINAL: The conference agreement does not include the House bill provision. No change to current law.**

Repeal of advance refunding bonds. Interest on advance refunding bonds (i.e., refunding bonds issued more than 90 days before the redemption of the refunded bonds) would become taxable. Interest on refunding bonds issued prior to the change would continue to be tax-exempt. The change impacts any institution, public or private, that might wish to advance refunding bonds.

- **The Senate includes the same provision and would eliminate advance refunding.**
- **FINAL: The conference agreement accepts the proposal. Advance refunding bonds are effectively eliminated beginning after December 31, 2017. Technically, the provision disallows exclusion from gross income interest on a bond issued to advance refund another bond.**

Deductibility of State and Local Taxes

State and Local Tax (SALT) Deduction. The deduction for state and local income and sales taxes would be repealed, and the deduction for state and local property taxes would be capped at \$10,000.

- **The Senate includes the same provision.**
- **FINAL: The conference agreement limits itemized deduction for all state and local taxes (i.e., property taxes and income tax (or sales tax in lieu of income tax) to \$10,000.**

The Johnson Amendment

Removal of Johnson Amendment requirements for all nonprofit entities. In a second amendment to H.R. 1 offered by Ways and Means Chairman, Kevin Brady, a change to Section 5201 was included that would mean that every 501(c)(3) organization – including colleges and universities—would no longer be prohibited from endorsing or opposing political candidates. This provision is generally opposed by the broader nonprofit community as bringing nonprofit entities into a political sphere they would not wish to be part of for numerous reasons.

➤ **FINAL: The Johnson Amendment remains in law. The conference agreement does not accept the House provision.**

NC State Investment Fund, Inc.

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: April 1, 1999

September 30, 2017

MARKET COMMENTARY

Fiscal 2018 got off to a strong start in its first quarter, with most major equity and fixed income indices posting gains for the period. Equity and 'risk-on' investments led the way following strong corporate earnings, low unemployment levels, and the general continuation of economic recoveries globally. In the US, second quarter year-over-year GDP growth reached 3.1%, its highest level since Q1 2015. The Federal Reserve detailed its plan to normalize its balance sheet beginning in October and kept open the possibility of an additional increase to the Fed Funds rate before the end of the calendar year. Economic momentum slowed, if only temporarily, by hurricanes Harvey and Irma as the storms dampened various forward-looking economic indicators, such as industrial production. In the Eurozone, unemployment clocked in at 9.1% in August, the lowest since February 2009. The European Central Bank continued to cautiously hint at a reduction of its economic stimulus, while attempting to maintain the region's strong economic momentum. In the UK, the Bank of England indicated it could potentially increase its base rate as early as November as the economy continues to strengthen, now more than a year removed from its Brexit vote.

In the US, equities continued moving higher during Q3 2017, with the S&P 500 returning 4.5%. Domestic equity markets were led by small-caps' (as measured by the Russell 2000 Index) return of 5.7%. For the one-year period ended September 30, 2017 the S&P 500, Russell Mid-Cap, and Russell 2000 indices have returned 18.6%, 15.3%, and 20.7% respectively.

International equities, as measured by the MSCI EAFE Index, produced a strong return of 5.5% during the quarter, resulting in a one-year gain of 19.7%. International markets were aided by a weaker US dollar, stable expansion, and limited inflation. Market participants, particularly in the Eurozone and United Kingdom, continued to eye central bank policies and its potential for a more hawkish posture moving forward. In Japan, equities returned 4.7% following data released in September showing stronger-than-expected industrial production and an increase in headline inflation.

Emerging markets, as measured by the MSCI Emerging Markets Index, posted a strong quarter, returning more than 8%. Emerging markets were aided by a weaker US dollar and upbeat sentiment out of China. China saw its second quarter GDP expand year over year by 6.9%, coming in above market participant's expectations.

Fixed Income had a relatively quiet quarter as yields remained mostly unchanged. High yield credit, as measured by the Bloomberg Barclays High Yield Corporate Credit Index, continued to be one of the best performers, returning 2%, bringing its one-year return to 8.9%. The Fed communicated its intention to begin reducing its balance sheet beginning in October, by limiting the reinvestment of its MBS and treasury maturing assets.

Looking ahead, geopolitical tensions, particularly between the US and North Korea continue to be the most pertinent headline risk to the market. Fundamental concerns include continually stretched equity valuations and shifting central bank policy. The US political environment remains volatile and there is little certainty around its policies moving forward. The Fed's path to normalization is set to begin in October, although many participants believe it to have already been priced into the market, resulting in a non-event for investors. In general, we feel that the economy is in decent shape and barring any major developments, should continue grinding higher in the months to come.

PERFORMANCE

September 30, 2017

Market Value	\$904,674,646		Participants 9			
Performance	QTD	CYTD	1 Year	3 Year	5 Year	10 Year
NCSIF	3.3%	9.4%	11.3%	7.0%	9.3%	4.3%
Policy Index (1)	2.8%	9.3%	10.6%	5.4%	7.7%	5.2%
Global Index (2)	3.9%	12.9%	12.8%	6.1%	7.8%	4.3%
BNY E&F Univ (3)	3.4%	11.2%	12.4%	6.2%	8.3%	5.1%
UNCIF	3.2%	9.3%	11.1%	6.9%	9.2%	5.4%
NCSIF Private	6.2%	11.9%	14.9%	10.5%	12.9%	8.0%
BlackRock LPP	3.7%	11.4%	13.3%	7.4%	8.9%	

Note 1: Policy Index= NCSIF's Strategic Investment Policy Portfolio Index (SIPP). For the 10 year period, Policy Index = Blended Historical Benchmark.

Note 2: Global Index= 70% ACWI; 30% Barclay's Aggregate

Note 3: BNY Mellon Endowment & Foundation Universe Median Return—
191 portfolios are represented for the one-year period ended September 30, 2017

FUND PERFORMANCE

The NCSIF (Fund) is a large, diversified investment pool with a long-term perspective. At September 30, 2017 the \$905 million market value pool was invested with several managers in a wide variety of asset classes. The largest manager for the Fund, UNCMC, managed 88.9% of the Fund's assets and the UNC Investment Fund (UNCIF) produced a 3.2% three-month return and an 11.1% 12-month return for the period ended September 30, 2017. The NCSIF employs three additional private equity managers, who oversee 2.2% of the portfolio. This portion of the Fund produced a strong three-month and 12-month return of 6.2% and 14.9%, respectively, for the period ended September 30, 2017. The remainder of the pool, the Fund's Liquid Policy Portfolio (LPP), managed by Blackrock, was another 8.5% of the portfolio. This investment returned 3.7% for the three months and 13.3% for the 12 months ended September 30, 2017. The remaining 0.4% of the portfolio is invested in cash with the State Treasurer's Short-Term Investment Fund (STIF).

RISK METRICS

3 Year Period	Fund	UNCIF	Policy Index	MSCI ACWI
Annualized Return	7.0%	6.9%	5.4%	7.4%
Annualized Volatility	4.5%	4.6%	4.0%	10.6%
Annual Sharpe Ratio (1)	1.55	1.48	1.34	0.70
Correlation to Global Index	0.87	0.85	0.94	0.99
Max Drawdown	-6.3%	-6.8%	-5.0%	-13.4%

Note 1: Sharpe Ratio: Excess return per unit of risk

This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

First Quarter Fiscal Year 2018

NC State Investment Fund, Inc.

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: April 1, 1999

September 30, 2017

INVESTMENT STRATEGY

The Fund is managed as a broadly diversified portfolio with exposure to seven primary asset classes and many sub-strategies within each asset class. The Fund seeks to diversify exposure to the sub-strategies through the use of multiple investment managers that utilize a variety of investment approaches. The purpose of diversification is to provide reasonable assurance that no single security, class of securities, or investment manager has a disproportionate impact on the Fund's aggregate results. At times, the Fund invests in passive strategies. In working toward the Fund's investment strategy, through UNCMC, the Fund invests in a number of niche managers that can employ different types of hedging strategies such as short-selling and derivative investing to help reduce the volatility of the Fund. The focus on controlling volatility preserves capital and benefits Fund participants through the power of compounding.

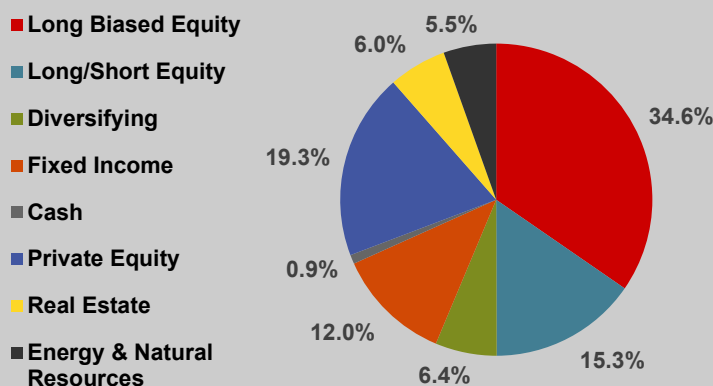


UNC MANAGEMENT CO.

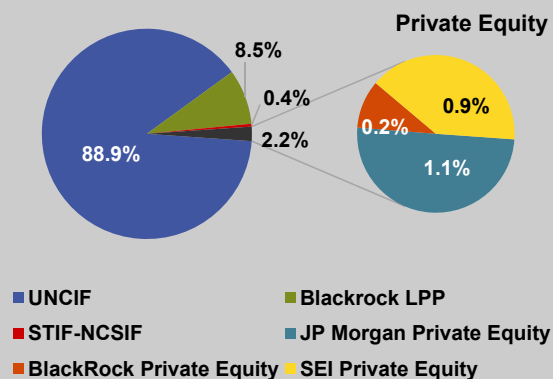
The UNCMC was established on January 1, 2003 as an exempt 501 (c)(3) organization. It is a professionally-staffed asset management company created to provide investment services to the University of North Carolina at Chapel Hill and its affiliated entities, to the constituent institutions of the UNC system and system affiliated foundations, associations, trusts, and endowments. With nearly 40 employees, UNCMC has two teams, Investment Management and Operations. The Investment Management team manages all public and private investments of the UNCIF. Their responsibilities include evaluating and monitoring investment managers, recommending changes to investment objectives and asset allocation, monitoring risk, and implementing investment decisions approved by Chapel Hill Investment Fund's (CHIF) Executive Committee. The Operations Team performs all administrative, legal, compliance, accounting, and performance reporting duties.

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ASSET ALLOCATION



ALLOCATION BY MANAGER



HISTORY OF THE FUND

The NC State Investment Fund, Inc., (Fund) was established in April 1999 to combine NC State University's and its affiliated entities' endowments in an external pooled investment vehicle. The goal of the investment program for the Fund is to provide a real total return from assets invested that will preserve the purchasing power of Fund capital, while generating an income stream to support the spending needs of the University. Effective July 2008, the Fund partnered with UNC Management Company (UNCMC) to invest in the UNC Investment Fund (UNCIF), with the remaining investments committed to a Liquid Policy Portfolio (LPP) of Exchange Traded Funds (ETF's), and to 3 private equity managers which includes an allocation for cash to fund capital calls. The transition of assets to UNCMC was completed December 2009.

NC State Intermediate Term Fund

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: July 3, 2014

September 30, 2017

FUND HISTORY AND PHILOSOPHY

As a pooled fund for the collective investment of operating funds, the NC State Intermediate Term Fund (ITF) consists of Participants' excess cash balances, which are defined as funds not needed for normal operating purposes. Generally, the ITF will not include operating funds needed within the next year, endowed funds or those funds that are specifically excluded by law or contractual agreement.

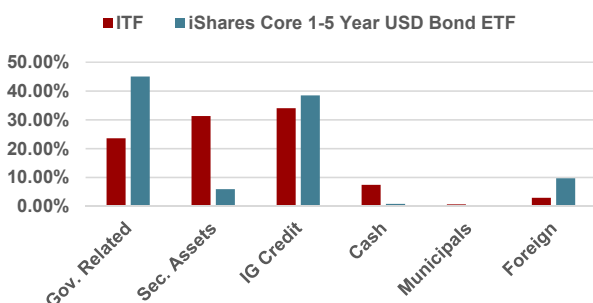
The decision to invest funds takes into account various factors including duration, credit, concentration, and manager risk, along with total return, suitability, and the experiences, quality and capability of external managers.

The primary investment objectives of the ITF are: 1) Preservation and safety of principal; 2) Liquidity; and 3) Maximization of returns within acceptable levels of risk. Because of current concerns about potential changes in monetary policy and rising interest rates, duration is limited. The investment policy calls for an average weighted maturity between one and five years, with an overall credit rating in general of A+/A as rated by a nationally-recognized rating agency. However, for any mutual funds selected by the ITF, their respective approved investment policy guidelines supersede those of the ITF.

The ITF was established on July 3, 2014 with an initial investment of \$122 million. Additional investments were made during FY 2015 & FY 2017, bringing the total invested to \$193.83 million. The ITF can be compared with the State Treasurer's Short-Term Investment Fund (STIF) on both a total return and on an SEC yield basis. In order to provide a buffer for changes in the NAV of the different investments, some of the excess earnings are being used to create a loss reserve. FMV fluctuates on a day-to-day basis.

BlackRock's SIO was liquidated from the fund on June 30, 2016. Proceeds were invested in Vanguard's Short Term Fund and DoubleLine's Total Return Fund on July 1, 2016. Additionally, a small position with PIMCO Income was initiated on November 2, 2016. The ITF's position in JP Morgan was liquidated on September 27, 2017 and PIMCO Low Duration was liquidated on October 2, 2017. The proceeds from these liquidations were reinvested into Vanguard's Short Term Fund and PIMCO Income, bringing the total cost basis to \$189.9 million.

SECTOR ALLOCATION



This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

PERFORMANCE

Market Value	\$189,305,765			
Performance	QTD	CYTD	1 Year	3 Year
ITF Fund	0.7%	2.3%	1.6%	1.7%
Barclays 1-3 yr Treasury	0.2%	0.7%	0.2%	0.8%
Barclays Universal 1-5 yr	0.6%	2.1%	1.2%	2.0%
DoubleLine	1.1%	3.6%	1.7%	
JP Morgan Short Term	0.5%	1.3%	0.8%	1.2%
PIMCO Low Duration	0.9%	1.9%	1.9%	1.5%
PIMCO Income	2.1%	7.4%		
Vanguard Short Term	0.6%	2.2%	1.4%	2.1%

STATISTICS	Fund	Index (1)
Volatility	1.1%	1.3%
Sharpe Ratio	1.4	1.4
SEC Yield	2.1%	1.9%
Effective Duration	2.5	2.7
FYTD Net Interest & Dividends**	\$968,191	n/a
Net Interest & Dividends Since Inception**	\$13,047,040	n/a

**Net of Fund expenses

Note 1: The iShares Core 1-5 Year Bond ETF is used as a proxy for the benchmark for Statistics information

MANAGERS

JP Morgan's Short Term Fund is based on bottom-up fundamental analysis, while retaining a high quality bias.

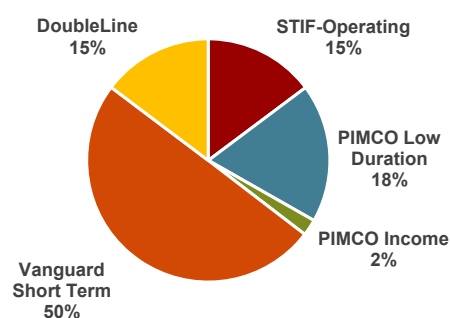
Vanguard's Short Term Fund has a low tracking error and is a low cost portfolio option consisting primarily of investment grade corporates.

PIMCO's Low Duration Fund seeks maximum total return based on a combination of top-down secular views and bottom-up fundamental analysis.

PIMCO's Income Fund is a portfolio of a broad range of intermediate-duration bonds that is actively managed to maximize current income while maintaining a relatively low risk profile.

DoubleLine's Total Return Fund seeks to maximize total return by exploiting inefficiencies within the subsectors of the mortgage market while maintaining active risk management constraints.

MANAGER ALLOCATION



The Endowment Fund of North Carolina State University 2017 Annual Report

BACKGROUND

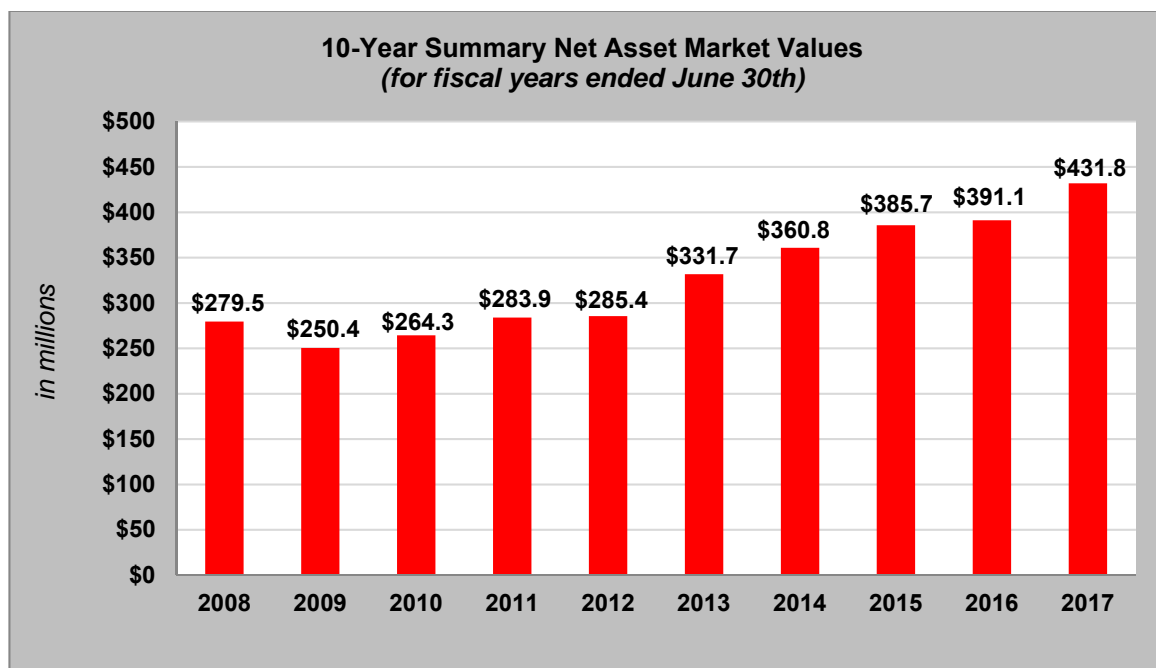
The Endowment Fund of North Carolina State University (Endowment Fund) was created by North Carolina General Statute §116.36, and is reported in the university's financial statements. The Endowment Fund is subject to review by State of North Carolina auditors as part of their annual university audit.

The Board of Trustees of the Endowment Fund (Board) is responsible for the prudent investment of endowment assets and is subject to NC General Statute 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as well as any requirements placed on the endowments by contract or donor agreements.

REPORT

The Endowment Fund's net assets were \$431.8 million at June 30, 2017 as compared to \$391.1 million at June 30, 2016, an increase of 10.4%. The increase is primarily attributable to net investment gains and appreciation in fiscal year 2017. The net \$40.7 million increase includes \$39.6 million in net investment gains and appreciation, \$10.3 million in gifts and matching, less endowment spending and transfers to other university funds of \$9.2 million.

Net assets are made up of cash (\$25.3 million), directly owned programmatic real estate (\$92.3 million), and pooled long-term investments (\$314.2 million). There are 239 endowments, consisting of 78 scholarships, 8 fellowships, 103 professorships and 50 endowments with a variety of other purposes. A ten-year historical chart of net asset values is provided below:



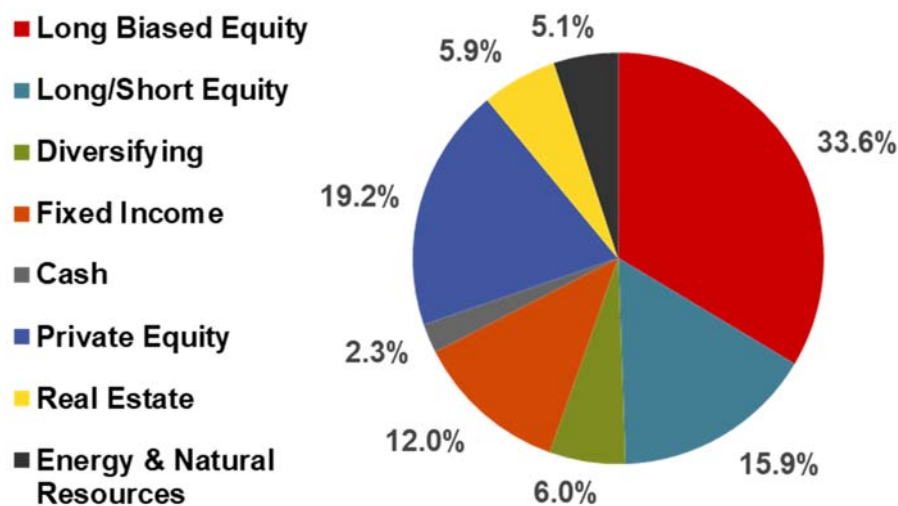
The Endowment Fund's investable assets of \$311.4 million are held with the NC State Investment Fund, Inc. (NCSIF).

During the fiscal year, the NCSIF continued its investment with UNC Management Company (UNCMC). UNCMC provides investment management services to the constituent institutions of the UNC System through a pooled investment vehicle called the UNC Investment Fund (System Fund). As such, the NCSIF has adopted the investment objectives, portfolio composition and specific return targets of the System Fund. The NCSIF began investing its non-committed assets with the System Fund effective July 2008 with completion of the transition occurring December 2009, and has a 14% membership interest in the System Fund as of June 30, 2017.

In addition to the allocation with the System Fund of \$774.2 million as of June 30, 2017, the NCSIF has \$19.15 million with other managers in private equity funds, \$72.25 million in a BlackRock Liquid Policy Portfolio (LPP), and \$4.9 million in the State Treasurer's Short-Term Investment Fund (STIF).

For the long term, the primary investment objective for the NCSIF is to earn a total return (net of investment and custodial fees) within prudent levels of risk, sufficient to maintain in real terms the purchasing power of the NCSIF and to meet the spending needs of the participants. To help meet this investment objective, the NCSIF invests in various asset classes to offer diversification. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund. The NCSIF's policy target, the target by which the NCSIF monitors performance, was adopted from the Investment Policy Statement of the System Fund.

NCSIF's actual asset allocation as of June 30, 2017 is as follows:



For the fiscal year ended June 30, 2017, the NCSIF experienced a net investment return of 11.9% compared to the policy benchmark of 11.8%. The NCSIF's annualized 5-year return as of June 30, 2017 was 9.3% as compared with the System Fund of 9.2% and to the policy benchmark of 7.8%.

Respectfully submitted,

Board of Trustees of the Endowment Fund of North Carolina State University

**BUILDINGS AND PROPERTY COMMITTEE
NORTH CAROLINA STATE UNIVERSITY
February 15, 2018**

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

**Buildings and Property Committee
Time: 1:00 – 2:30 p.m., February 15, 2018
Primrose Conference Room
Robert “Chip” Andrews, Chair
Members: Gonzalez, Goodnight, Murphy, Prestage, Weisiger**

AGENDA

CALL TO ORDER

Chip Andrews, Chair, Buildings and Property Committee

Roll Call

- Reading of the State Government Ethics Act

1. MINUTES

TAB 1

Chip Andrews, Chair, Buildings and Property Committee

- Approval of November 16, 2017 meeting minutes

5.1.A

2. PROPERTY MATTERS

TAB 2

Harlan Stafford, Director, Real Estate & Development

- ✓ Acquisition by Lease: This Property is needed for the following reasons and purposes: 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 (\pm 7,000 square feet) to accommodate growth, on or nearby Centennial Campus. 5.2.A.1
- ✓ Acquisition by Lease: This Property is needed for the following reasons and purposes: 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 (\pm 10,000 square feet) to accommodate growth, on or nearby Centennial Campus. 5.2.A.2
- ✓ Disposition by Lease: To ABB, Inc. for \pm 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. 5.2.A.3

3. DESIGNER SELECTIONS

TAB 3

Doug Morton, Associate Vice Chancellor, Facilities

- ✓ Requires full board approval

¹ Materials will be distributed to committee members at the meeting

Buildings and Property Committee

- Daniels Roof Replacement 5.3.A.1
- Rigging Replacement Stewart Theater – Talley Student Union 5.3.A.2
- Approval of Designer Selections Less Than \$1 million 5.3.A.3

4. ACCEPTANCE OF COMPLETED BUILDINGS AND PROJECTS **TAB 4**

Doug Morton, Associate Vice Chancellor, Facilities

- The University and Office of State Construction have accepted the attached list of completed buildings and projects with dollar values greater than \$2,000,000. The University has accepted the attached list of completed buildings and projects with dollar values less than \$2,000,000. All are recommended to the Buildings and Property Committee for formal acceptance. This listing represents buildings and projects received since the November 16, 2017 meeting. 5.4.A

5. PROPERTY MATTERS (Received after Full Board Mailing) **TAB 5**

6. SITE APPROVAL **TAB 6**

Lisa Johnson, University Architect

- Plant Sciences, Centennial Precinct 5.6.A.1

7. PLAN APPROVAL **TAB 7**

Lisa Johnson, University Architect

- Approval of Plans and Specifications of Formal Projects less than \$2 million 5.7.A.1

8. INFORMATIONAL REPORTS **TAB 8**

- Capital Projects Update (Doug Morton) 5.8.A.1
- Status of Projects in Planning (*Lisa Johnson*) 5.8.A.2

ADJOURN

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Buildings and Property Committee

Meeting Date: November 16, 2017

Minutes

Meeting No. 17-18: 1

Location: Winslow Conference Room

Time: 1:09 – 2:15 p.m.

Committee Members Present:

Mr. Chip Andrews, Chair
Ms. Jackie Gonzalez
Mrs. Ann Goodnight
Mr. Wendell Murphy
Dr. Ron Prestage
Mr. Ed Weisiger

Other Board of Trustees Members Present

Mr. Jimmy D. Clark

Present from the University:

Dr. Alan Rebar, Vice Chancellor, Office of Research, Innovation & Economic Development
Ms. Eileen Goldgeier, Vice Chancellor & General Counsel
Mr. Scott Douglass, Vice Chancellor, Finance and Administration
Mr. Douglas Morton, Associate Vice Chancellor, Facilities Division
Mr. Jeff Bandini, Associate Vice Chancellor, University Real Estate & Development
Mr. Brent McConkey, Assistant General Counsel, Office of General Counsel
Ms. Lisa Johnson, University Architect
Mr. Harlan Stafford, Director, University Real Estate & Development
Mr. Eric Hawkes, Director, University Recreation
Ms. Amy Mull, Assistant to the Chancellor for Communications
Ms. Cathi Dunnagan, Lead Instructional Designer, Center for Technology and Innovation
Dr. Carolyn Bird, Associate Professor, Agricultural & Human Sciences
Ms. Julia Brooks, Executive Assistant, Facilities Division
Ms. Melissa Young, Administrative Assistant, Office of the University Architect
Mr. Daniel Ziser, Technical Support Analyst, Facilities Division
Mr. Will Jackson, Technical Support Analyst, Office of Information Technology

CALL TO ORDER

Chair Andrews called the meeting to order at 1:09 p.m.

ROLL CALL

Andrews called the roll. All were present.

STATE GOVERNMENT ETHICS ACT

The chair reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. He inquired as to whether there were any known conflicts of interest with respect to any matters coming before the Buildings and Property Committee at this meeting. The committee members indicated that they had no conflicts of interest or appearances thereof.

MINUTES

Chair Andrews asked whether there were any corrections to the September 21, 2017 meeting minutes. There being none, Andrews declared the minutes approved as drafted.

PROPERTY MATTERS

Andrews asked Mr. Stafford to present the one property matter that requires full board approval. They were:

- ✓ Disposition by Deed: This proposed exchange of real property between the State of North Carolina on behalf of NC State University and the Board of Trustees of the Endowment Fund of North Carolina State University for equal sized acreage on Centennial Campus is for the benefit of the University. The Endowment will receive acreage to be used to create public/private partnership opportunities related to new development on north Centennial Campus consistent with the master land-use plan. The new site, to be located on Centennial Campus near the intersection of Main Campus Drive and Oval Drive, is to be exchanged for an equal amount of Endowment-owned acreage in multiple locations on Centennial Campus. Final quantity, description, and exact location will be determined by survey and is expected to be approximately \pm 23.5 acres.

Andrews called for a motion and a second to recommend to the full board approval of this item as outlined by Stafford. Dr. Prestage made the motion, which Mrs. Goodnight seconded. Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. The motion passed.

DESIGNER SELECTIONS

Chair Andrews asked Mr. Morton to discuss the designer selections. Morton recommended approval of four designer selections less than \$1 million dollars.

Andrews called for a motion and a second to recommend approval of the designer selections as outlined by Morton. Mrs. Goodnight made the motion, which Mr. Murphy seconded. Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

ACCEPTANCE OF COMPLETED BUILDINGS AND PROJECTS

Chair Andrews asked Mr. Morton to present the completed buildings and projects for acceptance. Morton requested acceptance of eight completed projects listed with a combined value of \$25.8 million, which included the Weisiger-Brown Parking Lot expansion and the Brooks Hall roof replacement.

Andrews called for a motion and a second to recommend acceptance as outlined by Morton. Mr. Weisiger made the motion, which Dr. Prestage seconded. Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the

motion passed.

PLAN APPROVAL

Chair Andrews asked Ms. Johnson to present the plan approval for Carmichael Gym Addition and Renovation. Johnson said the \$45 million Carmichael Gym Addition and Renovation demolishes an existing wing and will be replaced with new fitness and activity space, along with training areas, classroom and office space. The building will unify the existing Carmichael facility and create a single identity for the Carmichael Complex. The architectural design will be respectful of Talley, Reynolds, and the neighborhood. The east façade is the visual terminus of a view corridor along Cates Avenue. The project will contribute toward the implementation of the Cates Avenue Master Plan, displacing head in parking spaces to create a safer pedestrian crossing between the north entrance and Talley Student Union

Chair Andrews called for a motion and a second to recommend plan approval for Carmichael Gym Addition and Renovation as outlined by Ms. Johnson. Dr. Prestage made the motion, which Mr. Weisiger seconded. Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. The motion passed.

Chair Andrews asked Ms. Johnson to present the Plans and Specifications of Formal Projects less than \$2 million. Johnson requested acceptance of six projects listed with a combined value of \$4.1 million, which included Case Academic Center Dining Addition and Dearstyne Entomology and Avian Health Center HVAC upgrades

Chair Andrews called for a motion and a second to recommend approval of the Plans and Specifications of Formal Projects less than \$2 million as outlined by Ms. Johnson. Dr. Prestage made the motion, and Mr. Weisiger seconded.

INFORMATIONAL REPORTS

Chair Andrews recognized Mr. Morton to present the update for capital projects. Morton noted that the update is to provide committee members information from design to completion. The projects update included the Bureau of Mines and the aforementioned Carmichael Gym Addition and Renovation. Morton showed before and after photos of the Weisiger-Brown parking lot expansion.

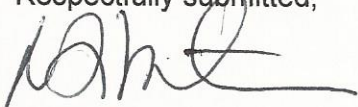
Andrews recognized Johnson to provide an update on projects in planning. Johnson presented the update. She noted the committee would review exterior work for Plant Sciences and Bureau of Mines at the spring meeting.

Chair Andrews asked the committee if he could take a moment to thank Doug Morton for his presentation on the Campus Capacity Assessment Study. He expressed to Doug his gratitude for a job well done.

Chair Andrews recognized Doug Morton to explain to the committee and visitors about the walking tour to Brooks and Leazar Halls. Morton said this short walking tour is to show the committee some of the challenges we face regarding deferred maintenance. The committee and visitors proceeded to Brooks Hall, and were met by the Dean of the College of Design, Dr. Mark Hoversten, who accompanied them on the tour.

There being no additional business, the meeting adjourned at 2:15 p.m.

Respectfully submitted,



D. G. Morton
Secretary to the Committee

cc: Scott Douglass, Vice Chancellor, Finance & Administration
P.J. Teal, Assistant Secretary of the Trustees

Approved: _____
Committee Chair Date

**ACQUISITION
OF REAL PROPERTY**

ACQUISITION OF REAL PROPERTY BY LEASE

LESSOR	Venture Center, LLC
LESSEE	The State of North Carolina, North Carolina State University
LOCATION	Centennial Campus; 920 Main Campus Drive, Raleigh, Wake County, NC or other comparable property (location to be determined based on availability)
SIZE	± 7,000 rentable square feet
RATE	Not to exceed \$34.00 per rentable square feet = ±\$238,000/year with 3% annual increases.
TERM	Five (5) year renewal term with one (1) option to renew for five (5) years
USE	To be used for office, classroom, and meeting space for Global Training Initiative, part of the Division of Academic and Student Affairs in the Office of Global Engagement

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

*** ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: January 8, 2018

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described by (~~purchase~~), (lease), (~~rental~~), or (~~other specify~~):

This Property is needed for the following reasons and purposes: 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 to accommodate growth, on or nearby Centennial Campus.

Name and Address of Present Owner: Venture Center, LLC c/o Heitman/VCAC Manager LLC, 191 N Wacker Drive, Suite 2500, Chicago IL 60606

Description of Property: (attach additional sheets if necessary).

920 Main Campus Drive, Raleigh, Wake County, NC or other comparable property (location to be determined based on availability); $\pm 7,000$ rentable square feet of office, classroom, and meeting space.

Term: Five (5) year renewal term with one (1) option to renew for five (5) years

Rental price (if applicable): Not to exceed \$34.00 per rentable square feet = \$238,000/year with 3% annual increases. Cost includes utilities, janitorial services, and required maintenance.

Funding: The lease costs will be paid utilizing incoming and reserve funds from internal and external sources (contracts, grants, and receipts)

Item: Acct. 376012 (among others)

Other:

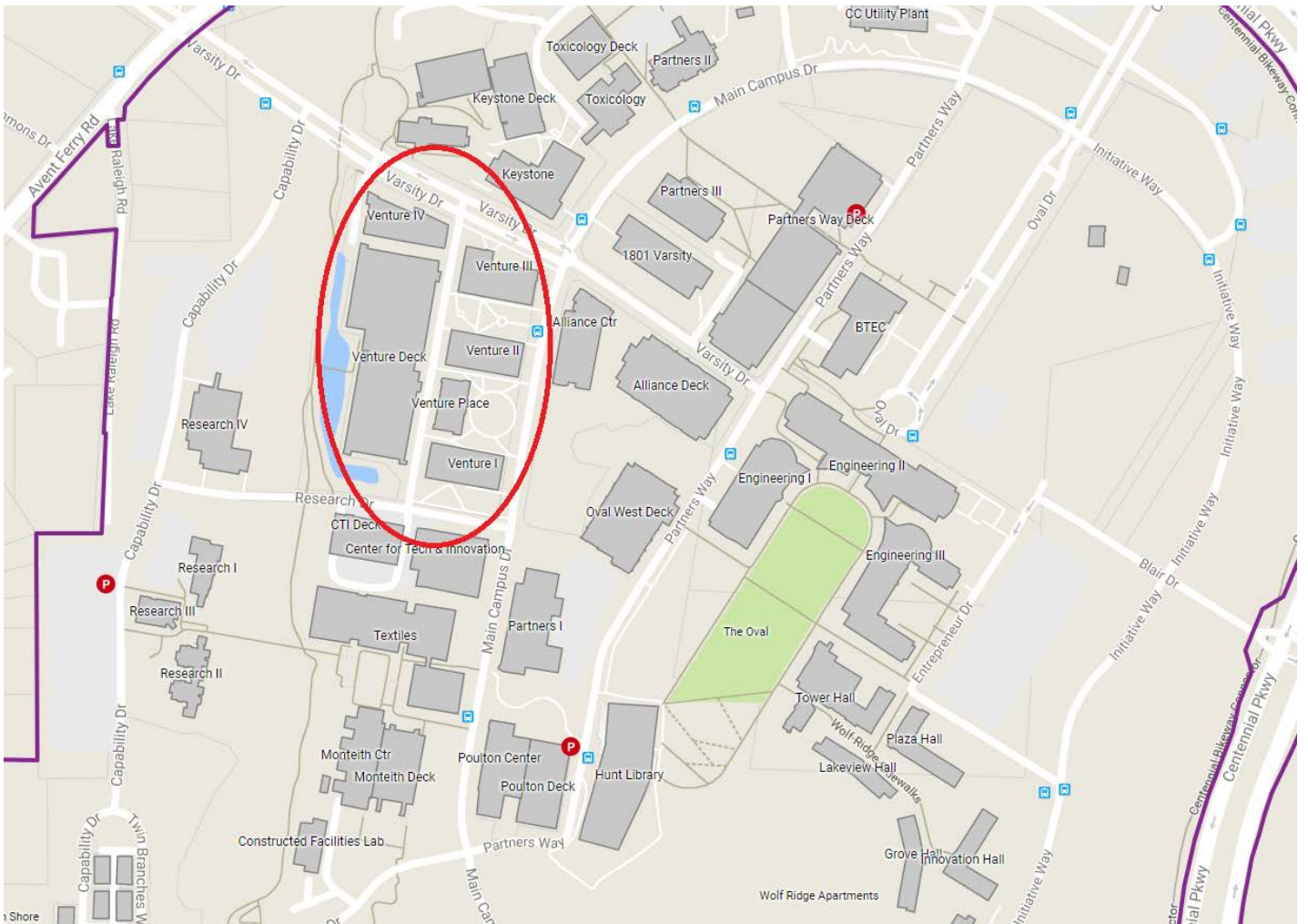
In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirement of your agency? If so, give details. No.

Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on _____, 2018.

Signature _____ **Original Signature on File**
Chancellor

Centennial Campus
Venture Center Complex
Raleigh, NC

5.2.A.1



**ACQUISITION
OF REAL PROPERTY**

ACQUISITION OF REAL PROPERTY BY LEASE

LESSOR	Venture Center, LLC
LESSEE	The State of North Carolina, North Carolina State University
LOCATION	Centennial Campus; 920 Main Campus Drive, Raleigh, Wake County, NC or other comparable property (location to be determined based on availability)
SIZE	± 10,000 rentable square feet
RATE	Not to exceed \$41.00 per rentable square feet = ±\$410,000/year with 3% annual increases.
TERM	Five (5) year renewal term with one (1) option to renew for five (5) years
USE	To be used for office, classroom, and meeting space for Computer Science Department & Visual Narrative Cluster in the College of Engineering

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

*** ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: January 8, 2018

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described by (purchase), (lease), (rental), or (other specify):

This Property is needed for the following reasons and purposes: 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 to accommodate growth, on or nearby Centennial Campus.

Name and Address of Present Owner: Venture Center, LLC c/o Heitman/VCAC Manager LLC, 191 N Wacker Drive, Suite 2500, Chicago IL 60606

Description of Property: (attach additional sheets if necessary).

Venture Center, LLC; 920 Main Campus Drive, Raleigh, Wake County, NC or other comparable property (location to be determined based on availability); ±10,000 rentable square feet of office, classroom, and meeting space.

Term: Five (5) year renewal term with one (1) option to renew for five (5) years

Rental price (if applicable): Not to exceed \$41.00 per rentable square feet = \$410,000/year with 3% annual increases. Cost includes utilities, janitorial services, and required maintenance.

Funding: Lease costs will be paid utilizing account below.

Item: Acct. 201501

Other:

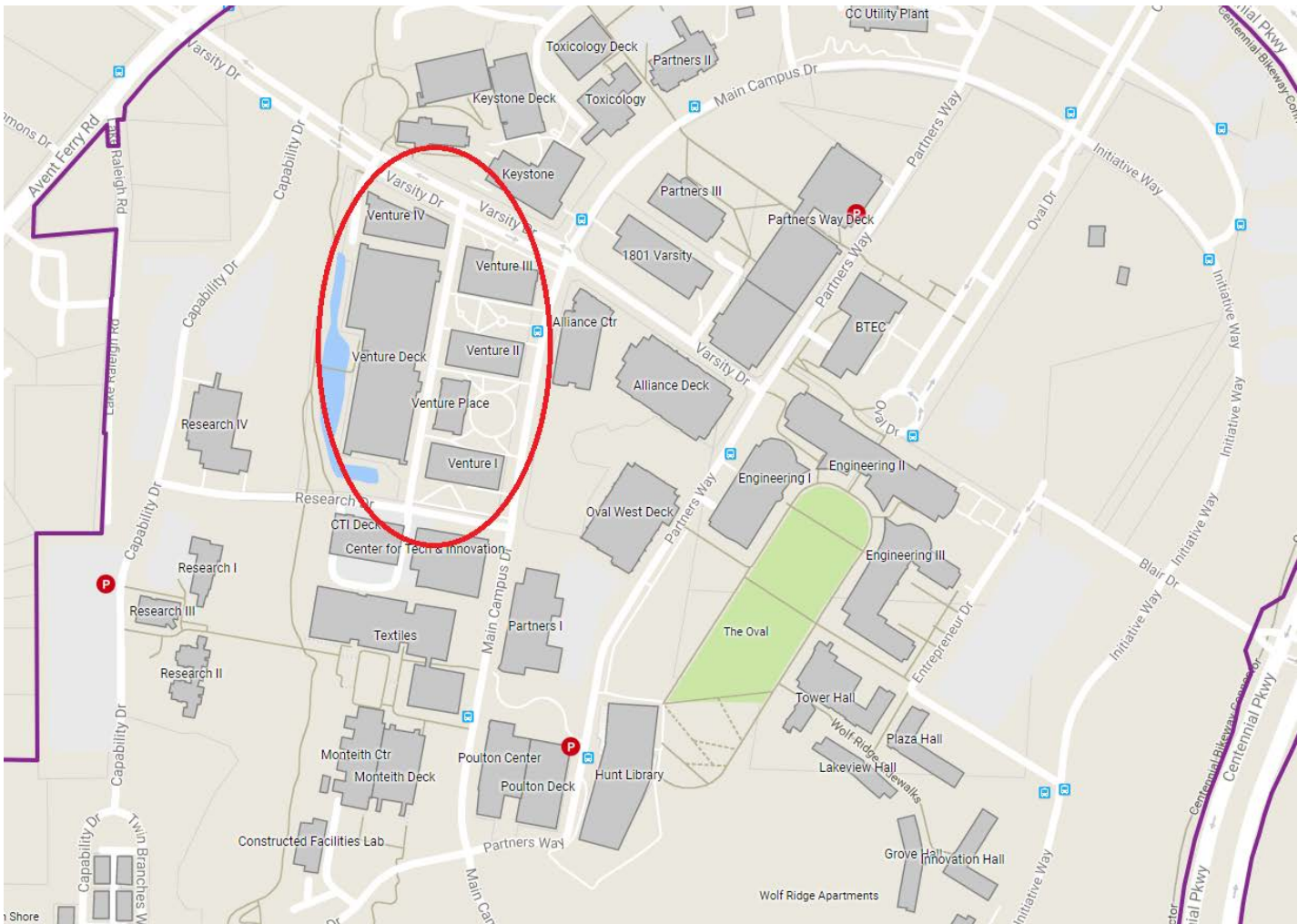
In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirement of your agency? If so, give details. No.

Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on _____, 2018.

Signature _____ **Original Signature on File**
Chancellor

Centennial Campus
Venture Center Complex
Raleigh, NC

5.2.A.2



**ACQUISITION
OF REAL PROPERTY**

ACQUISITION OF REAL PROPERTY BY LEASE

LESSOR	The State of North Carolina, North Carolina State University
LESSEE	ABB, Inc.
LOCATION	Centennial Campus; Poulton Innovation Center, 1021 Main Campus Drive, Raleigh, NC
SIZE	± 28,575 rentable square feet
RATE	\$27.75/RSF/Yr, Full Service Rental Rate, escalating annually by 3% \$15.00/RSF in Tenant Improvement Allowance Tenant responsible for utility and maintenance expense overage
TERM	Five (5) year term
USE	This disposition furthers programmatic connectivity between private firms locating on Centennial Campus and the University at large.

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
DISPOSITION OF REAL PROPERTY**

Institution or Agency: **North Carolina State University**

Date: January 4, 2018

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. **Lease**

This disposition is recommended for the following reasons:

Disposition by Lease to ABB, Inc. for +/- 28,575 rsf in the Poulton Innovation Center. ABB is a significant tenant partner on Centennial Campus and the disposition is recommended for continued partnership with the University.

Description of Property: *(Attach additional pages if needed.)*

+/- 28,575 total rentable square feet consisting of office and highbay space on Centennial Campus at Poulton Innovation Center, 1021 Main Campus Drive, Raleigh, NC

Estimated value: **Initial year's total annual rent is +/- \$792,956.25 (escalating annually by 3%)**

Where deed is filed, if known: **N/A**

If deed is in the name of agency other than applicant, state the name:

N/A

Rental income, if applicable, and suggested terms:

**Five (5) year term beginning on December 1, 2018 through November 30, 2023
\$27.75/RSF/Yr, Full Service Rental Rate, escalating annually by 3%
\$15.00/RSF in Tenant Improvement Allowance
Tenant responsible for utility and maintenance expense overage**

Funds from the disposal of this property are recommended for the following use:

Centennial Campus Trust Fund for the furtherance of campus development

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the **Board of Trustees** and is recorded in the meeting minutes thereof on _____ *(date)*.

Signature:
Title:

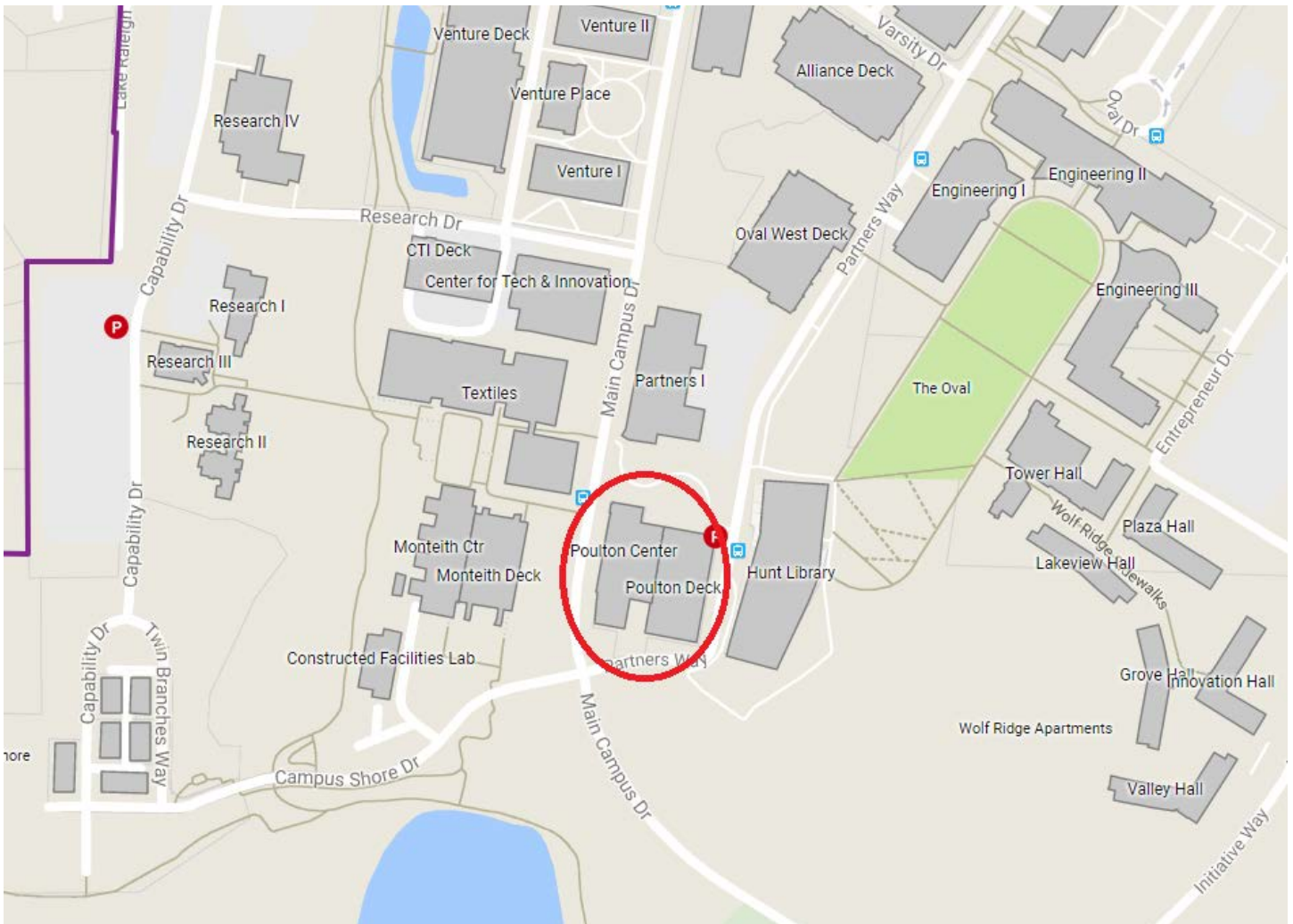
Original Signature on File
Chancellor

Centennial Campus

5.2.A.3

Poulton Innovation Center

1021 Main Campus Drive, Raleigh, NC



Daniels Hall Roof ReplacementTotal Project Scope – \$1,000,000 (Carry Forward)

09/29/17	<u>Advertised in NC Purchase Directory</u>
10/20/17	<u>Closing date for submittals</u> (8 proposals received)
11/07/17	<u>Appointment of Selection Committee</u> By Doug Morton, Secretary – Buildings and Property Committee
11/07/17- 12/06/17	<u>Selection Committee review:</u> NA, Trustee Lisa Johnson, University Architect Sumayya Jones-Humienny, Office of the University Architect Lisa Maune, Capital Project Management Greg Selzer, Capital Project Management <u>Others who assisted in review and short listing process</u> Joe Riley, Mechanical Systems Inspector, Warranty, Fac. Svc.
11/07/17	<u>Short list recommendation by Selection Committee:</u> Raymond Engineering – Raleigh, NC REI Engineering – Raleigh, NC Terracon Consultants – Raleigh, NC
11/07/17	<u>Short list approved by Robert F. Andrews</u>
11/28/17	<u>Pre-interview briefing of Designers</u>
12/06/17	<u>Designers interviewed. Recommendation in priority order:</u> Raymond Engineering – Raleigh, NC REI Engineering – Raleigh, NC Terracon Consultants – Raleigh, NC

09/28/17 Closing date for submittals
(4 proposals received)

10/30/17-
12/6/17

Selection Committee review:
NA, Trustee
Lisa Johnson, University Architect
Steve Bostian, PE, Project Manager, Capital Project Management
Cameron Smith, Director, Capital Project Management
Bill Davis, Associate Director of Design, Capital Project Management
Andrew Korhonen, Operation and Event Coordinator, University Theater
TJ Willis, Associate Director, University Student Center
Others who assisted in review and short listing process
Charlie Marshall, Associate Director of Construction, Capital Project Management
Pete Fraccaroli, Engineer, Housing Facilities Administration

12/06/17 Designers interviewed. Recommendation in priority order:
 Huffman Architects – Raleigh, NC
 Lynch Mykins Structural Engineers, PC – Raleigh, NC
 Design Line Studios, PLLC – Cary, NC

Approval of Designer Selections for Projects less than \$1,000,000

Note: The projects below are submitted to the Trustees' Buildings and Property Committee for formal approval of designer selections for projects less than \$1,000,000 that are not on the OESAD list. This listing represents designers selected since November 16, 2017.

<u>Project:</u>	<u>Fee:</u>
Lake Wheeler Road Conference Center Designer: HH Architecture Fund Source: Receipts	\$49,500
Lake Wheeler Road Creamery Study Designer: MS Consultants, Inc. Fund Source: CALS Trust Funds	\$13,650
CVM Main Building Dean's Suite Renovation Study Designer: New City Design Group Fund Source: CVM Appropriated Funds	\$11,000
Reynolds Coliseum Volleyball Study Designer: Davis Architects, Inc. Fund Source: Athletics Trust Funds	\$10,000
Pullen Hall Way Finding Designer: Dimensional Innovations Fund Source: Receipts/Housing Trust Funds	\$10,500
Eastern 4-H Boardwalk Designer: Albemarle & Associates, Ltd Fund Source: Appropriated	\$19,123
Central Electrical Distribution Ph. 1- Commissioning Services Designer: Power Services Fund Source: F&A	\$46,250
Central Electrical Distribution Ph. 1- Special Inspections & CMT Services Designer: Kleinfelder Fund Source: F&A	\$34,980
Upfit for PNC Ebranch- Talley Designer: Winstead Wilkinson Architects Fund Source: Receipts	\$25,100

Tri-Towers Stairwell Ventilation Study**\$9,400**

Designer: McKim & Creed

Fund Source: Receipts

B104 Lab Renovation CVM Main Building**\$28,000**

Designer: Ewing Cole

Fund Source: Receipts

5.4.A

Code/Item	Project#	Location	Title	Project Cost	University Acceptance
NA / NA	201720039	Solar House Garage	Alternative Fuels Renovation	\$37,952	8/17/2017
41424 / 322	201620067	Lake Wheeler Field Labs	Animal Health Research Storage Building	\$169,218	10/31/2017
41224 / 370	201220017	Centennial Campus Utility Plant	Conversion of fuel oil system	\$1,025,000	11/3/2017
41524 / 302	201520009	Centennial Campus	Extension of Initiative Way	\$1,350,000	11/7/2017
41524 / 325	201512124	ES King Village	Phase I and II, Roof Upgrades	\$382,362	11/21/2017
41524 / 350	201611047	Method Headhouse	Unit 1 Roof Replacement	\$185,801	11/21/2017
41524 / 301	201611013	Weisiger Brown Parking Lot	Expansion	\$750,000	12/19/2017
			TOTAL	\$3,900,333	

**SKANSKA****NC STATE
UNIVERSITY****Engineering
Building Oval**915 Partners Way
Raleigh, NC

November 27, 2017

Site Plan

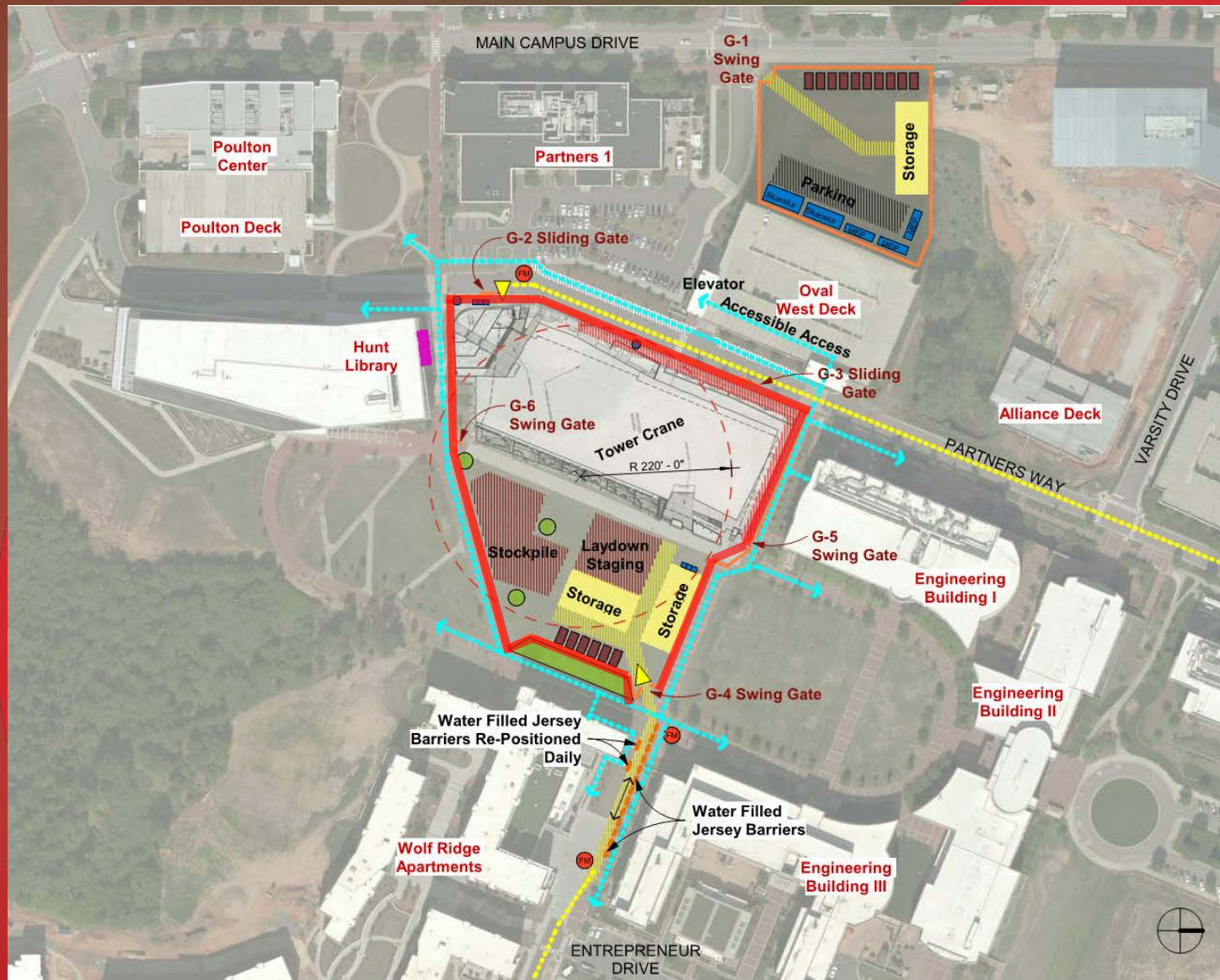
Site Plan

SKANSKA
**NC STATE
UNIVERSITY**
**Engineering
Building Oval**

 915 Partners Way
Raleigh, NC

Logistics Plan
Legend

	Construction Fence
	Pedestrian Access
	New Pedestrian Sidewalk
	Vehicle Access
	Full Time Flagman
	Construction Entrance
	Access Road
	Tree Protection
	Temporary Toilets
	Skanska Office
	MEP Contractors Office
	Connex Storage
	Supply Plenum Extension
	Fire Hydrant
	Boom Lift Access



Logistics Plan

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Committee: Buildings and Property

Meeting Date: February 15, 2018

Agenda Item / Issue:	Site Approval/Plant Sciences – Centennial Campus
Requested / Required Action:	Approval
Functions:	The project will build a new interdisciplinary plant sciences research building on Centennial Campus where researchers from the College of Agriculture and Life Sciences (CALS) and from across the university can build imaginative and far-reaching multidisciplinary partnerships with scientists from government, industry, and regulatory agencies. The five-level building will be approximately 184,000 gross square feet (GSF) comprised of flexible research labs, office space, partner lab/office suites, support lab space, and flexible conferencing space. The top floor will house Biosafety Levels (BSL) 2 and 3 rooftop greenhouses.
Project Scope:	<p>\$ 16,600,000 Design/Consultant Costs</p> <p>\$116,500,000 Construction</p> <p>\$ 10,000,000 Infrastructure</p> <p><u>\$17,100,000</u> Contingency/Other Project Costs</p> <p>\$ 160,200,000 Total Project Budget</p>
Design Team:	<p>Flad Architects - Lead Designer</p> <p>CLH Design - Landscape Architect</p> <p>Affiliated Engineers - MEP & FP</p>
Master Plan Summary:	The building will be designed to promote interaction and collaboration among faculty, students, and external partners. The primary building entrance will front Oval Drive, the ceremonial entrance to Centennial Campus. The architectural style shall take cues from the surrounding architecture while creating a unique identity and architectural statement. The building design will promote the visibility of activities.
Recommendation:	Reviewed by CDRP on January 31, 2018
Suggested Motion:	Move approval of site for the Plant Sciences Building
Funding Source:	\$85M Appropriated/\$75.2 Non-Appropriated
Responsible University Unit:	Office of Finance and Administration, Facilities Division
University Presenter/Contact:	Lisa Johnson, University Architect

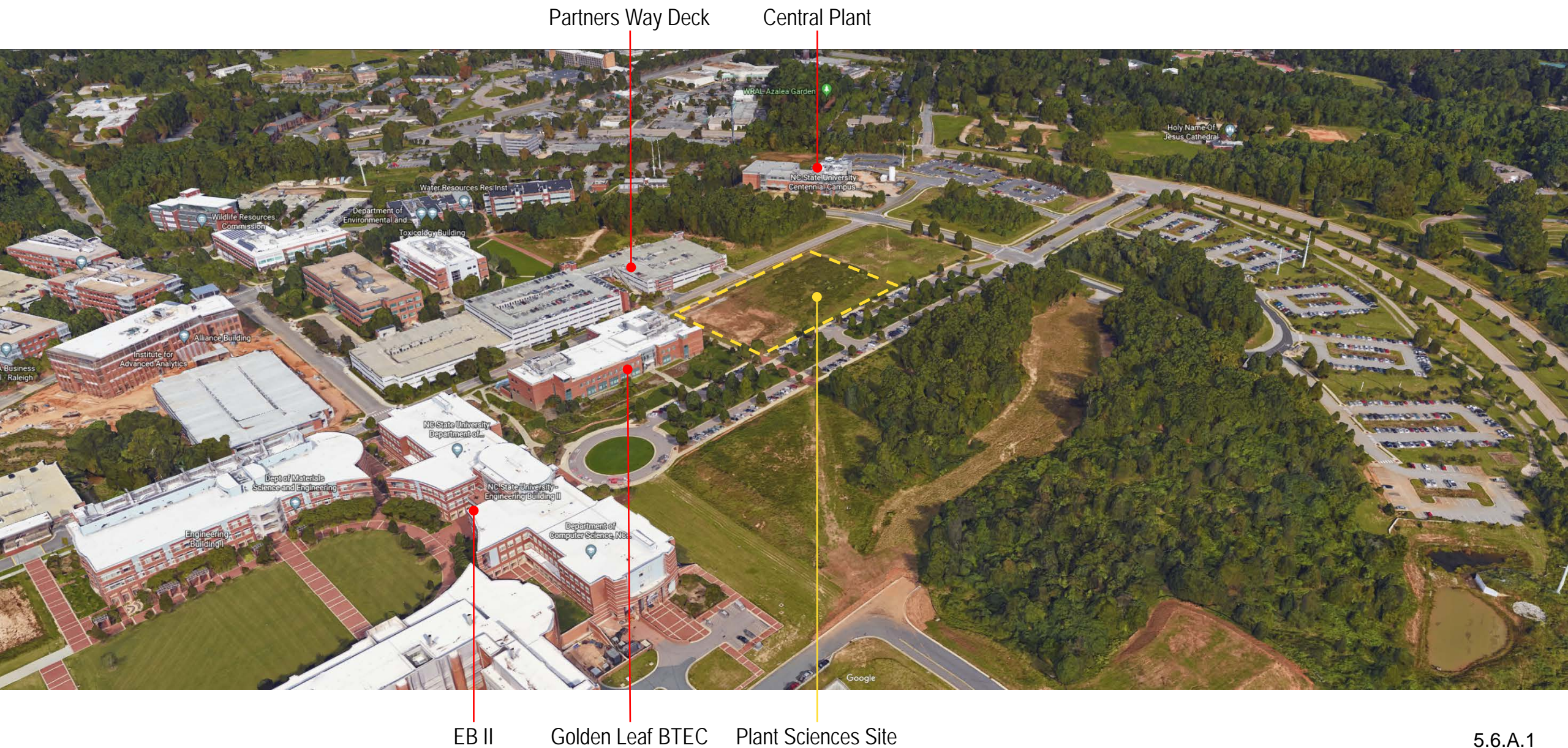
A woman with brown hair, wearing a white shirt, is looking intently at a tray of green seedlings in a greenhouse. The background shows the structure of the greenhouse and other plants.

Plant Sciences Building

Trustees' Buildings and Property Committee

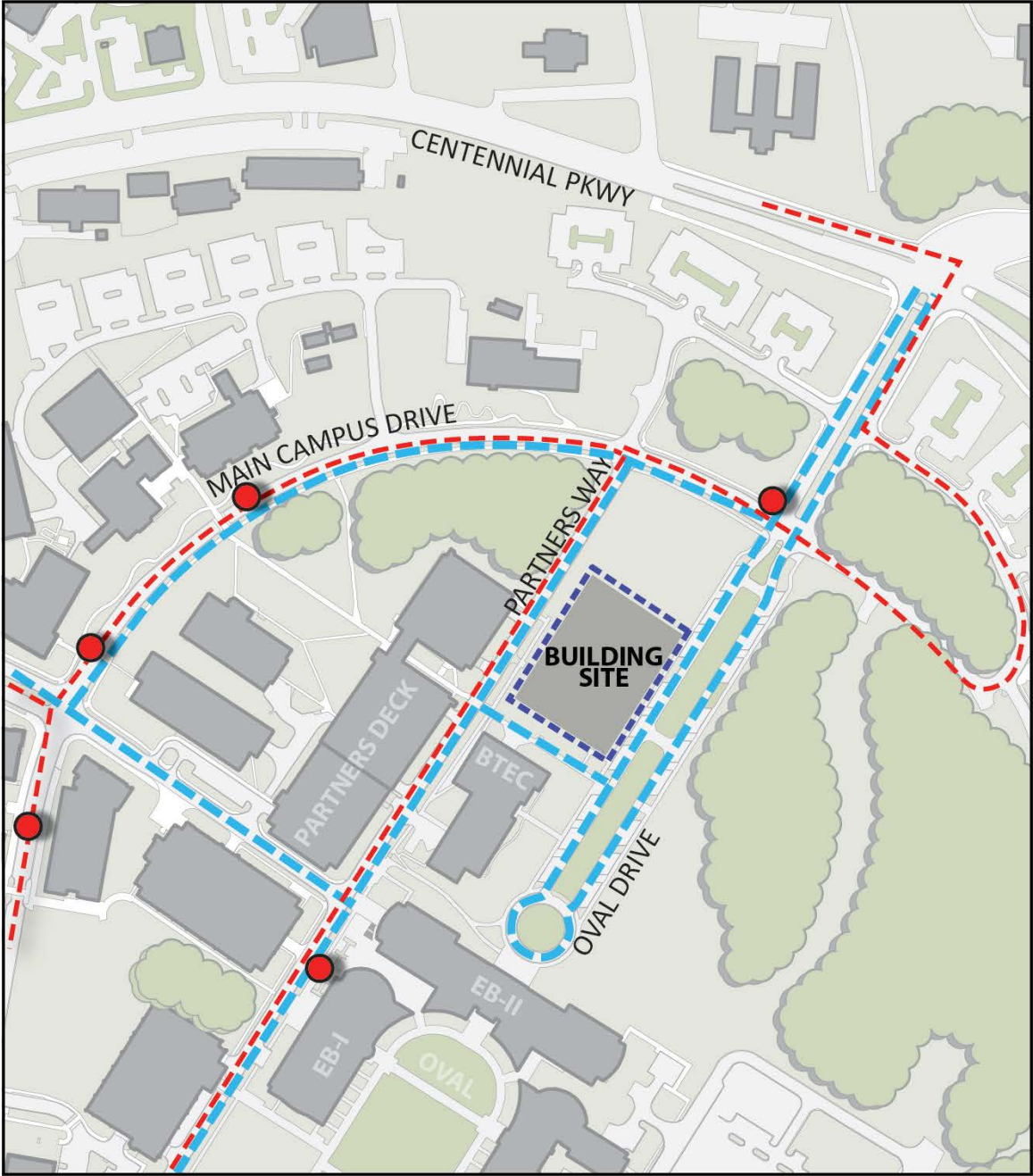
February 15, 2018

Existing Site



Site Analysis

Vehicular circulation



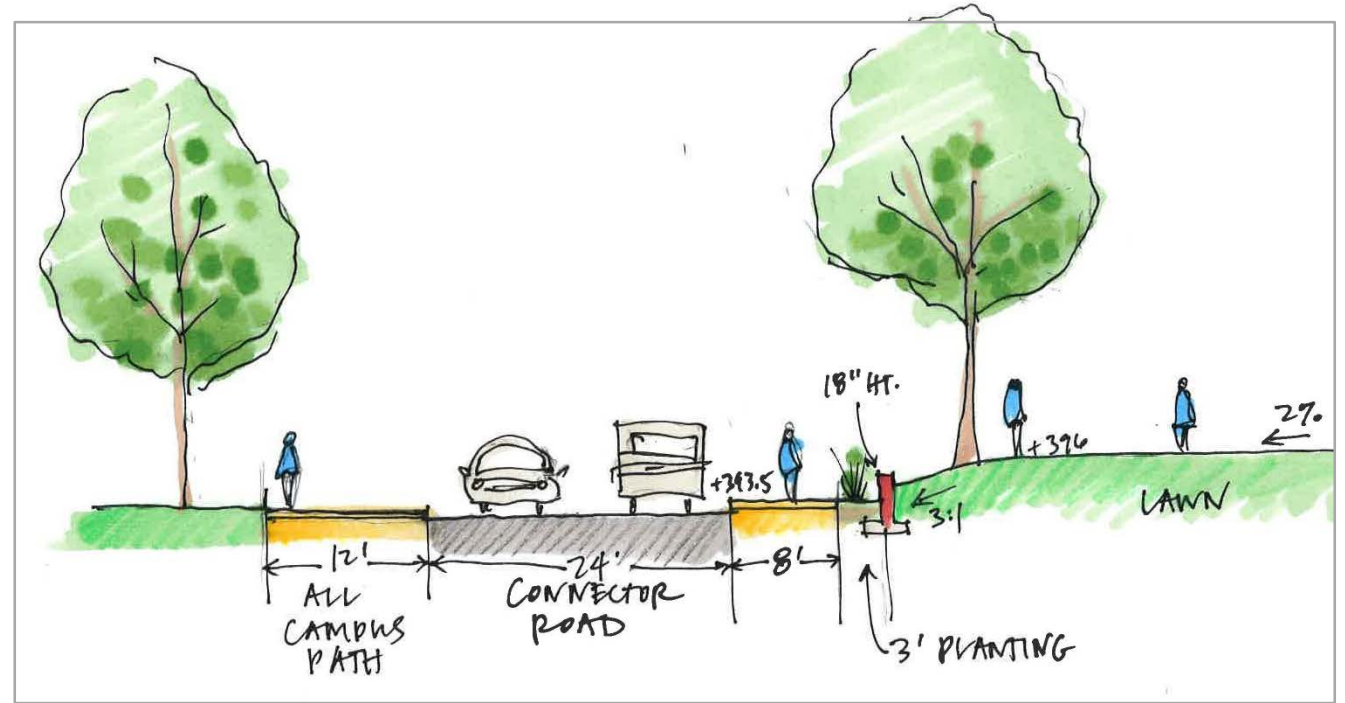
VEHICULAR PATHS

- WOLFLINE ROUTES
- BUS STOP
- MAIN VEHICULAR ROUTES

Site Plan

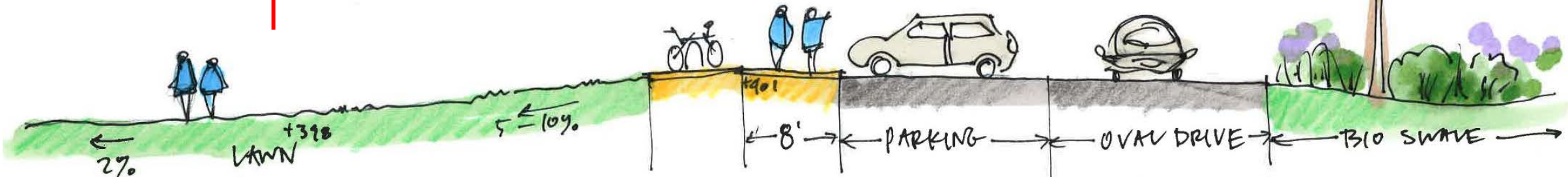
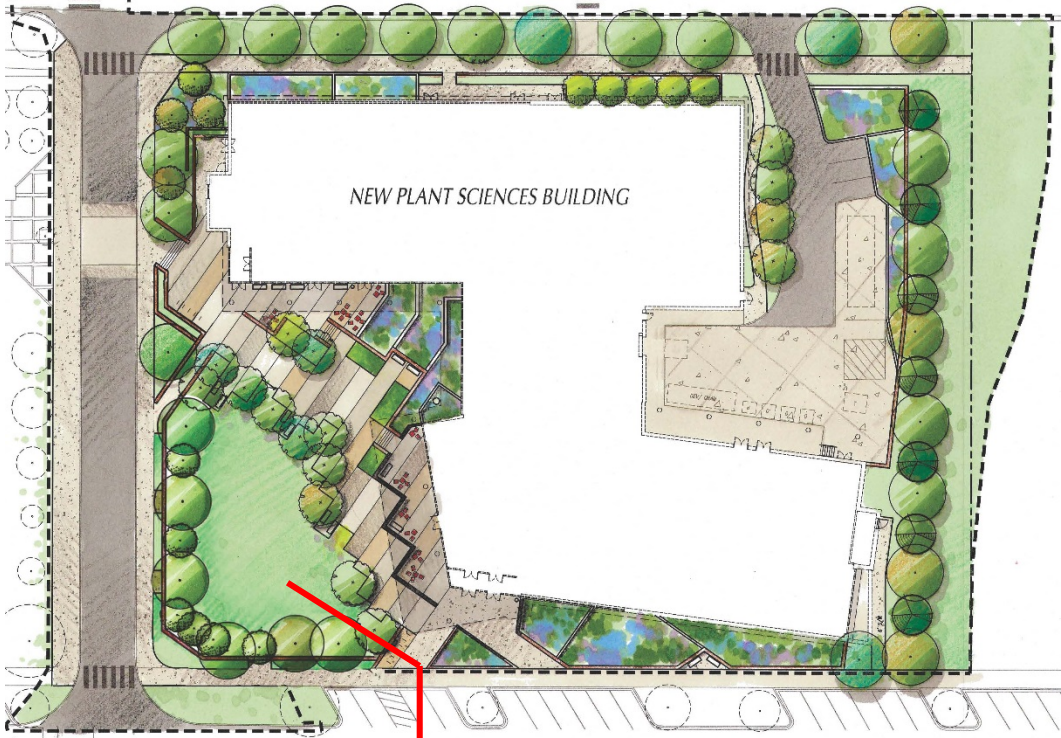


Site Sections



SECTION THROUGH ROAD, PLANTING, 18" RETAINING WALL, SLOPE, AND LAWN

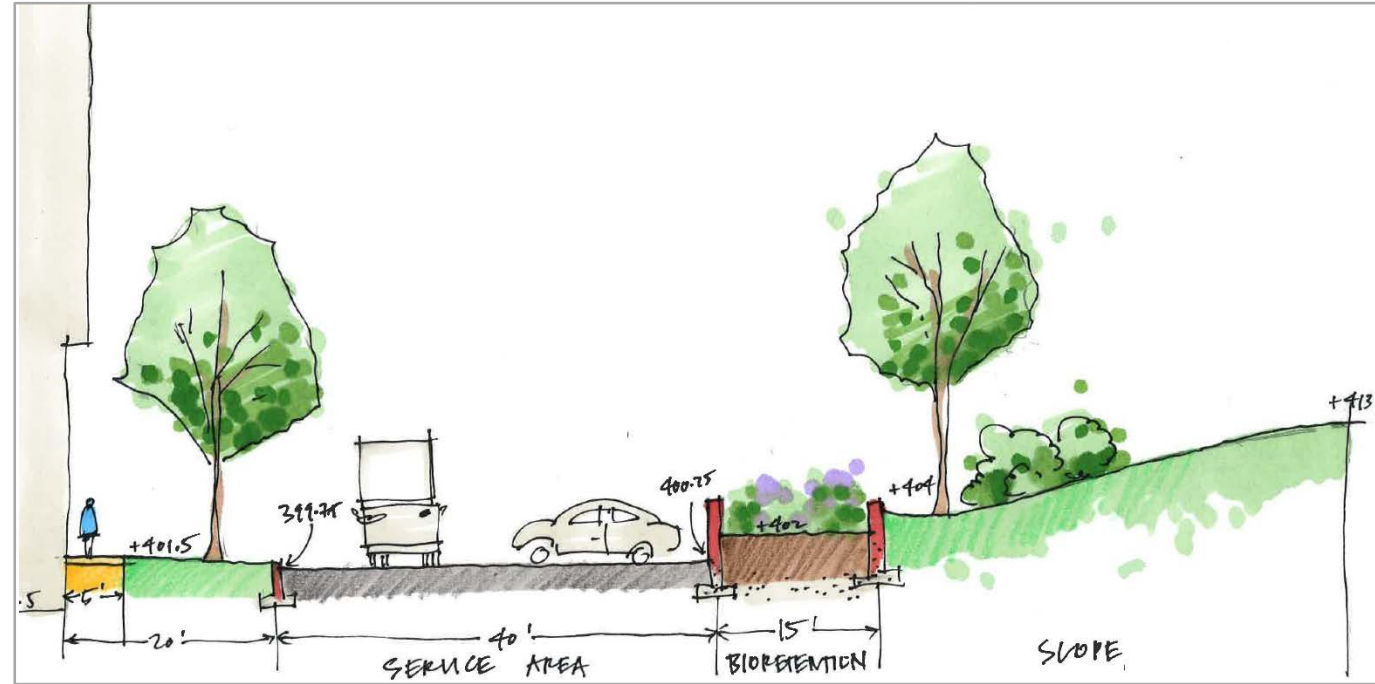
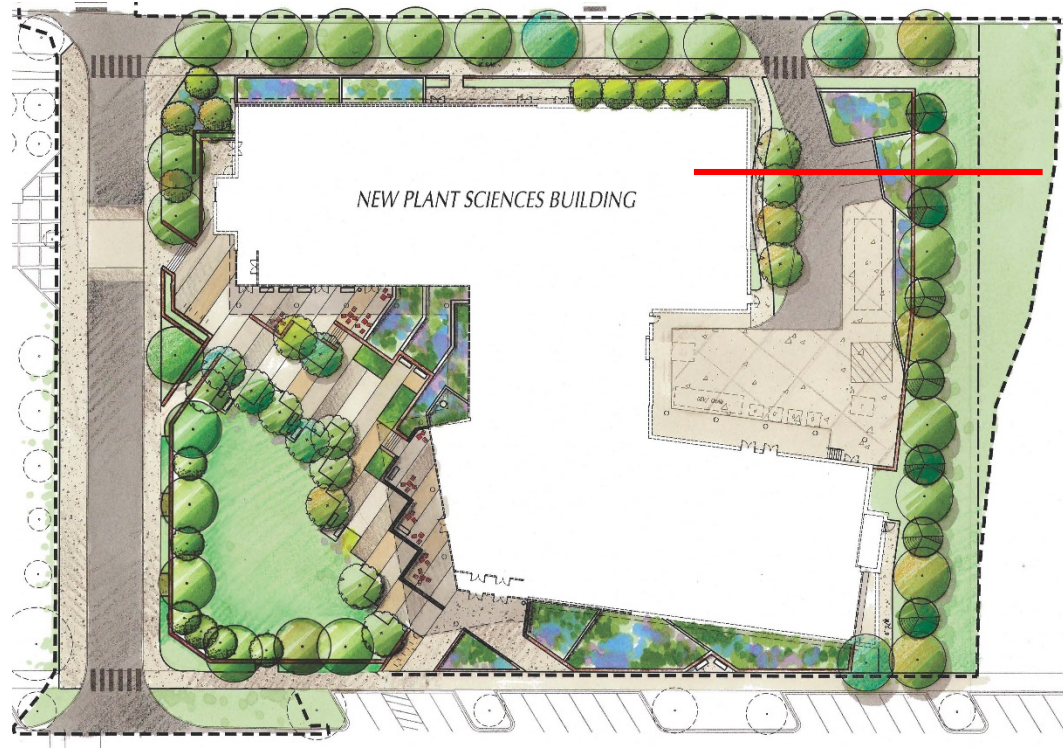
Site Sections



5.6.A.1

SECTION THROUGH LAWN, BICYCLE PARKING, SIDEWALK, AND OVAL DRIVE

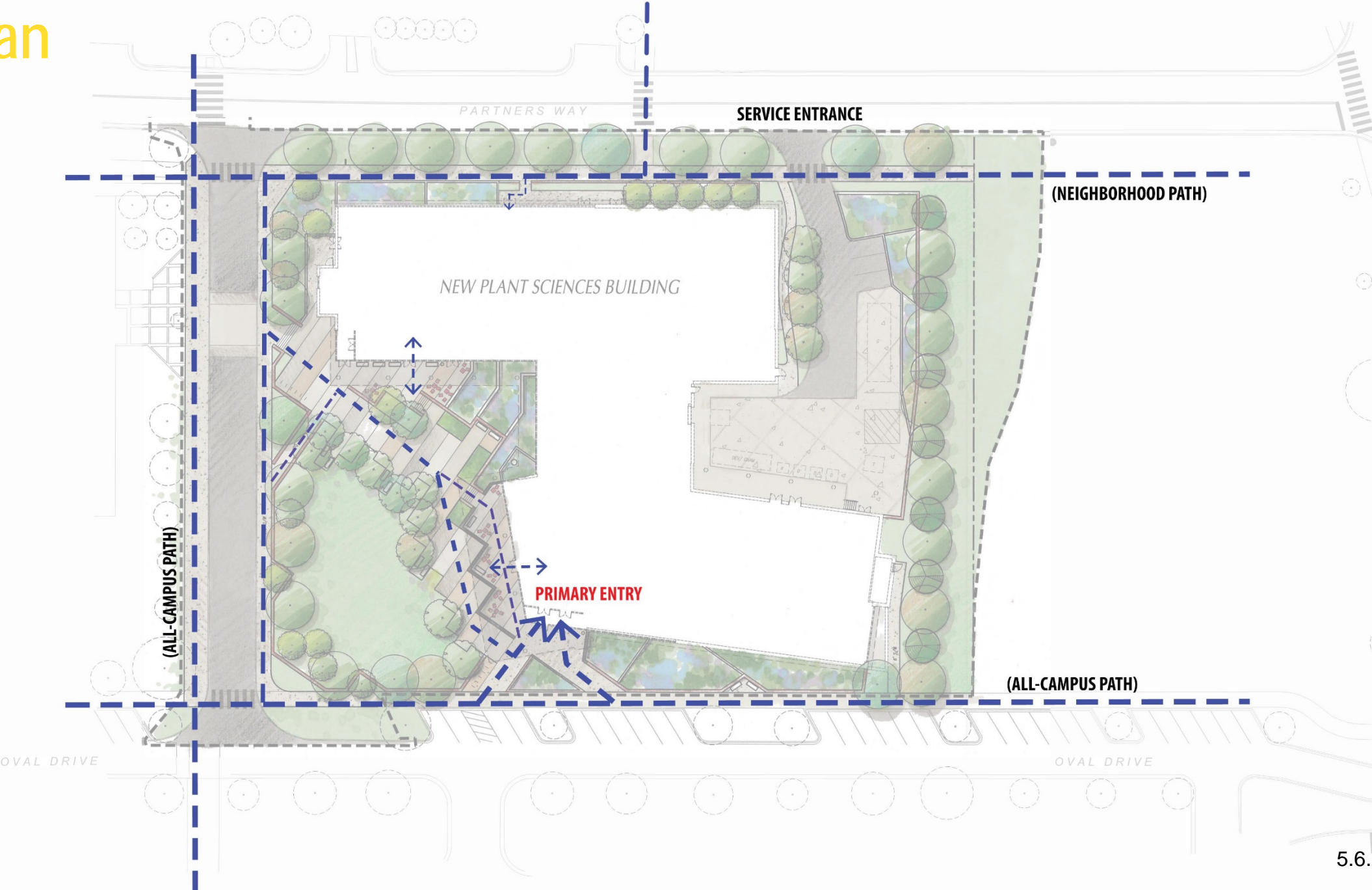
Site Sections



SECTION THROUGH SERVICE AREA, BIO-RETENTION, AND 3:1 SLOPE

Site Plan

Circulation



Site Precedents

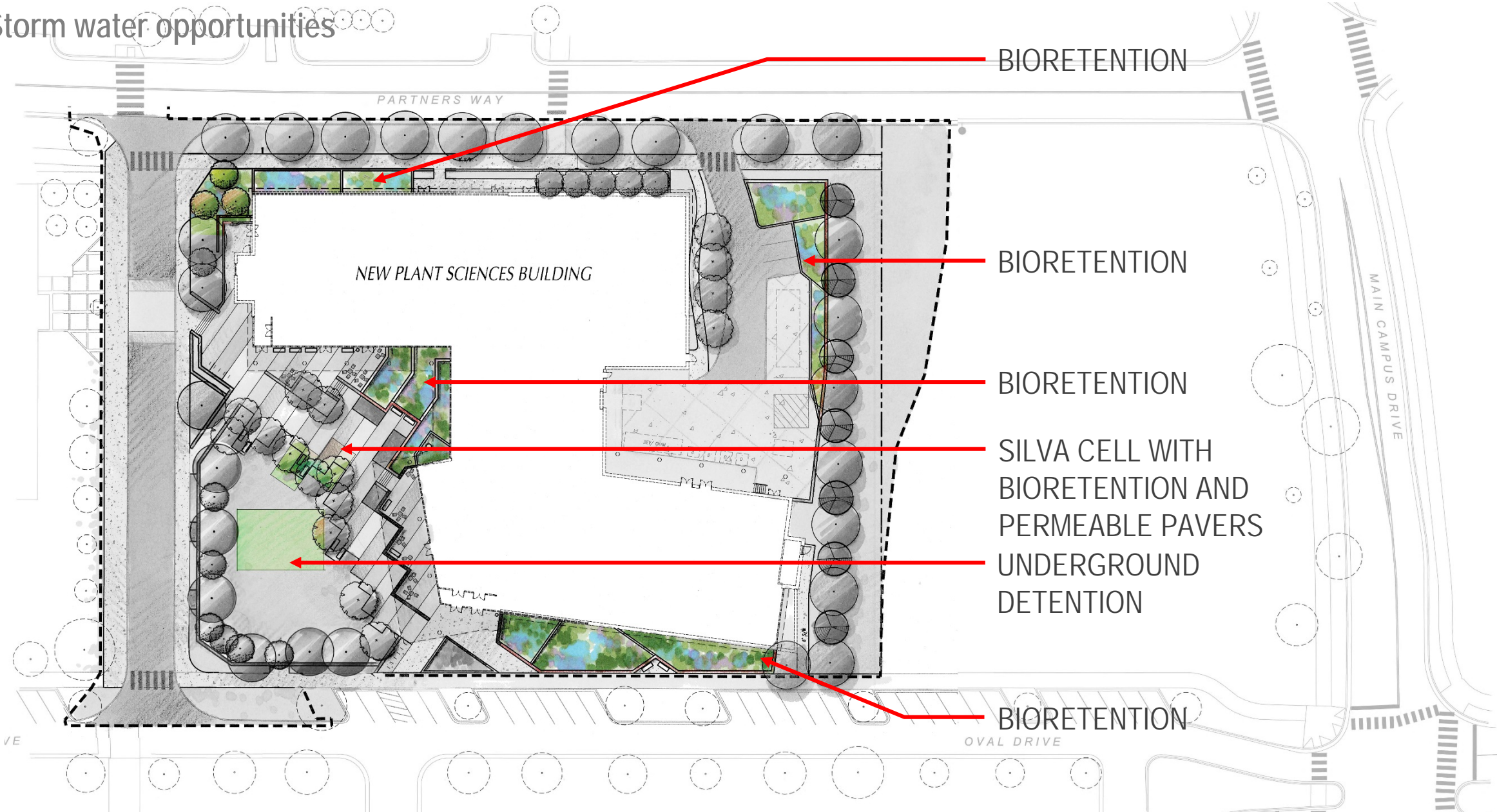
Landscape Materials

5.6.A.1



Site Plan

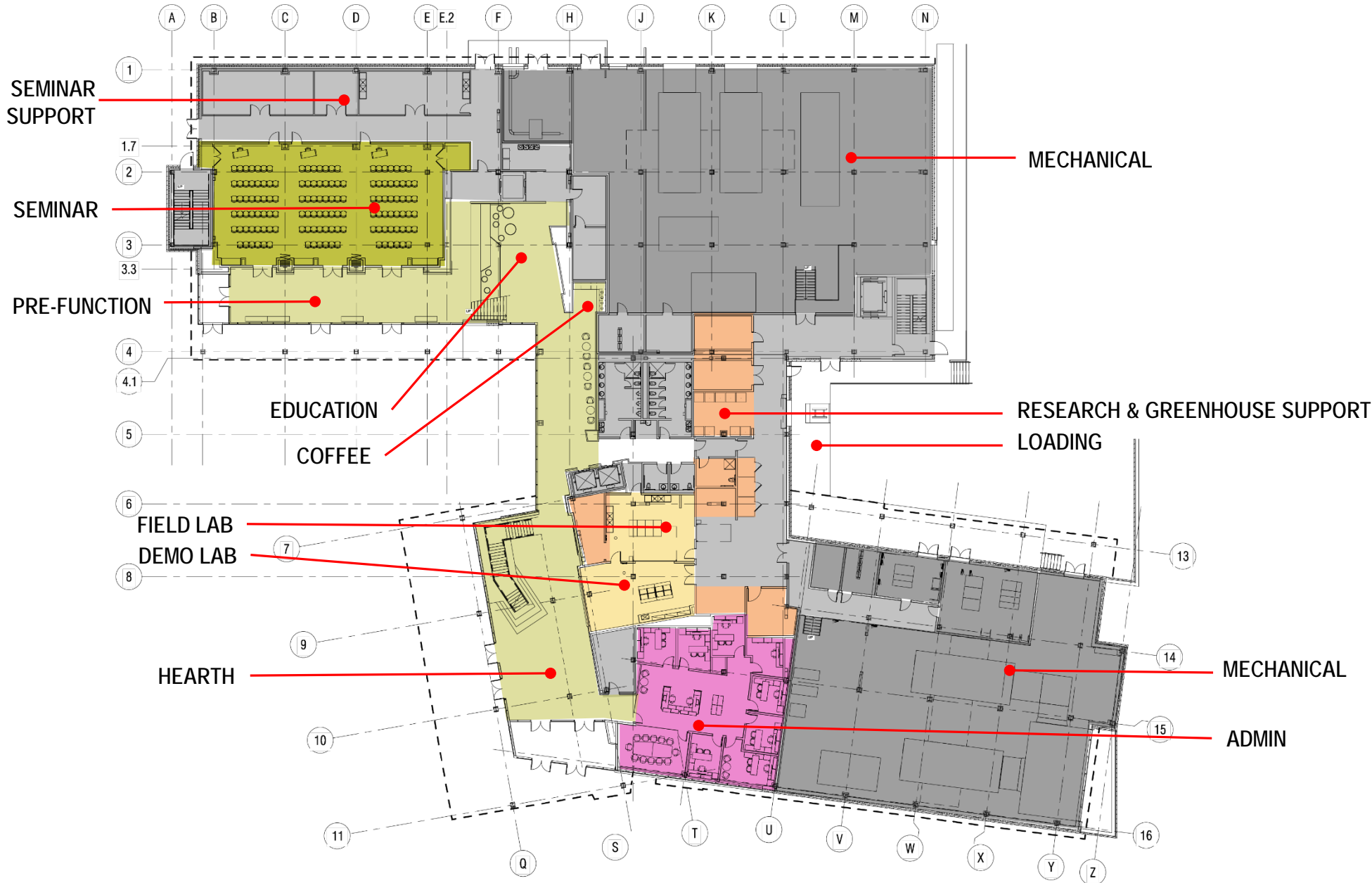
Storm water opportunities



Floorplan

Entry level 01

5.6.A.1



Floorplan

Level 02

5.6.A.1



Floorplan

Level 03

5.6.A.1



Floorplan

Level 04

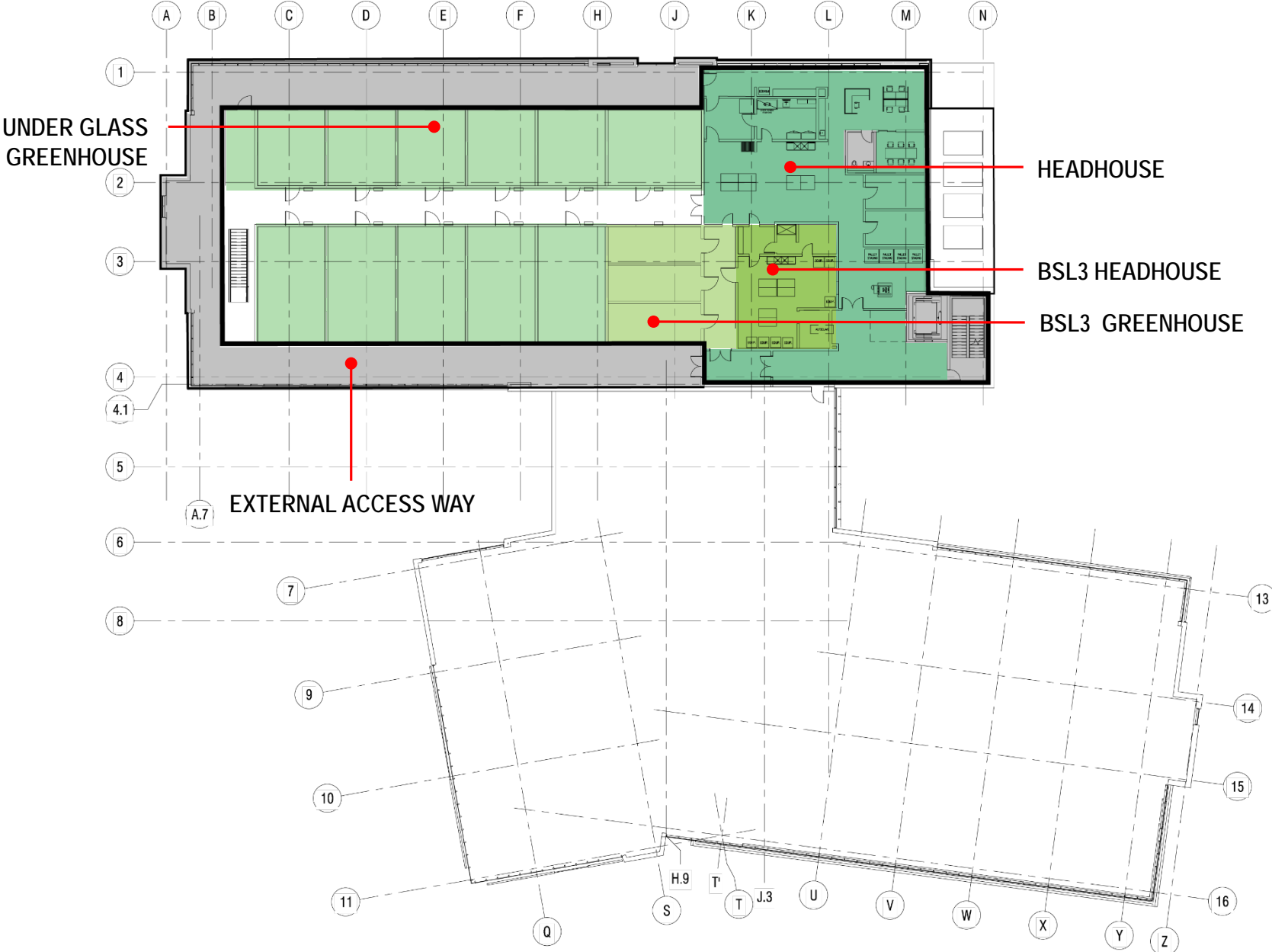
5.6.A.1



Floorplan

Level 05

5.6.A.1



Exterior

South elevation

5.6.A.1



Exterior

Oval Drive north view

5.6.A.1



Exterior

Entry north view

5.6.A.1



Exterior

Oval Drive elevation

5.6.A.1



Exterior

Approach from west



Exterior

Partner's Way south view

5.6.A.1



Exterior

Partner's Way north view

5.6.A.1



**Approval of Plans and Specifications of Formal Projects
\$2,000,000 or Less**

Note: The projects below are submitted to the Trustees' Buildings and Property Committee for formal acceptance of plans and specifications. This listing represents projects received since the November 16, 2017 meeting.

<u>Project</u>	<u>Construction Estimate</u>
Partners Building III Project # 201720046 CFEP Carbon Electronics Cluster Lab Renovations Designer: Swanson + Stewart Architects Raleigh, NC Fund Source: F&A Funds	\$ 1,300,000
Partners Building II Project # 201720041 CFEP Suite 1500 Office Renovations Designer: Davis Kane Architects, PA Raleigh, NC Fund Source: F&A Funds	\$ 235,000
Eastern 4-H Conference Center Project # 201720130 Boardwalk Structure Designer: Albemarle & Associates Ltd. Kill Devil Hills, NC Fund Source: Eastern 4-H Trust Funds	\$ 151,890
Phytotron Project # 201712044 Roof Replacement Designer: Terracon Consulting Engineering Raleigh, NC Fund Source: Repair and Renovations	\$ 110,000

Capital Projects at a Glance
as of November 30, 2017

NORTH CAROLINA STATE UNIVERSITY						
	Bid 2017					
	Bid 2018					
	Bid 2019					
	In Construction					
	Complete					
Code/Item	Project Name		Bid	Expected Acceptance	Total Project Budget	Remarks
41624 313	Greek Village Phase 3 Infrastructure	Design	11/30/17	5/17/19	\$5.5M	Bid Opening 11/30
41624 309	Harris Hall Student Services Renovation	Design	11/30/17	6/6/18	\$1.75M	Bid Opening 11/30
41524 313	Engineering Building Oval	Design	12/19/17	6/30/20	\$137M	Advertising for Early Bid Pkg
41524 341	Scott Hall HVAC Upgrades	Design	2/2/18	10/25/18	\$750K	CD Review Underway
41524 340	Dearstyne Entomology and Avian HVAC Upgrades	Design	2/5/18	10/18/18	\$1.5M	CD Review Underway
41624 313	Case Academic Center Dining Addition - Ph1	Design	2/16/18	7/30/18	\$2.0M	CD Review Underway
41524 336	Reedy Creek Equine Farm	Design	2/27/18	1/1/19	\$2.4M	CD Submittal Underway
41624 329	Water Line Replacements - various	Design	3/9/18	10/23/18	\$605K	CD Review Underway
41624 325	Steam Tunnel Structure Repairs-Main Campus	Design	3/15/18	4/22/19	\$950K	SD/DD Comment Review Underway
41524-337	Carbon Electronics Cluster Lab Renovations	Design	3/20/18	8/7/18	\$1.3M	SD/DD Production Underway
41524 339	Murphy Center Broadcast Studio	Design	4/27/18	3/8/19	\$5.5M	CD Redesign Underway
41625 339	DH Hill & Poe Waterproofing	Design	5/9/18	9/19/18	725K	SD/DD Review Underway
41624 310	Exterior Lighting LED Conversion	Design	5/22/18	10/3/18	\$1.5M	SD/DD Review Underway
41524 338	Dabney Hall HVAC Evaluation and Upgrade	Design	6/15/18	5/3/19	\$1.1M	CD Production Underway
41524 314	Centennial Campus Utility Infrastructure	Design	7/2/18	12/16/19	\$9.6M	CD Production Underway
41724 306	Equine Isolation Unit - CVM	Design	10/11/18	5/24/19	\$1.0M	Designer Selection Underway
41624 302	Carmichael Renovation & Expansion	Design	10/29/18	7/12/20	\$45M	DD Production Underway
41624 312	Bureau of Mines Renovation	Design	2/25/19	3/24/20	\$6M	Budget Reconciliation Underway
41724 305	Rigging Replacement Stewart Theatre	Design	3/19/19	8/16/19	\$1.1M	Designer Selection Underway
41624 331	B104 Lab Renovation, CVM Main Building	Design	4/3/19	10/30/19	\$2.0M	Programming Underway
41624 311	DH Hill Academic Success Center	Design	4/18/19	6/4/20	\$10.3M	SD Production Underway
41524 314	Plant Sciences Building	Design	7/16/19	12/13/21	\$150.6M	SD Review Underway
41224 315	HB 1292 Utility Savings	Construction		12/31/17	\$1.1M	95% Construction Complete
41524 307	Varsity Research Renovations - Phase 1	Construction		3/5/18	\$3.25M	55% Construction Complete
41424 307	Patterson Business Center Renovation	Construction		4/30/18	\$3.0M	1% Construction Complete
41424 314	CC Thermal Utilities & Infrastructure (CTI, COT & MRC)	Construction		5/30/18	\$12.35M	46% Construction Complete
41424 310	CBC Chiller Plant Expansion	Construction		7/4/18	\$4.98M	0% Construction Complete
41324 353	MRC Cleanroom Renovations	Construction		7/6/18	\$8M	50% Construction Complete
41524 325	ES King Village Roof Replacements - Ph 2	Construction		8/27/18	\$1.2M	58% Construction Complete
41224 352	Centennial Campus Substation Expansion-Phase 1 & 2	Construction		8/31/18	\$7.3M	48% Construction Complete
41324 357	North & Central Electrical Distribution	Construction		9/6/18	\$4.1M	0% Construction Complete
41224 370	Energy Performance Contracting #4, CCUP Cogen	Construction		12/21/18	\$20.2M	38% Construction Complete
41524 302	Extension of Initiative Way	Complete			\$1.85M	Accepted 11/7/17

STATUS OF PROJECTS IN PLANNING
Trustees' Buildings and Property Committee
and Campus Design Review Panel

5.8.A.2

SUBMITTAL NUMBER	PROJECT NAME	SCOPE	DESIGNER		TRUSTEE'S BPC SITE SELECTION		CAMPUS DESIGN REVIEW PANEL		TRUSTEE'S BPC REVIEW		CONSTRUCTION DURATION	
			FIRM NAME	DATE SELECTED	REVIEW	APPROVAL	REVIEW	RECOMMENDATION	REVIEW	APPROVAL	ESTIMATED START	ESTIMATED COMPLETION
151	Plant Sciences Building	\$160,200,000	Flad Architects	09/15/16	2/15/18		1/31/18		2/15/18		July, 2019	December, 2021
	Upcoming Projects											
	Kappa Alpha Theta House	\$5,500,000	Cline Design	June, 2017	4/20/17		2/16/17				May, 2019	August, 2020
	Academic Success Center	\$9,300,000	Lord Aeck Sargent	2/24/17			NA				May, 2019	June, 2020
	Bureau of Mines Renovation	\$6,000,000	Clearscapes	02/13/17							October, 2018	October, 2019
	Approved Projects											
148	Carmichael Gym Addition & Renovation	\$45,000,000	CRA Associates, Inc.	11/05/16	9/21/17	9/21/17	10/25/17 7/26/2017	10/25/17	11/16/17	11/16/17	November, 2018	August, 2020
007	The Shores Residential Project - Phase I	\$25,000,000	White Oak Properties J Davis Architects			2/18/99	4/26/00 3/22/00 2/1/00	8/29/07 4/26/00	2/17/00 4/15/99	4/27/00	July, 2015	Fall 2017
126	Broughton Hall Addition & Renovation	\$90,000,000	O'Brien Atkins	11/19/08	9/20/12	9/20/12	7/25/12 5/30/12		9/20/12			On Hold
137	Sigma Phi Epsilon House	\$3,000,000	Hager Smith	2012	9/10/15		9/30/15 7/29/15	9/30/15 7/29/15	11/12/15 9/10/15		Summer 2017	Summer 2018
140	Centennial Campus Utility Plant (Cogeneration and Building Addition)	\$18,226,054	AEI and Flad	4/19/13			2/24/16	2/24/16	NA		March, 2017	May, 2018
143	Lambda Chi House	\$4,600,000	Carl Winstead, AIA	June, 2015	2/16/17	2/16/17	11/30/16	11/30/16	2/16/17	2/16/17	June, 2017	July, 2018
144	Delta Zeta House	\$4,600,000	Carl Winstead, AIA	May, 2015	2/16/17	2/16/17	11/30/16	12/19/16	2/16/17	2/16/17	June, 2017	July, 2018
145	Reedy Creek Equine Farm Therio Phase A	\$2,400,000	Szotak Design, Inc.	8/22/16	4/20/17		1/25/17	1/25/17	4/20/17		April, 2018	January, 2019
147	Harris Hall Renovation - One Stop Student Service	\$1,700,000	Lambert Architecture + Interiors	12/6/16	NA		3/29/17	3/29/17	NA		October, 2017	May, 2018

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA**

**University Advancement and External Affairs Committee
1:00 p.m. – 2:30 p.m., February 15, 2018
Chancellor's Conference Room – Holladay Hall
Susan Ward, Chair**

Members: Tom Cabaniss, Jim Harrell, Stan Kelly, David Nimocks, Dewayne Washington

CALL TO ORDER

Susan Ward, Chair of Committee

ROLL CALL

Susan Ward, Chair of Committee

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

Susan Ward, Chair of Committee

- | | | |
|-----------|--|------------------------|
| 1. | CONSENT AGENDA
Approval of November 16, 2017 Minutes | TAB 6.1
6.1A |
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 | | |
| 2. | INFORMATIONAL REPORTS | TAB 6.2 |
| A. | University Advancement Update
<i>Brian Sischo, Vice Chancellor, University Advancement</i> | 6.2A |
| B. | Fundraising and Campaign Report
<i>Jim Broschart, Associate Vice Chancellor, University Development</i> | 6.2B |
| C. | University Communications Update
<i>Brad Bohlander, Associate Vice Chancellor, University Communications and Marketing and Chief Communications Officer</i> | 6.2C |
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| 3. | COMMITTEE DISCUSSION | TAB 6.3 |
| A. | Principal Gifts Overview
<i>Chandy Christian, Sr. Director, Leadership and Major Gifts and Christina Walker, Director, Principal Gifts</i> | 6.3A |

- | | | |
|------|--|----------------|
| B. | Gift Planning Overview
<i>David Masich, Executive Director, Planned Giving</i> | 6.3B |
| C. | Pledge Fulfillment Process
<i>Kushal Dasgupta, Associate Vice Chancellor, Advancement Services</i> | 6.3C |
| D. | Naming Opportunity Proposal – Constructed Facilities Lab
<i>Brian Campbell, Assistant Dean, Development and Executive Director, NC State Engineering Foundation</i> | 6.3D |
| E. | Naming Opportunity Proposal – PSI Greenhouses and Seminar Room
<i>Sonia Murphy, Executive Director, CALS Foundation</i> | 6.3E |
| F. | Naming Opportunity Proposal – Innovation Hall
<i>Brian Sischo, Vice Chancellor, University Advancement</i> | 6.3F |
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| 4. | CLOSED SESSION | TAB 6.4 |
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 | | |
| A. | Approval of November 16, 2017 Closed Session Minutes * | 6.4A |
| ✓ B. | Request Approval for Naming Specific University Facilities and Programs | 6.4B |

ADJOURN

* Committee Approval

✓ Full Board Approval

NC STATE UNIVERSITY

Consent Agenda

Approval of November 16, 2017 Minutes*

University Advancement and External Relations Committee
Board of Trustees
North Carolina State University
November 16, 2017

The University Advancement Committee of the Board of Trustees of North Carolina State University met in Open Session at 1:15 p.m. in the Chancellor's Conference Room in Holladay Hall.

Chair Ward called the session to order and read the State of North Carolina's Government Ethics Act.

Chair Ward called roll after which she presented the consent agenda and the minutes from the September 21, 2017 meeting were approved. She then asked Vice Chancellor Sischo to present a University Advancement update. Brian shared that Alan Taylor's engagement with the William S. "Bill" Henry family, who are passionate about NC State but who hadn't been cultivated, resulted in a gift to name the Memorial Belltower. Brian noted that the Henry's gift will provide financial support to renovate and restore the Memorial Belltower, as well as to develop a surrounding square to enhance visitor access. The gift will also include the purchase of the remaining bells need to complete the Belltower's full carillon.

Brian went on to report that Red & White Week was a great success and featured a campaign lunch which focused on the theme of refilling the donor cupboard. The Red & White Night reception and event celebrated donors and showcased what their gifts enable.

Brian then shared that for the first time in 75 years, Wolfpack Club giving data is being entered into the Advance system. He reported that University Advancement and the Wolfpack Club and Athletics have met and are working together on a strategy to best engage donors. He noted that Advancement Services and the Wolfpack Club worked in tandem to achieve this milestone and are now working to add all historical giving.

Brian concluded his update by reporting that Advancement Services staff would be in the office processing gifts throughout the winter break, pointing out that 80% of giving happens in December for end of year counting. With proposed tax changes looming, particularly changes to standard deductions and the estate tax, Brian noted that donor gifts to higher education are more important than ever. Lastly, He shared the news that the AVC for Development search was wrapping up and that the selected candidate should be in place early in 2018.

ED Anya Reid provided a fundraising and campaign update, pointing out that we still have some significant opportunities to hit our goals and are moving in the right direction. She reported that all of the colleges and foundations are tracking well before sharing data from the reach back, nucleus and public phases of the campaign. Anya noted while our numbers are a little lower than they were at this point in 2016, it must be noted that we had a successful push to get to \$1 billion by launch last year.

Next, AVC Benny Suggs gave an Alumni Association update. Benny echoed that Red & White Week was an unqualified success. He noted that the Association's mission statement is the standard applied to every undertaking and that Membership, Marketing and Communications, Outreach and the Caldwell Fellows Scholarship are the four pillars of the Alumni Association. Benny shared that the Association is an interdependent program with operational funds coming from the university and their three affinity partners. Benny concluded his update with a report on the success of the Campaign Caravan, 21 post-launch campaign events coast-to-coast attended by the Chancellor.

Following overviews of the Talent Management program and Central Major Gifts, naming opportunities were presented and approved for the office for the Department Head of Materials Engineering and for the Swine program, to support the most modern, industry leading swine professionals in the world.

The committee then moved to go into closed session.

Respectfully submitted,

Susan P. Ward
Chair

NCSTATE UNIVERSITY

Informational Reports

University Advancement

Fundraising and Campaign Report

University Communications Update

NC STATE UNIVERSITY

UNIVERSITY ADVANCEMENT UPDATE

**BRIAN SISCHO
VICE CHANCELLOR, UNIVERSITY ADVANCEMENT**

February 15, 2018



NC STATE

THINK AND DO
THE EXTRAORDINARY

FY17 Development Activity Reports

December 31, 2017

Office	FTE	Visits Count	Discovery Qualifications Count	Major Asks Count	Total Asked Amount	Number of Closed Asks Count	Total Granted Amount
CEN	11.35	443	94	99	\$41,596,001	70	\$38,410,460
CALS	8	740	96	75	\$41,851,207	41	\$3,589,908
CHASS	2.5	26	21	5	\$425,000	8	\$1,048,628
CNR	2	225	37	12	\$2,162,000	9	\$1,625,000
COS	2.5	184	67	29	\$11,404,000	15	\$5,396,101
DES	0.75	1		1	\$11,043,000	9	\$811,487
DSA	2	100	33	16	\$990,000	10	\$444,352
EDU	0.5	33	2	6	\$280,000	2	\$50,000
ENG	5.5	357	84	48	\$11,191,000	34	\$4,878,911
GRAD	0.5	20	2	3	\$125,000	2	\$30,000
KI	1	37		2	\$125,000	2	\$50,000
LIB	1.5	65	5	16	\$1,575,000	7	\$829,964
PCOM	2.75	84	6	22	\$6,997,000	15	\$5,194,134
TEX	1.75	102	7	10	\$2,530,000	7	\$2,564,192
VTM	3	122	34	35	\$24,325,000	20	\$6,628,657
Wolfpack Club	3.3	76	40	10	\$6,645,000	4	\$459,930

*Outcomes do not include administratively qualified, transfers or in process outcomes

Office	Last Name	FTE	Visits		Discovery		Major & PG Ask			Major & PG Closed	
			Count	Goal*	Count	Goal*	Count	Goal*	Amount	Count	Amount
ADV	Sischo	50%	11		1		6		\$14,850,000	3	\$12,000,000
	Walker	15%	5		1		4		\$9,450,000	2	\$7,500,000
CEN	Compton	15%									
	Fredrick	100%	63	144	20	36	6	15	\$1,158,000	3	\$104,617
	<i>Mansfield (8-1-2017)</i>	100%					2		\$75,000	7	\$1,002,862
	Price	100%	73	144	11	36	7	10	\$1,075,000	7	\$2,431,000
	Ricciardi	5%	4							1	\$20,000
	Royer	100%	76	144	26	36	4	10	\$275,000	2	\$150,240
	Taylor	75%	61	108	3	12	17	18	\$7,715,000	20	\$10,186,985
	Wilkerson	100%	59	144	23	36	7	8	\$1,660,000	4	\$2,070,000
CENCF	Evelhoch	25%	1	12		0		5			
	Daughtridge	100%	13								
	McLaren	100%	14				5		\$550,000	5	\$1,339,000
CENCP	Masich	50%	9		1		10		\$9,904,000	7	\$8,628,383
	Miller	100%	17		4		14		\$3,755,000	11	\$4,357,104
	Smith	100%	37		4		17		\$3,604,001	10	\$1,164,892
CAL5	Anderson	100%	78	144	5	24	3	18	\$395,311	1	\$5,000
	Cammarene-Wessel	50%	47	144	7	36	16	20	\$1,425,000	11	\$810,175
	Colby	100%	59	72	38	12	1	9	\$50,000	1	\$51,500
	Kennel	25%	2				9		\$752,896	8	\$885,508
	Manshack	50%	25	96	1	36	4	9	\$30,750,000	1	\$114,000
	Maxwell	75%	103	168	1	24	7	18	\$11,079,000	3	\$109,397
	Murphy	100%	108	144	6	36	11	18	\$2,654,000	6	\$346,412
	Stewart	75%	100	144	15	36	6	12	\$817,000	3	\$190,000
	Teague	100%	73	144	13	48	9	16	\$1,873,000	8	\$981,446
	Thornton	75%	105	144	9	48	5	10	\$155,000	1	\$51,470
	Yopp	50%	40	72	1	12	4	9	\$2,925,000	2	\$325,000
CHASS	Engler	50%	6	72	1	24	2	7	\$200,000	3	\$260,000
	Knight	100%	16	120	20	144	1	2	\$25,000	1	\$132,628
	Orbin	100%	4	120		120	2	11	\$200,000	4	\$656,000

- FY17 Goals are self-reported
- Outcomes do not include administratively qualified, transfers or in process qualifications.
- Highlighted data indicates goal met for year to date
- Italics indicates no longer in this role.

Office	Last Name	FTE	Visits		Discovery		Major & PG Ask			Major & PG Closed	
			Count	Goal*	Count	Goal*	Count	Goal*	Amount	Count	Amount
CNR	De Fuenmayor	75%	57	120	4	24	2	10	\$1,150,000	3	\$1,255,000
	Piercy	25%	38	36	4	12	6	6	\$622,000	3	\$80,000
	Viets	100%	130	156	29	60	4	12	\$390,000	4	\$395,000
COS	Lowe	100%	78	144	23	36	12	18	\$1,604,000	6	\$121,101
	Matthews	50%	42	96	7	6	10	18	\$6,100,000	7	\$5,225,000
	Thompson	100%	64	144	37	60	7	6	\$3,750,000	3	\$75,000
DES	Driscoll	75%	1	120		36	1	18	\$100,000	1	\$163,382
DSA	Orr	75%	40	108	3	24	6	9	\$440,000	5	\$304,352
	Peterson	50%	38	72	13	12	6	6	\$400,000	3	\$60,000
	Seltzer	75%	22	96	17	48	4	8	\$150,000	2	\$80,000
EDU	Horner	50%	33	72	2	12	6	10	\$280,000	2	\$50,000
ENG	Bremer	50%	52	120	4	24	11	10	\$3,845,000	12	\$1,050,000
	Campbell	50%	37	120	4	24	11	9	\$3,929,000	7	\$1,115,911
	Grady	100%	49	144	10	36	2	18	\$435,000	3	\$446,910
	Hughes	50%	15	72		0	2	5	\$717,000	1	\$50,000
	Kremer	100%	48	168	16	60	1	8	\$25,000	1	\$25,000
	Smith	100%	71	144	28	36	11	12	\$450,000	6	\$2,155,000
	Walsh	100%	85	156	22	36	10	18	\$3,325,000	6	\$340,000
GRAD	Couch	50%	20	96	2	72	3	10	\$125,000	2	\$30,000
KI	Vogel	100%	37	96			2	12	\$125,000	2	\$50,000
LIB	Droll	50%	28	60	2	12	9	12	\$1,350,000	6	\$799,964
	Morrison	100%	37	84	3	36	7	6	\$550,000	4	\$330,864
PCOM	<i>Martin (11-16-2017)</i>	100%	20	144		36	4	18	\$275,000	2	\$229,930
	Reid	75%	41	60	4	12	12	12	\$6,122,000	10	\$4,589,000
	Stokley	100%	23	144	2	24	6	6	\$530,000	3	\$550,134
TEX	Bhada	75%	40	120		24	1	10	\$150,000	2	\$1,383,500
	Ward	100%	62	180	7	24	9	15	\$2,530,000	7	\$2,564,192
VTM	Buckles	100%	71	144	21	24	21	18	\$10,535,000	13	\$5,795,330
	<i>Crouch (12-31-2017)</i>	75%	8	144	1	24	4	15	\$12,320,000	2	\$262,571
	Dunning	25%	18	36		24	2	5	\$350,000	1	\$100,000
	Hooper	100%	25	144	12	24	8	18	\$1,120,000	4	\$470,756
Wolfpack Club***	Clark	100%	31	144	17	36	4	19	\$1,285,000	2	\$229,930
	Correll	15%	3	72	1	0	1	6	\$150,000	2	\$160,000
	<i>Cunningham (11-3-2017)</i>	100%	14	144	13	36		19			
	Hull	100%	27	144	7	36		19			
	Purcell	15%	1	72	2	0	5	6	\$5,210,000		

- FY17 Goals are self-reported
- Outcomes do not include administratively qualified, transfers or in process qualifications.
- Highlighted data indicates goal met for year to date
- Italics indicates no longer in this role.

NC STATE UNIVERSITY

FUNDRAISING and CAMPAIGN REPORT

**JIM BROSCART
ASSOCIATE VICE CHANCELLOR, UNIVERSITY DEVELOPMENT**

February 15, 2018

Report Date: December 31, 2017

	Reachback Phase	Nucleus Phase	Public Phase	Campaign Total
Ag and Life Sciences	\$57,457,445	\$198,262,191	\$37,019,528	\$292,739,164
Design	\$1,971,028	\$4,497,939	\$2,667,743	\$9,136,710
Education	\$1,496,879	\$13,217,850	\$2,020,735	\$16,735,464
Engineering	\$26,589,290	\$77,419,328	\$29,102,347	\$133,110,965
Humanities & Social Sciences	\$2,149,234	\$19,759,651	\$2,575,296	\$24,484,181
Poole College	\$40,140,443	\$15,674,021	\$7,981,449	\$63,795,913
Natural Resources	\$9,998,541	\$9,017,802	\$5,451,357	\$24,467,700
Sciences	\$6,159,812	\$26,684,386	\$9,054,180	\$41,898,378
Textiles*	\$6,165,558	\$9,232,114	\$4,928,934	\$20,326,606
Veterinary Medicine	\$24,759,368	\$71,916,790	\$19,856,799	\$116,532,957
Alumni Association	\$876,313	\$5,012,553	\$1,097,123	\$6,985,989
DASA	\$2,970,298	\$11,297,103	\$2,603,209	\$16,870,610
Libraries	\$6,216,734	\$8,138,255	\$3,120,905	\$17,475,894
University-wide	\$137,357,929	\$117,805,219	\$55,472,577	\$310,635,725
Wolfpack Club/Athletics**	\$4,518,910	\$86,014,987	\$16,051,781	\$106,585,678***
Total	\$328,827,783	\$673,950,188	\$199,003,963	\$1,201,781,934

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Data Refresh: Monday, January 8, 2018

Report Date: December 31, 2017

	Alumni	Parents	Faculty Staff	Other Individuals	Corporations	Foundations	Other Organizations	Campaign Total
Ag and Life Sciences	\$43,735,127	\$14,684,071	\$3,946,102	\$31,707,338	\$74,048,956	\$80,361,718	\$44,255,853	\$292,739,165
Design	\$4,185,189	\$49,435	\$138,954	\$557,239	\$2,040,612	\$1,644,521	\$520,761	\$9,136,711
Education	\$3,787,910	\$37,190	\$136,166	\$2,543,825	\$2,294,327	\$6,294,781	\$1,641,265	\$16,735,464
Engineering	\$73,728,855	\$886,089	\$6,207,555	\$4,640,073	\$30,593,428	\$12,960,418	\$4,094,547	\$133,110,965
Humanities & Social Sciences	\$11,623,968	\$1,083,788	\$1,161,133	\$8,293,846	\$287,039	\$1,817,887	\$216,520	\$24,484,181
Poole College	\$46,942,097	\$131,764	\$2,637,234	\$4,576,786	\$6,330,606	\$2,028,599	\$1,148,827	\$63,795,913
Natural Resources	\$15,404,767	\$16,697	\$1,260,722	\$2,504,465	\$3,243,101	\$1,415,198	\$622,749	\$24,467,699
Sciences	\$20,194,645	\$5,278,558	\$5,304,675	\$690,296	\$5,818,448	\$2,976,002	\$1,635,754	\$41,898,378
Textiles*	\$10,605,077	\$103,453	\$509,003	\$1,251,648	\$5,528,609	\$2,098,336	\$230,480	\$20,326,606
Veterinary Medicine	\$19,763,174	\$155,480	\$2,243,089	\$55,732,785	\$3,615,332	\$33,931,244	\$1,091,853	\$116,532,957
Alumni Association	\$4,953,840	\$39,602	\$34,760	\$501,221	\$361,904	\$702,472	\$392,190	\$6,985,989
DASA	\$4,789,271	\$593,059	\$328,977	\$8,186,029	\$771,643	\$1,522,010	\$679,621	\$16,870,610
Libraries	\$2,241,575	\$1,910,388	\$2,806,827	\$6,535,586	\$2,162,903	\$1,564,361	\$254,254	\$17,475,894
University-wide	\$150,943,411	\$1,281,896	\$2,841,373	\$10,285,857	\$13,025,881	\$129,556,624	\$2,700,681	\$310,635,723
Wolfpack Club/Athletics**	\$96,620,369	\$86,825	\$2,717	\$7,400,151	\$2,134,467	\$336,100	\$5,050	\$106,585,678***
Total	\$509,519,275	\$26,338,295	\$29,559,288	\$145,407,145	\$152,257,256	\$279,210,270	\$59,490,405	\$1,201,781,934

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Data Refresh: Monday, January 8, 2018

University Advancement - Institutional Reports

Monthly Campaign Commitments by Type

Report Date: December 31, 2017

	Cash Gifts	Gifts-In-Kind	Matching Gifts	PG Life Income	Realized Bequests	Bequest Expectancies	Pledges	Non-Governmental Grants	Campaign Total
Ag and Life Sciences	\$82,912,904	\$5,850,827	\$240,965	\$5,766,734	\$5,259,919	\$56,040,645	\$42,656,639	\$94,010,532	\$292,739,165
Design	\$3,062,725	\$87,336	\$51,614	\$25,000	\$185,746	\$2,614,000	\$648,416	\$2,461,873	\$9,136,710
Education	\$3,142,519	\$8,184	\$23,107	\$50,000	\$192,677	\$3,295,000	\$577,619	\$9,446,359	\$16,735,465
Engineering	\$38,719,019	\$2,247,016	\$1,010,300	\$1,125,782	\$2,635,815	\$40,749,337	\$38,038,503	\$8,585,194	\$133,110,966
Humanities & Social Sciences	\$2,791,963	\$3,751	\$96,809	\$342,991	\$62,809	\$9,985,728	\$9,940,125	\$1,260,006	\$24,484,182
Poole College	\$8,845,242	\$4,150	\$324,580	\$29,710,000	\$26,837	\$10,896,003	\$11,852,245	\$2,136,856	\$63,795,913
Natural Resources	\$8,004,712	\$974,557	\$135,703	\$548,278	\$369,420	\$11,349,455	\$2,199,662	\$885,910	\$24,467,697
Sciences	\$14,216,371	\$2,897,770	\$157,166	\$804,500	\$152,193	\$14,933,873	\$4,394,316	\$4,342,190	\$41,898,379
Textiles*	\$5,951,298	\$423,465	\$23,060	\$0	\$50,000	\$4,979,500	\$6,516,020	\$2,383,264	\$20,326,607
Veterinary Medicine	\$22,122,472	\$1,080,948	\$74,531	\$25,052	\$814,806	\$62,579,707	\$22,929,391	\$6,906,051	\$116,532,958
Alumni Association	\$2,345,964	\$0	\$177,227	\$20,000	\$234,769	\$364,500	\$3,843,529	\$0	\$6,985,989
DASA	\$4,637,614	\$818,412	\$139,830	\$3,517,451	\$622,650	\$3,316,022	\$3,289,378	\$529,254	\$16,870,611
Libraries	\$2,542,673	\$10,343,630	\$35,263	\$1,076	\$75,848	\$2,434,195	\$584,377	\$1,458,831	\$17,475,893
University-wide	\$187,054,376	\$2,842,632	\$363,754	\$1,227,428	\$514,204	\$9,216,104	\$106,118,385	\$3,298,841	\$310,635,724
Wolfpack Club/Athletics**	\$48,698,707	\$1,837,069	\$1,483,529	\$0	\$32,200	\$9,014,500	\$45,519,674	\$0	\$106,585,678***
Total	\$435,048,557	\$29,419,745	\$4,337,437	\$43,164,293	\$11,229,895	\$241,768,569	\$299,108,277	\$137,705,161	\$1,201,781,934

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Data Refresh: Monday, January 8, 2018

Report Date: December 31, 2017

	Current Operations	Endowment	Facilities	Campaign Total
Ag and Life Sciences	\$140,061,697	\$96,697,922	\$55,979,546	\$292,739,165
Design	\$4,348,280	\$4,701,094	\$87,336	\$9,136,710
Education	\$11,078,658	\$5,648,083	\$8,724	\$16,735,465
Engineering	\$45,675,615	\$61,097,709	\$26,337,642	\$133,110,966
Humanities & Social Sciences	\$5,244,252	\$19,236,178	\$3,751	\$24,484,181
Poole College	\$12,541,429	\$50,760,334	\$494,150	\$63,795,913
Natural Resources	\$5,545,206	\$17,944,936	\$977,557	\$24,467,699
Sciences	\$12,810,479	\$26,635,582	\$2,452,317	\$41,898,378
Textiles*	\$10,077,794	\$9,780,347	\$468,465	\$20,326,606
Veterinary Medicine	\$30,964,075	\$84,395,514	\$1,173,368	\$116,532,957
Alumni Association	\$1,024,849	\$5,888,814	\$72,326	\$6,985,989
DASA	\$6,639,855	\$5,916,774	\$4,313,981	\$16,870,610
Libraries	\$3,644,017	\$3,488,247	\$10,343,630	\$17,475,894
University-wide	\$106,268,435	\$195,535,233	\$8,832,056	\$310,635,724
Wolfpack Club/Athletics**	\$51,292,636	\$11,898,694	\$43,394,348	\$106,585,678***
Total	\$447,217,275	\$599,625,463	\$154,939,196	\$1,201,781,934

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Data Refresh: Monday, January 8, 2018

University Advancement - Institutional Reports

Monthly Gift Receipts by Use

Report Date: December 31, 2017

	Current Operations	Endowment	Facilities	Year-to-date FY '18 Totals	Year-to-date FY '17 Totals	YTD Period % Change FY17/18	3 year Average (FY15 - FY17)	YTD Period % Change 3 yr avg/FY18
Ag and Life Sciences	\$9,684,717	\$5,159,400	\$342,193	\$15,186,310	\$11,686,478	30%	\$16,106,249	-6%
Design	\$464,832	\$126,980	\$138	\$591,949	\$329,532	80%	\$553,662	7%
Education	\$462,993	\$59,316	\$928	\$523,238	\$1,829,517	-71%	\$1,325,020	-61%
Engineering	\$5,065,966	\$3,766,332	\$1,535,298	\$10,367,596	\$13,576,226	-24%	\$8,506,243	22%
Humanities & Social Sciences	\$361,414	\$359,528	\$0	\$720,942	\$617,130	17%	\$1,766,777	-59%
Poole College	\$1,203,631	\$4,461,182	\$0	\$5,664,814	\$1,200,695	372%	\$1,449,358	291%
Natural Resources	\$556,545	\$1,143,060	\$31,147	\$1,730,752	\$1,788,280	-3%	\$1,573,970	10%
Sciences	\$1,220,941	\$1,374,323	\$6,225	\$2,601,489	\$953,231	173%	\$2,008,618	30%
Textiles*	\$1,864,694	\$610,386	\$11,550	\$2,486,630	\$597,237	316%	\$927,353	168%
Veterinary Medicine	\$2,667,747	\$3,798,050	\$155,377	\$6,621,175	\$5,626,494	18%	\$4,164,449	59%
Alumni Association	\$164,962	\$190,529	\$126,400	\$481,891	\$542,035	-11%	\$699,077	-31%
DASA	\$1,053,230	\$299,405	\$132,758	\$1,485,393	\$2,576,973	-42%	\$1,600,215	-7%
Libraries	\$707,325	\$144,108	\$125,000	\$976,433	\$1,277,360	-24%	\$1,203,836	-19%
University-wide	\$8,967,489	\$13,159,286	\$2,146,648	\$24,273,423	\$30,714,102	-21%	\$17,813,064	36%
Wolfpack Club/Athletics**	\$931,230	\$1,999,444	\$2,961,435	\$5,892,108***	\$9,750,351	-40%	\$8,605,235	-32%
Total	\$35,377,715	\$36,651,331	\$7,575,097	\$79,604,143	\$83,065,643	-4%	\$68,303,128	17%

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Reporting Period: July 1 - December 31, 2017

Data Refresh: Monday, January 8, 2018

University Advancement - Institutional Reports

Monthly Gift Receipts by Source

Report Date: December 31, 2017

	Alumni	Parents	Faculty Staff	Other Individuals	Corporations	Foundations	Other Organizations	Year-to-date FY '18 Totals
Ag and Life Sciences	\$1,689,338	\$112,676	\$93,451	\$1,540,613	\$5,704,001	\$1,776,516	\$4,269,716	\$15,186,310
Design	\$445,478	\$8,475	\$22,990	\$32,671	\$46,735	\$29,964	\$5,636	\$591,949
Education	\$123,135	\$1,810	\$28,384	\$29,445	\$121,803	\$218,661	\$0	\$523,238
Engineering	\$3,581,381	\$110,706	\$247,713	\$321,272	\$3,236,612	\$2,658,736	\$210,977	\$10,367,596
Humanities & Social Sciences	\$310,992	\$104,730	\$26,885	\$29,251	\$14,292	\$224,727	\$10,066	\$720,942
Poole College	\$4,712,278	\$19,100	\$11,147	\$42,755	\$670,520	\$128,550	\$80,464	\$5,664,814
Natural Resources	\$606,963	\$1,805	\$9,690	\$80,410	\$286,760	\$677,900	\$67,224	\$1,730,752
Sciences	\$1,389,854	\$122,397	\$25,037	\$151,075	\$433,812	\$474,778	\$4,536	\$2,601,489
Textiles*	\$1,641,618	\$13,490	\$86,167	\$106,197	\$229,158	\$410,000	\$0	\$2,486,630
Veterinary Medicine	\$587,458	\$11,465	\$19,712	\$1,269,565	\$271,339	\$4,374,879	\$86,756	\$6,621,175
Alumni Association	\$234,150	\$4,175	\$100	\$133,930	\$15,600	\$92,936	\$999	\$481,891
DASA	\$513,586	\$124,656	\$27,740	\$406,285	\$266,498	\$129,150	\$17,477	\$1,485,393
Libraries	\$126,381	\$116,829	\$25,866	\$197,243	\$451,315	\$56,659	\$2,141	\$976,433
University-wide	\$13,980,068	\$176,774	\$50,368	\$838,886	\$1,954,139	\$7,247,137	\$25,851	\$24,273,423
Wolfpack Club/Athletics**	\$5,774,957	\$205	\$0	\$1,611	\$83,135	\$32,200	\$0	\$5,892,108***
Total	\$35,717,638	\$929,292	\$675,251	\$5,181,210	\$13,785,717	\$18,532,793	\$4,781,843	\$79,604,143

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Reporting Period: July 1 - December 31, 2017

Data Refresh: Monday, January 8, 2018

University Advancement - Institutional Reports

Monthly Gift Receipts by Type

Report Date: December 31, 2017

	Cash Gifts	Gifts-In-Kind	Matching Gifts	PG Life Income	Realized Bequests	Non-Governmental Grants	Year-to-date FY '18 Totals
Ag and Life Sciences	\$9,897,857	\$157,059	\$4,872	\$158,285	\$2,078,653	\$2,884,318	\$15,186,310
Design	\$558,738	\$138	\$5,000	\$0	\$0	\$26,814	\$591,949
Education	\$298,747	\$868	\$1,450	\$0	\$0	\$222,172	\$523,238
Engineering	\$8,365,279	\$51,154	\$104,192	\$0	\$595,607	\$1,251,184	\$10,367,596
Humanities & Social Sciences	\$676,771	\$0	\$1,695	\$0	\$0	\$41,414	\$720,942
Poole College	\$5,559,435	\$0	\$13,928	\$0	\$0	\$89,950	\$5,664,814
Natural Resources	\$1,614,719	\$30,147	\$4,352	\$0	\$12	\$81,522	\$1,730,752
Sciences	\$1,320,392	\$6,225	\$9,957	\$0	\$861,441	\$402,632	\$2,601,489
Textiles*	\$2,077,777	\$11,550	\$17,537	\$0	\$307,573	\$72,193	\$2,486,630
Veterinary Medicine	\$6,161,942	\$51,207	\$3,356	\$0	\$32,774	\$371,896	\$6,621,175
Alumni Association	\$476,979	\$0	\$2,732	\$0	\$0	\$0	\$481,891
DASA	\$1,398,247	\$74,621	\$12,315	\$0	\$0	\$0	\$1,485,393
Libraries	\$801,065	\$125,000	\$410	\$0	\$0	\$49,209	\$976,433
University-wide	\$21,993,218	\$2,102,149	\$18,586	\$0	\$87,126	\$70,534	\$24,273,423
Wolfpack Club/Athletics**	\$5,781,493	\$29,031	\$81,585	\$0	\$0	\$0	\$5,892,108***
Total	\$66,982,659	\$2,639,149	\$281,965	\$158,285	\$3,963,186	\$5,563,838	\$79,604,143

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

***NCSU Student Aid Association figures not available for December 2017 at time of report

Reporting Period: July 1 - December 31, 2017

Data Refresh: Monday, January 8, 2018

NC STATE UNIVERSITY

UNIVERSITY COMMUNICATIONS UPDATE

BRAD BOHLANDER

**ASSOCIATE VICE CHANCELLOR, UNIVERSITY COMMUNICATIONS and
MARKETING and CHIEF COMMUNICATIONS OFFICER**

February 15, 2018

NCSTATE UNIVERSITY

Committee Discussion

Principal Gifts Overview
Gift Planning Overview
Pledge Fulfillment Process

Engineering Naming Opportunity Proposal

CALS Naming Opportunity Proposal

Innovation Hall Naming Opportunity Proposal



**Principal Giving Program at NC State University
Board of Trustee Advancement Committee Meeting
Thursday, February, 15, 2018**

**Chandy Christian, Sr. Director of Leadership and Major Gifts
Christina Walker, Director of Principal Gifts**

Principal Giving Program Overview

The Principal Gift Program at NC State is designed to identify, cultivate, facilitate, solicit, and steward those prospects with a high philanthropic capacity and inclination to make a transformational gift. We work with all development colleagues in each college and unit across the university to create a long term strategy for cultivation, solicitation and stewardship to assist each potential donor in reaching their philanthropic aspirations, while simultaneously helping to realize the strategic goals as determined by the Chancellor for NC State University.



North Carolina State University Proposal for Naming Opportunity of Spaces

The College of Engineering Naming Opportunities Initiative Constructed Facilities Lab Presented by: The College of Engineering

The North Carolina State Engineering Foundation, Inc. would like to request approval from the Board of Trustees to name the Constructed Facilities Lab (CFL) and spaces in the facility. This facility is the result of a joint investment by the National Science Foundation (NSF) and the State of North Carolina in 1996. The mission of the CFL is to perform advanced research and development of construction materials, structural systems and processes that enhance the sustainability and economy of civil infrastructure through innovation and vision.

Built in 1997, this facility is a 25,000-square-foot research complex with laboratories and offices. It has the capacity to test large- to full-scale structural systems under a variety of environmental conditions. The facility also provides unique research and training for graduate and undergraduate students for the civil engineering profession, as well as specialized industrial outreach through its close association with the NC State Industrial Extension Service.

In addition to the Constructed Facilities Lab, six of the nine academic departments of the College of Engineering are currently located on Centennial Campus in Engineering Buildings I, II and III. The College of Engineering Naming Opportunities Initiative is to name spaces in these four facilities to support the building of the new Engineering Building Oval (EBO), which will complete the relocation of the College of Engineering to the Centennial Campus. The EBO is projected to cost \$154 million and is anticipated to be completed by the summer of 2020. Naming opportunities were approved for the EBO at the September 2017 Board of Trustees meeting.

As donors are identified for each naming opportunity, official NC State University forms and other required documentation will be submitted for Board of Trustees' approval.

Attachments: Menu of naming opportunities



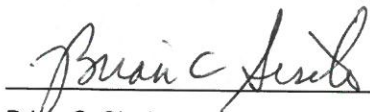
Required Signatures



Brian E. Campbell

Executive Director, NC State Engineering Foundation, Inc.

Date: 1-16-18



Brian C. Sischo

Vice Chancellor for University Advancement

Date: 1/22/18



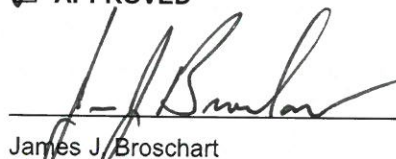
Scott R. Douglass

Vice Chancellor for Finance and Administration

Date: 1.22.18

☒ **APPROVED**

☐ **NOT APPROVED**

 1.22.18

James J. Broschart

Associate Vice Chancellor for University Development

Chair of Special Committee on Naming Opportunities

1/16/18

Date of Committee Review

If not recommended for approval, please attach rationale of the Committee's decision.

**College of Engineering
Constructed Facilities Lab (CFL)
Menu of Naming Opportunities**

Space/Room	Room	Square Feet	Minimum Gift Level
To Name the Facility	NA	16,703 sq ft	\$7.5 million
Entire First Floor	NA	9,900 sq ft	\$4 million
Entire Second	NA	2,655 sq ft	\$900,000
Feature Laboratory	102	4,395 sq ft	\$3 million
Laboratory	110	1,352 sq ft	\$1 million
Laboratory	101	1,271 sq ft	\$1 million
Laboratory	105	737 sq ft	\$500,000
Meeting Room	217	250 sq ft	\$100,000
Director's Office	203	136 sq ft	\$75,000

North Carolina State University Proposal for Naming Opportunity of Spaces

The Greenhouses and the Seminar Room in the NC Plant Sciences Initiative Building

Presented by: College of Agriculture and Life Sciences

NC State's College of Agriculture and Life Sciences has launched its North Carolina Plant Sciences Initiative (PSI) to construct a high-tech facility to serve as a platform for innovation in plant science research. Plant scientists will work across disciplines with other internationally recognized professionals to deliver science-based solutions for farmers, urban and rural landscapes, manufacturers and regulatory agencies.

This state-of-the-art research facility will be located on NC State's Centennial Campus with groundbreaking anticipated in fall 2019 and completion anticipated by fall 2021. The estimated construction costs are \$160.2 million and, to date, 90% of funding has been secured through combined support from NC State, the Connect NC Bond and philanthropic support.

The Office of the University Architect is presently in the early phase of design development for the PSI facility. Although the College of Agriculture and Life Sciences is not yet at the stage to present a full menu to the Board of Trustees (BoT), they have identified potential donors for two prominent featured spaces: the Greenhouses and the Seminar Room. These spaces have been approved by the Office of Donor Services to be presented for naming opportunity approval by the BoT. Donor commitment to these opportunities would significantly increase the philanthropic support for this project.

The College of Agriculture and Life Sciences requests BoT approval for the ability for a donor to name the following:

- A minimum giving level of **\$18 million** for the Greenhouses
- A minimum giving level of **\$5 million** for the Seminar Room

Once the facility's construction designs have been fully developed and the Office of Donor Services has determined that the associated naming opportunities are ready to move forward, they will be presented to the Board of Trustees.

The Greenhouses: The state-of-the-art greenhouse complex will be the epicenter of the PSI facility. The 31,000+ square feet of space (approximately 10,000 sq ft of greenhouse space, 5,000 sq ft headhouse, 16,000 sq ft of mechanical space) will serve interdisciplinary teams of faculty, industry, government and student scientists addressing grand challenges in plant sciences. As this space overlooks Centennial Campus and downtown Raleigh and it will help drive the success of next generation plant sciences research, it is considered a high-profile naming opportunity.

The Seminar Room: The Seminar Room is highly visible to both internal and external audiences. This space will be the venue for seminars, conferences, lectures, meetings and other high-profile events. The estimated 2,600 square foot Seminar Room will be a physical and virtual meeting place to connect the brightest minds in plant sciences.

As donors are identified for these naming opportunities, NC State University forms and other required documentation will be submitted for the Board of Trustees' approval.

Attachments:

- Draft renderings of PSI building, Seminar Room and Greenhouses

Required Signatures:



Richard H. Linton
Dean, College of Agriculture and Life Sciences

Date: 1/13/18



Brian C. Sischo
Vice Chancellor for University Advancement

Date: 1/22/18




Scott R. Douglass
Vice Chancellor for Finance and Administration

Date: 1/22/18

Remainder of the page intentionally left blank. Signatures continue on next page.

☒ **APPROVED**

☐ **NOT APPROVED**

 1-22-18

James J. Broschart

Associate Vice Chancellor for University Development
Chair of Special Committee on Naming Opportunities

Date of Committee Review

If not recommended for approval, please attach rationale of the Committee's decision.

North Carolina State University Proposal for Naming Opportunity of Spaces

Innovation Hall

Presented by: University Advancement

University Advancement proposes to the Board of Trustees the opportunity to name Innovation Hall on the Centennial Campus at a minimum giving level of \$2.3 million.

Innovation Hall opened in 2014 as the first living and learning community on Centennial Campus. The second through the sixth floors of this facility are currently being leased as apartments to students, including an estimated seventy students participating in the Entrepreneurship Initiative program. It is projected that within the next decade only Entrepreneurship Initiative participants will occupy this facility. Innovation Hall also houses the Entrepreneurship Initiative, the eGarage and the Andy and Jane Albright Entrepreneurs Living and Learning Village program.

Innovation Hall's first floor includes over 5,000 square feet of working space, including practical lab areas, group workrooms, meeting rooms and associated offices. The primary lab, the eGarage, is a business creation and prototyping space that contains all of the resources that students need to turn their ideas into successful startups. It serves as a hub for students across campus to come together and explore their entrepreneurial ideas and interests.

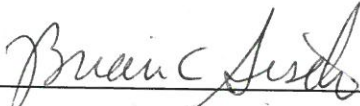
The Andy and Jane Albright Entrepreneurs Village provides students with entrepreneurial interests across all academic disciplines the opportunity to live, learn and collaborate with like-minded students. The environment encourages creativity and innovation.

Required Signatures:



Michael D. Mullen
Vice Chancellor and Dean for Academic and Student Affairs

Date: 1/30/18



Brian C. Sischo
Vice Chancellor for University Advancement

Date: 1/22/18



Scott R. Douglass
Vice Chancellor for Finance and Administration

Date: 1.22.18

☒ **APPROVED**



James J. Broschart
Associate Vice Chancellor for University Development
Chair of Special Committee on Naming Opportunities

☐ **NOT APPROVED**

1-22-18
Date of Committee Review

If not recommended for approval, please attach rationale of the Committee's decision.

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA**

**University Affairs Committee
2:45 p.m. – 4:15 p.m. February 15, 2018
Winslow Hall Conference Room**

Stan Kelly, Chair

Members: Jackie Gonzalez, Ann Goodnight, Wendell Murphy, David Nimocks, Ed Weisiger, Jr.

CALL TO ORDER

Stan Kelly, Chair

ROLL CALL

Stan Kelly, Chair

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

Stan Kelly, Chair

- | | | |
|-----------|---|----------------|
| 1. | CONSENT AGENDA | TAB 7.1 |
| | A. Approval of November 16, 2017 Minutes (open & closed session) | 7.1A |
| | B. Approval of December 1, 2017 Minutes (open & closed session) | 7.1B |
| | C. Request to Continue Centers/Institutes | 7.1C |
| | a. Center for Family and Community Engagement (CFACE) | |
| | b. Center for Integrated Fungal Research (CIFR) | |
| | D. Designation of Time Limited Option for Distinguished Professorships | 7.1D |
| | E. Conferral of Tenure Requests | 7.5A |
| 2. | REQUESTED ACTION | |
| ✓ | A. Recommendation from Faculty Committee on Honorary Degrees
<i>Presenter: Warwick Arden, Executive Vice Chancellor and Provost</i> | |
| 3. | REPORTS | TAB 7.3 |
| | A. Student Body President Report
<i>Presenter: Jackie Gonzalez, Student Body President</i> | 7.3A |

-
- | | | |
|-------------|--|---------------------|
| B. | Provost Update
<i>Presenter: Warwick Arden, Executive Vice Chancellor and Provost</i>
a. New Undergraduate Certificate in Interdisciplinary Entrepreneurship
b. Reappointment, Promotion and Tenure Process Update | 7.3B

7.3B.a. |
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| 4. | TOPIC OF INTEREST/COMMITTEE DISCUSSION | TAB 7.4 |
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| A. | Centers and Institutes Overview
<i>Presenter: Alan Rebar, Vice Chancellor, Research, Innovation & Economic Development</i> | 7.4A |
|
 | | |
| 5. | CLOSED SESSION | TAB 7.5 |
|
 | | |
| A. | Personnel Matters | 7.5A |
| ✓ B. | Honorary Awards | 7.5B |
|
 | | |
| 6. | RECONVENE OPEN SESSION | |
|
 | | |
| 7. | ADJOURN | |

CONSENT AGENDA ITEMS

MINUTES

UNIVERSITY AFFAIRS COMMITTEE

Board of Trustees
North Carolina State University
November 16, 2017

The University Affairs Committee of the Board of Trustees of North Carolina State University met November 16, 2017 in the Winslow Hall Conference Room.

Members Present: Stan Kelly, Committee Chair
Jackie Gonzalez
Ann Goodnight
Wendell Murphy
David Nimocks
Ed Weisiger, Jr.
Jimmy Clark, Board Chair

Chair Kelly called the meeting to order at 2:59 p.m. He called roll and certified that a quorum was present.

All members of the Committee were reminded of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. It was inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. There being none, the meeting continued.

Consent Agenda

A motion was made by Mr. Murphy to approve the consent agenda items. Mr. Weisiger seconded the motion. The motion carried.

Requested Action

Chancellor Woodson, Provost Arden and Vice Chancellor/Dean Mullen presented the recommendations from the Tuition Review Advisory Committee and the Fee Review Committee for the 2018-2019 year. These recommendations are in keeping with the legislative considerations and instructions provided to campuses from UNC-GA for this year's process and have been supported by the Chancellor. The instructions include no increases for resident undergraduate tuition and fee requests subject to capped fees are not to exceed an increase of 3%.

The Tuition Review Advisory Committee, co-chaired by the Provost and the Student Body President, approved the following campus initiated tuition increase (CITI) recommendations:

- a 0% tuition increase for undergraduate residents (new cohort)
- a 4% increase for undergraduate nonresidents
- a 5% increase for graduate residents
- a 6% increase for graduate nonresidents.

The Committee recommended that 64.7% of the tuition increase be used to improve quality and accessibility of the NC State educational experience. They recommended 8.8% be used to provide funding for faculty promotional increases and 26.5% of funding go to the Graduate Student Support Plan.

The Tuition Review Advisory Committee also approved two premium tuition requests. The funds generated through premium tuition are returned directly to the program. The committee recommended a premium tuition increase of \$1000 per year effective Fall 2018 for the Master of Accounting degree program and a new tuition premium of \$4300 per year effective Fall 2018 for the Joint Department of Biomedical Engineering – MS Train, Translation of Innovation.

Next, the fee recommendations for 2017-2018 were presented. The Fee Review Committee, co-chaired by the Vice Chancellor and Dean of the Division of Academic and Student Affairs and the Student Senate President, recommended continuance of existing fees for which an increase was not requested, and an increase to fees subject to the 3% cap by \$43.00 for all students in the 2018-2019 academic year. This represents an increase of 1.7%.

After discussion, a motion was made by Mrs. Goodnight, and seconded by Mr. Murphy, to recommend to the full board approval of the 2018-2019 campus initiated tuition increases, premium tuition requests, and student fees as outlined in Chancellor Woodson's recommendation under Tab 7.2A. The motion carried.

Informational Reports

The committee received several reports. First, Chancellor Woodson shared that he will deliver December's commencement address.

The committee also received an update on Faculty and Staff Senate activities. The Faculty Senate has discussed topics ranging from the Intercollege Transfer Program to the Faculty Ombuds program. The Fall General Faculty meeting was held on October 3 with F&A – Facilities and Administrative costs associated with research activities – as the main discussion topic. The Staff Senate report highlighted many ways this group is fulfilling its theme of Communicating, Collaborating, and Connecting. Their weekly newsletter reaches nearly 6,000 and helps inform staff about issues including the recent State Health Plan open enrollment. They also organized a successful food drive in October among other initiatives.

Finally, Provost Arden shared information about new academic programs including: a new graduate certificate in Sport and Entertainment Venue Management, a Memorandum of Agreement for a Dual Degree Partnership – Juris Doctor, Campbell University and Master of Social Work, NC State -, and "3+X" program agreements between our Mathematics Department and three Chinese universities: South China Normal University, Huazhong University of Science & Technology, and Nanjing Normal University. These agreements allow students to complete 3 years at their home university and one or more years at NC State resulting in a Bachelors degree from the home university and a Master's degree (Master of Mathematics or Master of Financial Mathematics) from NC State. Provost Arden also reported that leadership and program reviews are scheduled this year for two senior vice provost units.

Chair Kelly explained that as a result of the input received from committee members about topics of interest, the committee would receive a report on Living and Learning Villages. Vice Chancellor and Dean Mike Mullen provided the overview. There are currently 16 villages and initiatives that range from a passion for the arts or environment to major-specific villages. These villages promote academic success. Students living in villages tend to have higher GPAs than their non-village peers, their retention rates are higher, and they are more likely to graduate on time. The current village population is 2,213. Thirty-three percent (33%) of all residence hall residents live in villages and 45% of all first-year students live in a village.

Closed Session

At 3:47 p.m. Mr. Murphy made the motion, seconded by Mrs. Goodnight, to go into closed session to establish the amount of compensation and other materials terms of an employment contract or proposed employment contract; and to consider the qualifications, competence, performance, character, fitness, conditions of appointment or conditions of initial employment of an employee or prospective employee. The motion carried.

Reconvene in Open Session

After coming out of closed session, Chair Kelly announced the meeting in open session.

Ms. Gonzalez moved to approve the personnel items discussed in closed session related to the appointment and initial salary of a Dean and salary actions for the Tier I positions of Deans. Mrs. Goodnight seconded the motion. The motion carried.

With no further business, Chair Kelly announced the meeting adjourned at 4:02 p.m.

MINUTES

UNIVERSITY AFFAIRS COMMITTEE

Board of Trustees
North Carolina State University
December 1, 2017

The University Affairs Committee of the Board of Trustees of North Carolina State University held an emergency meeting via teleconference at 10:30 a.m. on December 1, 2017. The call originated from the Chancellor's Conference Room, Holladay Hall.

Members Present: Stan Kelly, Committee Chair
Jackie Gonzalez
Wendell Murphy
David Nimocks
Ed Weisiger, Jr.

Other Trustees Present: Jimmy Clark, Board Chair
Chip Andrews
Tom Cabaniss
Jim Harrell
Susan Ward

Chair Kelly called the meeting to order at 10:30 a.m. He called roll; a quorum was present. The other Trustees and meeting participants were identified.

All members of the Committee were reminded of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. It was inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. There being none, the meeting continued.

A motion to go into closed session to establish or to instruct the public body's staff concerning the position to be taken by or on behalf of the public body in negotiating the amount of compensation and other material terms of an employment contract or future employment contract of a state employee under N.C.G.S. 143-318.11(a)(5) was made by Mr. Murphy and seconded by Mr. Nimocks. The motion carried.

After coming out of closed session, Chair Kelly announced the meeting in open session.

Mr. Murphy made a motion to approve the MOU of material terms for a Head Coach employment agreement with the typographical corrections discussed during Closed Session. Mr. Nimocks seconded the motion. The motion carried.

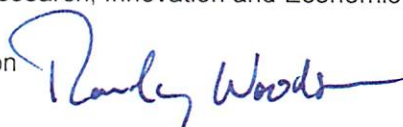
With no further business, Chair Kelly announced the meeting adjourned at 10:52 a.m.

Stan Kelly, Chair



MEMORANDUM

TO: Alan H. Rebar
Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson 
Chancellor

SUBJECT: Recommendation to continue the Center for Family and Community Engagement (CFACE) under Regulation 10.10.04

DATE: January 22, 2018


In response to your Memorandum dated January 16, 2018, authorization is hereby granted to forward the request to continue the Center for Family and Community Engagement (CFACE) to the Board of Trustees for approval.

WRW/mh

cc: Jeffrey Braden, Dean, College of Humanities and Social Sciences
Joan Pennell, Director, CFACE
Mladen Vouk, Associate Vice Chancellor, Research Development
Jonathan Horowitz, Assistant Vice Chancellor, Research Administration
Larisa Slark, Senior Administrative Coordinator – Centers and Institutes

MEMORANDUM

TO: W. Randolph Woodson
Chancellor
NC State University

FROM: Alan H. Rebar 
Vice Chancellor for Research, Innovation and Economic Development
NC State University

SUBJECT: Recommendation to continue the Center for Family and Community Engagement (CFACE) under Regulation 10.10.04

DATE: January 16, 2018

In accordance with Regulation 10.10.04, the Office of Research, Innovation and Economic Development completed a Periodic review of the Center for Family and Community Engagement (CFACE) for the period 2013-2017.

The Report delivered by the Review Committee strongly supports continuation of the Center, and concludes that engagement of the Center with local, regional and global communities is strong under the leadership of its outstanding Director. The Center has a long-standing, productive partnership with the NC Division of Social Services within the Department of Health and Human Services (DHHS), and this partnership has expanded and strengthened during the period spanned by this review.

The Report includes a number of recommendations, including steps to increase staffing of the Center and expand the number of faculty and students engaged in Center programs. The recommendations of the Review Committee were largely accepted by the Center and the College of Humanities and Social Sciences (CHASS), and the College requests continuance of the Center.

The Office of Research, Innovation and Economic Development and the Provost endorse the request to continue CFACE as a university Center as sanctioned by the Board of Trustees, and I request your approval of this recommendation.

AHR/mh

cc: Jeffrey Braden, Dean, College of Humanities and Social Sciences
Joan Pennell, Director, CFACE
Mladen Vouk, Associate Vice Chancellor, Research Development
Jonathan Horowitz, Assistant Vice Chancellor, Research Administration
Larisa Slark, Senior Administrative Coordinator – Centers and Institutes

Review of the Center for Family and Community Engagement

Date of Review: November 10, 2017

External Evaluation Panel: Dean F. Duncan, III UNC-CH
Marian McCord NCSU
Melissa Raspa Research Triangle Institute

Overview

As required by the UNC System, the Center for Family and Community Engagement (CFACE) underwent a comprehensive review in 2017. The review consisted of the submission of a four-year report covering the time period of July 2013-June 2017. A day long set of interviews were conducted the Center Director, Dr. Joan Pennell, Center Staff, and key stakeholders including: Assistant Vice Chancellor Jon Horowitz, Dean Jeff Braden, Associate Dean Tom Birkland, the Center Leadership Team, members of the Networking Alliance, and other NC State faculty collaborators.

The Board of Trustees (BOT) approved the establishment of CFACE in September 2008. The Center is located in the College of Humanities and Social Sciences (CHASS). After five years of operation, the Center was reviewed and the BOT approved its continuation in July 2014. This current review comes one year earlier than the normal five-year review cycle. The Center will transition to a new director in July 2018.

Based on the report and the interviews, the following summary of strengths and opportunities is presented. These are organized according to the following review criteria drawn from NCSU review criteria:

- Performance against objectives and goals

- Quality and quantity of scholarly activity
- Responsible fiscal oversight, faculty participation, non-tenured faculty mentoring
- Proper management, required matching funds sufficient for operation
- Required space sufficient for operation
- Partner feedback of mutual benefits
- Non-duplication of UNC or State entities

The following table provides the NCSU Strategic Goals:

University Strategic Goal

Goal 1: Enhance Local and Global Engagement through Focused Strategic Partnerships

Goal 2: Enhance Interdisciplinary Scholarship to Address the Grand Challenges of Society

Goal 3: Enhance the Success of Students Through Educational Innovation

Goal 4: Enhance Organizational Excellence by Creating a Culture of Constant Improvement

Goal 5: Enhance Scholarship and Research by Investing in Faculty and Infrastructure

The review criterion of non-duplication of UNC or State entities is addressed at the end of the review.

Goal 1: Enhance Local and Global Engagement through Focused Strategic Partnerships

The report and key stakeholder interviews documented the Center's accomplishments in three areas: family and youth leadership; community engagement; and alternative approaches, particularly those that reduce reliance on the criminal justice system. The strength of the Center engagement is in local and state partnerships, particularly the one with the North Carolina Division of Social Services (NCDSS). The global engagement builds on Dr. Pennell's strong scholarship with global partners. The NCDSS partnership is broad and deep and has existed from the inception of the Center. The center promotes interdisciplinary collaboration on campus through the center's faculty and student partners and in communities through its advisory council.

The strongest area of these three is in family and youth leadership. Building on the individual scholarship of Dr. Pennell's work in family conferencing, the Center has played a key role in raising family voice in informing policy and practice. Beginning in FY 2013, the North Carolina Department of Health and Human Services (NC DHHS) increased funding to the Center to expand its activities supporting family-centered practice. In developing new curricula, the Center has involved youth, families, and agency workers as well as faculty and students on campus. In FY 2014, the Center was awarded a seed grant from the NC State University Office of Extension, Engagement, and Economic Development to develop youth-family-community partnerships known as the Youth Leadership Café. To address feelings of insecurity and powerlessness, the youth were engaged using the World Café model. This Youth Leadership Café led to the NC DHHS-funded Family Leadership Network Project in FY 2017. Also in FY 2017, the Center received funding from NC DHHS for supplementary family-centered practice training. This training was developed in part by faculty and students from Psychology, Communications, and Social Work as well as former foster youth.

Over the last four years, the Center extended its community engagement. This was done through three efforts, two of which were funded through the family-centered practice initiative funded by NC DHHS. The third involved an effort to reduce disparities in cancer screening between rural and urban communities. In FY 2017, NCDSS funded a research team led by the Center director and including students and faculty from Public Administration and Sociology to survey the work of Community Child Protection Teams. NCDSS also enlisted the aid of the Center to assist in developing revisions to its child welfare policy manual. A faculty member from Psychology assisted in this effort. In 2014, a faculty partner from Social Work was awarded an 18-month grant from the American Cancer Society to explore the impact of community health advisors in reducing disparities in cancer screening between urban and rural communities in the Southeast.

Two projects illustrate the Center's activities in the area of alternative approaches. The first project, funded by NC DHHS, evaluated a program that provides a psycho-educational group on fathering to men who have abused their partners and whose families are receiving child welfare services. As part of the second project, the Center director, a doctoral student, and a faculty partner from Psychology began working with the Center for Court Innovations in New York, NY, as part of a

grant from the US Department of Justice. In a related area, the Center director is serving as part of a research team analyzing family meetings. The results of this analysis will be presented at an international conference.

Goal 2: Enhance Interdisciplinary Science to Address the Grand Challenges of Society

As part of its efforts to address this goal, the Center is partnering with scholars and practitioners from an array of disciplines on the scholarship of engagement. As noted above in the discussion of Goal 1, the Center routinely partners with faculty and students from a number of disciplines. It frequently engages practitioners, families, and youth. The Center continues to leverage its success from completed projects to obtain new funding. As noted previously, the Center received funding from NC DHHS in 2017 for the Family-Centered Practice Project. The Center also received a subcontract for 2017 and 2018 from the Center for Court Innovations.

Other work at the Center also addresses this goal. On a regular basis, the Center engages its faculty and community partners to support interdisciplinary research. The research team involved with the Community Child Protection Teams involved three academic disciplines as well as representatives from multiple communities and agencies. The Center also has a strong commitment to engaged scholarship and seeks to develop and present information to a wide range of groups.

Goal 3: Enhance the Success of Our Students through Educational Innovation

In its self-study, the Center provided numerous examples of how students were engaged in research projects and other activities. Also, during a meeting with the review team, several students described their involvement with Center activities. The learning opportunities fostered by the Center are available to undergraduate as well as graduate students. These opportunities include serving on advisory councils or task forces, receiving professional development training, acting as co-trainers, developing curricula, designing brochures, updating websites, building communication plans, producing videos, conducting evaluation or research, presenting at conferences, and publishing papers.

During the period covered by this study, 22 graduate students and six undergraduates worked at the Center. Of those, 19 were involved in research, six were involved in project support, four

participated in curriculum development. One Master of Social Work student had a field placement at the Center. The Center covered project travel costs for students as well as costs related to conference presentations.

Goal 4: Enhance Organizational Excellence by Creating a Culture of Constant Improvement

The Center pursues this goal through several means. First, the Center follows its guiding principles of cultural safety, family leadership, community partnerships, and inclusive planning. The Center has an advisory council, called the Networking Alliance, which has community and academic members as well as representatives from public agencies and universities. The members of the Networking Alliance are nominated for two-year terms by the Center director. The advisory council meets twice a year.

The Center follows an approach of inclusion at Networking Alliance meetings in an attempt to develop co-leadership across faculty, students, and staff. The Center teams faculty and student partners with staff. This approach allows staff to orient faculty and students to the Center's engagement approach with youth, family, and community collaborators. It also pairs youth and family partners with agency partners and Center staff to encourage respect of each other's expertise and backgrounds.

The Center team has received a number of awards for their contributions. These awards include the College of Humanities and Social Sciences and University's Award of Excellence presented to a Center trainer, the WRAL Living the Legacy Award and the college's Award of Excellence presented to a youth partner, as well as four awards presented to the Center director.

Goal 5: Enhance Scholarship and Research by Investing in Faculty and Infrastructure

Over the four-year period covered by this study, the Center has expanded its resources and infrastructure. It has increased staff and grown project funding. The Center has participated in campus, state, and national workshops and conferences. It has grown its technology assets. It has also increased its faculty partnerships through funding of release time and summer salary. Members of the Center team were associated with 50 international, national, state, or community

organizations. The Center director serves on journal boards and has consulted with national and international groups.

NCSU Review Criteria: Non-Duplication of UNC or State Entities

Based on the information provided by the Center, the interviews with University officials, and knowledge of the review team of centers at their respective institutions, it is our opinion that the Center for Family and Community Engagement occupies a unique position within NCSU and within the UNC system and does not duplicate existing services.

Summary and Conclusions

It is the recommendation of the review panel that the Center is meeting the mission, goals, and original intent when the Center was created and should be continued.

10 Questions That Should Be Addressed During the Center/Institute Review

1. Is current funding of the Center sufficient to continue its operations?

The funding is sufficient but there is no room for error. We recommend the Center actively explore new funding sources. The margins are razor thin. The receipt of additional funding would allow the Center to expand its support of faculty and students.

The Center director is a very special person with a unique skillset. It will be difficult to find someone with her talents to run the Center. She has been effective in bringing in some faculty partners who share her commitments to engaged scholarship.

2. Are support, training, and graduation rates of students consistent with the Center or Institute's stated goals and objectives?

The number of students seem low but it is difficult to know. One issue is that the Center currently has less than one FTE faculty member. We recommend the Center consider an alternate staffing model where there are 2 FTE faculty. With additional faculty, it would be possible to pursue other funding sources and provide mentorship to faculty and students. The FTEs for faculty could be spread across multiple disciplines, thereby supporting undergraduate, masters, and PhD students.

3. Is faculty participation sufficient to continue the Center or Institute operations?

There is faculty support from several departments including Psychology, Social Work, Public Administration, Economics, Communications, Sociology, and Education. The Center should explore ways to bring these faculty together on a regular basis to explore opportunities. Also, there needs to be a way to track proposals that are submitted as the result of these collaborations even though the Center may not share in any of the indirect costs.

The funding model should become more multidisciplinary and explore engaging from faculty from other schools and colleges in the University. The Center should continue and expand the interaction between Center staff and faculty. The Center should explore funding opportunities from philanthropies. It may consider working with Development to obtain funds from interested parties or to establish an endowment.

4. Are non-tenured faculty being appropriately mentored toward promotion and tenure? Are contributions of junior faculty appropriately recognized by the center or institute and the faculty?

This issue is related to the staffing. There is less than one FTE faculty member funded by the Center. It is difficult for one person to manage projects, pursue funding, and mentor faculty at the same time. We recommend two FTE faculty be funded. This could be for a fixed period of time,

with the level of support declining each year with the understanding that these faculty explore and achieve funding from other sources.

5. Is the quality of scholarly activity by faculty, professional staff, and students reflected in its outputs?

The quality is high. The quantity could be increased if there were more staff resources. Collaborations and so on. The Center does provide opportunities for students to publish.

6. Do current operation of the Center or Institute agree with the most recent Charter, goals, and objectives of the Center or Institute?

The operations align with the University's strategic mission. The activities of the Center align with the mission of the Center. The Center does not duplicate any other UNC Center or any activities of NC DSS.

7. Does the financial audit and professional evaluation demonstrate that the Center or Institute is being managed properly?

NA

8. Are required matching funds, start-up funds, or capital equipment still appropriate and available?

We recommend that the University provide support up to 2 FTEs for a fixed period of time. See the response to Q4. Also explore ways to monetize the training; offer fee-based professional development.

9. Is space required for operation of the Center or Institute available?

We recommend consolidation of space or have more designated times and places for everybody who works on campus to be together. Staff provides statewide training and resides in different parts of the state.

10. Are the Center or Institute clients being served?

Yes. We recommend that the Center collect better evaluation data to measure the impact of their training and services. These data could be used to pursue additional funding.

INTEROFFICE MEMORANDUM

TO: DEAN JEFFERY BRADEN, COLLEGE OF HUMANITIES AND
SOCIAL SCIENCES

FROM: DR. JOAN PENNELL, DIRECTOR, CENTER FOR FAMILY AND
COMMUNITY ENGAGEMENT

SUBJECT: RESPONSE TO THE RECOMMENDATIONS OF THE CENTER
REVIEW COMMITTEE

DATE: DECEMBER 22, 2017

CC: ASSOCIATE DEAN THOMAS BIRKLAND, COLLEGE OF
HUMANITIES AND SOCIAL SCIENCES

The Center Review Panel (“Panel”) conducted a comprehensive review of the four most recent years of operation of the Center for Family and Community Engagement (CFACE). At my request, the review was scheduled one year earlier than normal because I am retiring at the end of June 2018.

The Panel reviewed the Center Report that documents CFACE’s accomplishment and sets forth prospects and directions for the future. On November 10th, 2017, the Panel conducted interviews with key stakeholders, including university and college leadership, Center director and staff, Networking Alliance (advisory council) members, faculty partners, and student partners.

The Panel provided a report of their findings and assessed CFACE’s performance against the university’s evaluation criteria. The Panel recommended continuance of the Center for Family and Community Engagement (CFACE) and concluded that CFACE met each of the criteria for continuation. The Panel identified that CFACE’s work aligns with NC State’s five strategic goals and iterated that CFACE “occupies a unique position within NCSU and within the UNC system and does not duplicate existing services.” I appreciate that the Panel commended my achievements as Center Director.

The Panel set forth a series of recommendations to strengthen CFACE even further. These recommendations are quite timely and helpful as CFACE transitions to a new director. Below I address the Panel’s recommendations.

1. Expand Funding Sources

The Panel concluded that the current funding of the Center is “sufficient” but recommended expanding funding sources. I have identified a faculty member to replace me as Principal Investigator on our major and long-term funding source, the NC Department of Health and Human Services, Division of Social Services. This will ensure continued funding for CFACE at current levels.

Beyond current grant funding, a new Center Director will bring their own areas of expertise, and this will support diversification of funding sources.

As discussed further under Point 2 below, expanding faculty FTE with the Center will incentivize researchers to bring grants through the Center while ensuring that their home departments are provided the funds to cover their faculty’s time with the Center.

The addition of more faculty and more grants heightens the administrative load on the Center. To manage this expanded load, the Center Manager needs to move from the current .25 to .50 FTE on Center work with the remainder paid from project funding. This would make it possible for CFACE to meet grant requirements such as reporting while assisting faculty to focus on the scientific aspects of the work. In the long-term, the Center would benefit from an operations director, who can focus not only administration but also on securing donations and development of an endowment.

I should also note that CFACE this year is expanding research and public service opportunities that are funded through the Graduate Extension Assistantship and Graduate Student Support Plan as well as CFACE funds (e.g., paid internship, paid research assistantship). Continuing in this direction will support students and enhance Center resources.

2. Increase Faculty FTE

CFACE has worked to include more faculty partners, and their contributions have been invaluable to enhancing the Center’s research and public service. Nevertheless, I fully agree with the Panel’s recommendation that the faculty FTE dedicated to CFACE should be raised from the current .75 FTE to 2.0 FTE. As the Panel suggests, the College’s amount of support for the faculty (other than the Center Director) could gradually decrease as the involved faculty build up grants, fees for services, and other Center resources.

The Panel points out that the increased FTE would make it possible for CFACE to increase its mentorship of faculty and student partners, its funding streams, and its publications. Having 2.0 faculty FTE would make it possible to spread the faculty FTE

over multiple disciplines, thus, encouraging interdisciplinary scholarship necessary for addressing complex problems and meeting expectations of potential funders.

With the Center Director at .75 FTE with CFACE, this would leave room for two faculty at .5 FTE and a third faculty member at .25 FTE. This would not disadvantage home departments who would receive reimbursement for their faculty's time and provide community-engaged opportunities for the faculty and their students.

3. Common Space for Involved Faculty, Staff, and Students

The Panel recommended either consolidating CFACE's space or determining ways of bringing together faculty, staff, and students on a regular basis. CFACE staff pose a particular challenge because they reside and work in different parts of the state. CFACE has used various online technologies to support communication among the staff.

CFACE can increase communication among faculty, staff, and community members through capitalizing on collaborative conference rooms and faculty research commons in the University libraries. This would be a means of spurring community-university collaborations and can be used to smooth the transition from the current to future Center Director. Another means of furthering collaboration is tapping into existing academic forums or creating interdisciplinary forums related to the Center's work.

4. Enhance Evaluation of Training and Service

CFACE currently tracks its services and levels of satisfaction with this work. Having ways of assessing their impact would serve the dual purposes of improving services and using the evaluation data to pursue other funding. As Panel observed, this would be a way of profiling CFACE's work and securing clientele beyond the state.

CFACE could also track the impact of the Center work on its faculty and student partners through systematically seeking their feedback on the experience. The data would help CFACE enhance their involvement and attract new faculty and student partners. The Center is already determining ways to collect these data during onboarding and exiting.



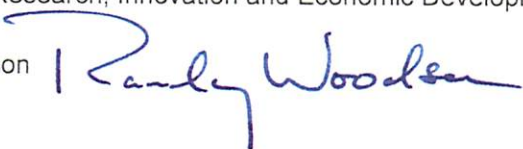
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MEMORANDUM

TO: Alan H. Rebar
Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson 
Chancellor

SUBJECT: Recommendation to continue the Center for Integrated Fungal Research (CIFR)
under Regulation 10.10.04

DATE: January 22, 2018

In response to your Memorandum dated January 16, 2018, authorization is hereby granted to forward the request to continue the Center for Integrated Fungal Research (CIFR) to the Board of Trustees for approval.

WRW/mh

cc: Richard Linton, Dean, College of Agriculture and Life Sciences
Ignazio Carbone, Director, CIFR
Mladen Vouk, Associate Vice Chancellor, Research Development
Jonathan Horowitz, Assistant Vice Chancellor, Research Administration
Larisa Slark, Senior Administrative Coordinator – Centers and Institutes

MEMORANDUM

TO: W. Randolph Woodson
Chancellor
NC State University

FROM: Alan H. Rebar *Alt Rebar*
Vice Chancellor for Research, Innovation and Economic Development
NC State University

SUBJECT: Recommendation to continue the Center for Integrated Fungal Research (CIFR)
under Regulation 10.10.04

DATE: January 16, 2018

In accordance with Regulation 10.10.04, the Office of Research, Innovation and Economic Development completed a Periodic review of the Center for Integrated Fungal Research (CIFR) for the period 2012-2016.

The Report delivered by the Review Committee strongly supports continuation of the Center, and concludes that involvement of Center faculty and students is strong and leadership of the Center is passionate. Center research programs have expanded to encompass faculty in four NC State colleges, a graduate student-training grant is within reach and the Center spawned an industrial consortium that has engaged major agricultural companies in Research Triangle Park.

The Report includes a number of recommendations, including steps to ensure that the Center is on sound financial footing, improvements to the visibility of the Center and increasing the Center's emphasis on patenting and licensing of IP. The recommendations of the Review Committee were accepted by the Center and the College of Agriculture and Life Sciences (CALS), and CALS requests continuance of the Center.

The Office of Research, Innovation and Economic Development and the Provost endorse the request to continue CIFR as a university Center as sanctioned by the Board of Trustees, and I request your approval of this recommendation.

AHR/mh

cc: Richard Linton, Dean, College of Agriculture and Life Sciences
Ignazio Carbone, Director, CIFR
Mladen Vouk, Associate Vice Chancellor, Research Development
Jonathan Horowitz, Assistant Vice Chancellor, Research Administration
Larisa Slark, Senior Administrative Coordinator – Centers and Institutes

**Center for Integrated Fungal Research (CIFR)
On-Site Review, 2-3 August 2017**

Meredith Blackwell, Louisiana State University

John Perfect, Duke University

Harald Scherm, University of Georgia

Overall mission and goals

The mission of the CIFR is to combat fungal disease, work on industrial applications of fungi with industry representatives, improve genomic research techniques through collaborations with industry and technological partners, educate the general public, and train and teach students, post-doctoral fellows and visiting scientists in fungal biology and genomics. Its current focus area is the understanding of plant-microbe-soil interactions in relation to the biotic and abiotic environment. Clearly, during the last few years CIFR has seen a change in its focus but leadership and membership appears engaged and committed. The Executive Committee is very passionate about CIFR and has put their heart and soul into the refocusing effort. With continuing support from CALS and industry, the CIFR appears on target to meet its goals over the next five years and should be encouraged and helped as much as possible. CIFR's ability to embrace new research opportunities, engage new members, and leverage industry support can serve as a model for other interdisciplinary units at NCSU.

Specific responses to Center/Institute review questions:

- The CIFR is on track and has determined a new direction for the next five years. Although the timing of this review appears to have caught CIFR in the middle of its redirection, it appears to be very competitive in its area both nationally and internationally. CIFR is on the verge of sustaining financial success, but financial help from the colleges and university is recommended for specific purposes such as sponsoring symposia/retreats, other forms of publicity, and internal regular meetings of the various members and students of CIFR to further build an esprit de corps.
- Faculty involvement of most CIFR members is strong, and enthusiastic participation was clear in discussions with the faculty members. Most were pleased especially in the importance of CIFR in acquiring positions and recruiting

new colleagues. CIFR collaborations now go well beyond the CALS and include colleagues in Engineering, Mathematics, and the Veterinary School.

- The senior faculty offers guidance to a committed group of graduate students. Resubmission of the NRT training grant and its potential success will be an important asset and focal point to CIFR. Several faculty members have published peer-reviewed teaching publications and won teaching awards. Students are strongly encouraged to publish their research. Placement of graduate students in industry appears to be strong based on anecdotal information, and two graduates are in tenure-track academic positions. Detailed placement information for recent graduates or postdocs was not provided, and it will be helpful that CIFR tracks their placements in the future.
- Personal knowledge of some faculty and the tenured status for all except a few new hires is evidence that the junior faculty members are well mentored. Publications and funding are generally good.
- CIFR has enthusiastic leadership that offers appropriate guidance, as they also keep their individual research programs very active. The four-member advisory committee was a useful addition.
- Most CIFR faculty members are publishing papers of good quality at an appropriate rate. Their grants are good to excellent but it may be that more submittals are needed (we did not have this information). IP generation (patents) has been limited to primarily one faculty member. The training grant will be essential in training additional students and helping to finance continuing activities such as graduate student-centric symposia and high-powered speakers that will not only serve the training mission, but also help to better brand CIFR. The Center still is centered in mycology but its growth into areas of microbiome, and microbial interactors and soil shows insightful and leading-edge growth.
- The CIFR scope has appropriately broadened to include other microbes in addition to fungi, but it continues to occupy a unique position among centers in CALS.
- Although not a purview of the committee, all evidence indicates CIFR accounting is in good order.
- Start up funds for new faculty will be supplied by central administration. Existing CIFR personnel has the necessary equipment for their work at this time. They have had access to funds from several departments whose faculty members use the facility to replace an autoclave and a few less expensive items. In addition CIFR has taken advantage of its center designation to use state and university

opportunities to acquire larger equipment including DNA sequencers. No additional computing facilities are necessary at this time.

- CIFR has adequate space currently with good lab and office facilities for a new hire. The facility layout is conducive to collaborative interactions. In addition there is some area near faculty offices that could be used to provide space for other purposes such as space for graduate students and postdocs.

Broader questions regarding the role and function of CIFR

Does the Center have a clear focus that is different from that of other NCSU units?

CIFR has a relatively broad mission that includes the understanding of interactions between microbes, plant health, and the environment. Its focus has evolved from advancing fungal genomics to understanding and being able to predict plant-soil-microbe interactions in relation to other biotic and abiotic factors. There remains a strong emphasis on quantitative aspects and toolkit development. CIFR builds a bridge between faculty in Entomology & Plant Pathology and Plant & Microbial Sciences, and departmental leadership finds the CIFR to be a value-added Center to their own mission and infrastructure.

Does the Center add value beyond what could be accomplished simply by collaboration among colleagues?

CIFR has been a good platform for collaboration among faculty from different departments and colleges, resulting in productive outputs as measured with traditional metrics such as grants and publications. Recently, there has been a stronger focus on truly synergistic activities such as the large NRT proposal, the formation of the PSMCC consortium, and the envisioning of the interactome faculty position. This new direction should be strongly supported by central administration.

Is the Center on a solid financial footing?

The financial future of CIFR is somewhat uncertain. Competitive grantsmanship to individual faculty or faculty teams has been very good. PSMCC appears to be an excellent mechanism to raise additional funds for research as well as operating dollars for the Center and the salary of the Program Manager. In fact, the Program Manager is outstanding and a substantial part of PSMCC success. PSMCC also satisfies other important factors: (1) it helps CIFR to be greater than the sum of its parts; (2)

it extends their discovery platform to potential implementation science; (3) it makes excellent contacts for students to reach industry positions. However, the PSMCC is relatively young and the extent to which income via the consortium can be increased or sustained in the longer term is still unknown. Given CIFR's new direction and activities, and the need to build a stronger outward-facing brand which requires activities such as retreats or symposia, continued limited-time funding by central administration would appear to be a very good investment.

Does the Center have clear milestones and mechanisms to measure progress toward accomplishments of goals?

CIFR's 2013 strategic plan lists a number of "indicators of success" and bullet points of "what a successful CIFR looks like." However, no reporting against these metrics was done in the self-assessment report. One indicator of success, "establish industry consortium" has been successfully accomplished, and another, "obtain training grants" has come within reach. CIFR should continue to set clear goals and milestones, and critically and regularly assess progress toward them.

Are there new opportunities for the Center?

- Stronger emphasis on or marketing of CIFR's strength in data science pertaining to plant-microbe-environment interactions.
- Increased fundraising through IP, workshops, and fee-for-service activities.
- New Plant Sciences Building near CIFR facility will provide additional opportunities for collaboration and member recruitment.
- With an enlarging faculty and need to re-establish brand, the timing is correct for more symposia, regular meetings for science and interactions with students and faculty .
- Students appear to be mentored well but could use more attention to make them feel more linked to the CIFR.

What are the threats to the Center?

- Close to being at critical mass in terms of membership; what happens if one or two key faculty leave NCSU? Is there a succession plan for leadership?
- There appears to be a lack of name recognition and brand awareness about CIFR both on and off-campus. Building this brand through activities such as symposia, retreats, news stories, and high-level successes (the NRT would be a game-changer) should be an important direction for CIFR.

- Internal communications should be increased with periodic news and announcements sent out by email to all participants including postdoctoral associates, research associates, and students.
- Targets, milestones, and means to assess progress toward goals appear to be underdeveloped.
- The PSMCC funding model appears to be working, but not yet fully proven in the longer term. Continued support from central administration to support CIFR's momentum appears to be warranted.

In sum, CIFR has been acting as a Center which is greater than the sum of its parts. Three areas of conceptual attention for this Center are: (1) the consortium with industry; (2) the training grant; (3) extension and acknowledgement of the brand to students and faculty. The consortium should be encouraged to grow. The training grant should be resubmitted. The local infrastructure needs attention to carefully build the CIFR brand both locally, regionally, nationally and internationally. It is recommended that as it re-establishes itself, minimal resources from the colleges could be directed to it for infrastructure growth. The potential for academia-private industry collaborations, the ability to create CIFR fellows or house international scholars, and the use of CIFR to help recruit new faculty are real and/or potential future outcomes. The ability to adapt to changing scientific environments has been excellent without giving up on its fundamental focus of fungal biology and evolution; hence, CIFR's mission is still intact.

Center for Integrated Fungal Research (CIFR) Response to On-Site Review

Director: Ignazio Carbone

Associate Director: Marc Cubeta

Executive Committee: Peter Ojiambo, Amy Grunden, Owen Duckworth

Program Manager: Megan Andrews

Overall mission and goals

The members of CIFR thank the review team for their time and dedicated effort. Their review has eloquently captured the current state of the Center and provided substantial constructive advice for further improving CIFR as we move forward. We appreciate their insightful comments and kind words.

Specific responses to Center/Institute review questions

- We appreciate the recognition that financial support is needed for specific activities necessary to build the CIFR community, increase recognition of the CIFR brand and hold regular Center meetings.
- CIFR appreciates the enthusiastic participation of its faculty and is looking forward to welcoming new members to the Center. The CIFR faculty Biochemical Interactome position has been filled, and we anticipate that the new faculty member will facilitate additional collaboration between and among existing CIFR faculty, as well as aid in continuing to build collaborations outside CALS. CIFR will continue to work towards the goal of balancing the strong CALS core with additional members from COS, CVM, and COE.
- Detailed placement information for graduate students and postdocs have been compiled for the five years covered in this review and we will include this information in future reports.
- We anticipate additional IP generation through both CIFR and PSMCC over the next five years. The increased communication with industry scientists over the past two years has emphasized the potential value of patenting and/or licensing products originating from laboratory research and software developed through CIFR laboratories. Dr. Carbone has recently submitted the information needed to begin the process for patenting a biological control agent and licensing data analytics software.
- Broadening of CIFR's scope, without changing our mission, has allowed the Center to more effectively address the core research questions surrounding fungi. Fungi continue to be the focus of the Center for Integrated Fungal Research, but the discoveries of the inseparable and complex connections of microbiomes and their host organisms, as well as the impact of dynamic abiotic factors, has shown that we must look at the whole system to better understand the roles of fungi.
- We appreciate the insightful comments that having a training grant will not only be essential to training and financing our graduate students, but will

also help to better brand the Center. CIFR fully intends to resubmit the NSF-NRT training grant in early 2018, and will continue to actively seek additional similar opportunities.

Broader questions regarding the role and function of CIFR

Does the Center have a clear focus that is different from that of other NCSU units?

We appreciate the review team's recognition of CIFR's value as a Center. As we build name recognition, expand membership, and grow the PSMCC, we anticipate even more synergy to develop. Broader expertise is necessary to fulfill the goal of CIFR to integrate all aspects of fungal research, and this larger group will be able to tackle problems well beyond the scope of what can be accomplished within a single discipline.

Does the Center add value beyond what could be accomplished simply by collaboration among colleagues?

CIFR will continue to improve our role as a platform for collaboration among faculty from different departments and colleges. In particular, interdisciplinary and multi-CIFR faculty research grants will be strongly encouraged, in addition to training grants, the new biochemical interactome position, and continuing PSMCC activities. We appreciate the review team's support of these activities.

Is the Center on a solid financial footing?

We appreciate the review team's recognition of our ongoing efforts to increase funding for CIFR, particularly through the PSMCC mechanism. We agree that PSMCC is in the early stages of development and cannot yet be considered a stable source of funds. Additionally, funds brought in through PSMCC are restricted to use for consortium-specific research and activities, and are not available for all of the diverse range of Center needs. The review team's assessment that activities such as retreats and symposia are needed to gain more brand recognition for the Center (rather than just the portion of the Center represented by the Consortium) is accurate and developing these activities will be a major focus over the next five years.

Does the Center have clear milestones and mechanisms to measure progress toward accomplishments of goals?

As the review team has already noted, CIFR is still in the midst of fulfilling the vision of the reorganized Center as outlined in 2013. Much of the focus of the past three years has been establishing the industry-supported consortium and developing the synergistic collaboration needed to begin submitting training grants. As we move forward, we agree that CIFR needs to clearly set goals and milestones, and regularly assess progress. We have now established an external advisory board, which will

meet twice a year. We are also in the process of creating a more vibrant community within CIFR through regular meetings, research symposia, and other activities. With input from both the external board and the current members of the Center, we will define and articulate a set of milestones and metrics by which we will gauge Center progress. CIFR will assess and report on these milestones, those outlined in the 2013 plan and any newly developed milestones, in the annual report. This annual report will be presented to our external advisory board, as well as submitted to the University.

Are there new opportunities for the Center?

- We appreciate the suggestion to place more emphasis on showcasing CIFR's existing strength in data science relating to the plant-microbe-environment interactions and will endeavor to make this aspect of CIFR more visible.
- CIFR is actively looking for opportunities to license intellectual property, generate fee-for-service opportunities and other methods of generating funds for the Center. This includes pursuit of potential cross-college and industry partnership projects through the Center.
- We agree that involvement in and proximity to the Plant Science Initiative building will provide many opportunities for collaboration and recruitment.
- The review team is absolutely correct that now is the time to establish regular meetings for faculty, students, postdocs, and staff affiliated with CIFR to reinvigorate the Center community and promote collaboration. Establishing annual symposia, special seminars or seminar series will contribute to both building CIFR's brand and keeping CIFR's members connected.
- We recognize the need to more directly include students and postdocs in the Center. This will be done through monthly CIFR meetings, internal communications, symposia, and seminars. We are actively soliciting input from the broader CIFR membership, including students and postdocs, as we determine the direction to take with regular monthly meetings. We are also considering implementing a CIFR student/postdoc leadership team to facilitate their involvement in the Center and keep lines of communication open.

What are the threats to the Center?

- CIFR is strategically increasing the number of faculty - two new members have been welcomed to the Center in 2017 and the CIFR-based Assistant Professor position in the Biochemical Interactome has been filled. There has been significant interest in the Center from faculty candidates; CIFR expects to gain several new faculty members from the pool of recently hired faculty at NC State over the next year or two. These additions will stabilize the Center, lessening the potential impact of one or two faculty members leaving NC State, as well as enriching the scientific expertise contained within CIFR.

- The new structure of having an Associate Director and Executive Committee in addition to the Director has provided opportunities for leadership in different CIFR activities and is building institutional knowledge of CIFR within the program. Center Directors are appointed by University administration, and the Director appoints members of the CIFR Executive Committee for a three-year term, which can be renewed once for a total of six years. We agree that developing a succession plan for leadership should be a topic of discussion by the CIFR team.
- We agree that CIFR needs greater name recognition both on and off campus. Much of our marketing focus has been put into recognition of the Plant Soil Microbial Community Consortium and we agree that it is now time to focus some of that marketing energy towards the Center itself. In the last year, we have reorganized the CIFR website, added a separate but linked website for PSMCC, and are updating them regularly with faculty and center news. We plan to expand this by including student and postdoc highlights and news, adding a monthly newsletter, and hosting seminars and symposia. The recent addition of a CIFR faculty position and our involvement in several additional faculty searches has increased awareness of the Center with newly arriving faculty. As a Center, we will continue to submit proposals for training grants and develop interdisciplinary multi-CIFR faculty directed research proposals.
- We agree that it is imperative to include students, postdocs, and staff in regular CIFR communications, and a monthly newsletter has been in the works for the past few months. The current website, newsletter, and monthly group meetings will greatly increase the inclusion of all our CIFR members.
- With the assistance of our newly formed External Advisory Committee and the full contingent of active and engaged CIFR faculty, the Center will work towards more fully developing our targets, milestones and progress assessments.

CIFR Funding Over the Next Five Years

CIFR leadership agrees with the review committee that continued support is warranted and will be meeting with administration to make a formal request. CIFR will continue to pursue multiple mechanisms to obtain funding for the Center, as outlined in the CIFR 5 Year Self-Study. These include interdisciplinary research grants, training grants, PSMCC membership fees, licensing fees, and revenue from service projects. However, these will all require time to be successful.

Designation of Time Limited Option for Distinguished Professorships

Background: Donors who endow a distinguished professorship at NC State University may elect to pursue matching funds available through the state's Distinguished Professors Endowment Trust Fund (DPETF). In accordance with state statutes, as well as University of North Carolina system and NC State University policies, the NC State University Board of Trustees (BoT) is authorized to designate that endowed distinguished professorships seeking DPETF matching funds may be time limited.

We request this designation from the BoT when a donor agreement indicates intent that a distinguished professorship be awarded, or potentially awarded, at a rank other than professor (i.e. assistant, associate professor) and/or for a period other than an individual's full career.

This designation provides the university with the maximum flexibility in awarding the distinguished professorship over time. Still, the overwhelming majority of NC State's distinguished professorships are offered to professors for the duration of their career at NC State.

Recommended Action: We request designation of the following distinguished professorships which may be time-limited:

1. William K. and Ann T. Collins Distinguished Professorship in Tobacco Research & Extension, College of Agriculture and Life Sciences, \$2M endowment
2. M. C. Dean, Inc. Distinguished Professorship in Electrical and Computer Engineering, College of Engineering, \$1M endowment
3. Severn Peanut Company/Hampton Farms Distinguished Professorship in Peanut Breeding, College of Agriculture and Life Sciences, \$2M endowment
4. Melanie S. Steele Distinguished Professorship in Medicine, College of Veterinary Medicine, \$1M endowment
5. David H. Murdock Distinguished Professorship #2, College of Agriculture and Life Sciences, \$1M endowment
6. David H. Murdock Distinguished Professorship #3, College of Agriculture and Life Sciences, \$1M endowment
7. William H. Culpepper, Jr. Distinguished Professorship in Aquatic Weed Science, College of Agriculture and Life Sciences, \$1M endowment
8. Cirrus Logic, Inc. Distinguished Professorship in Electrical and Computer Engineering, College of Engineering, \$1M endowment
9. Kady M. Gjessing and Rahna M. Davidson Distinguished Chair in Gerontology, College of Veterinary Medicine, \$3.6M endowment

Policy References:

UNC Policy 600.2.3 - [Distinguished Professors Endowment Trust Fund](#)

NCSU Policy 01.05.01 – [Board of Trustees Bylaws](#)

NCSU Regulation 05.20.17 – [Professorships of Distinction](#)

Conferral of Academic Tenure:

The information regarding conferral of academic tenure is included in the Closed Session Materials – Tab 7.5A.

REPORTS

THE OFFICE OF THE STUDENT BODY PRESIDENT
NC STATE UNIVERSITY
STUDENT GOVERNMENT
97TH SESSION

Tab 7.3A
Page 1

As of January 19, 2018

SG Retreat

Using January 20th as a time to reflect on the year and talk about executing initiatives. This includes identifying the correct administrator to speak with before and during implementation. We're also using this time to reflect on leadership and long-term goals since a lot of Senators this year are serving in their first-term. We'll be introducing our new Student Involvement Director, Dr. Jessica Murphy to all of SG and we are absolutely thrilled to have her.

Congressman Price

We are welcoming Congressman Price to campus this semester. His office is coordinating with us to host an informal dialogue to talk about pressing issues like college affordability, recent tax plan, and any initiatives Congressman Price may have. Sarah Stone, Matt Peterson, and Campus Police have been very helpful in logistics and safety for this.

Loyalty Point Games

My Athletics Department Director, Madison Maloney, and her team have been working with NC State Athletics to coordinate Loyalty Point Games where students can get points for attending games besides football and men's basketball. These points will count like regular points towards the lottery for tickets to football and men's basketball. This is something that I'm really proud of because I know getting students to some games have been difficult and I think this will be a good incentive for students to go but also show them that we have a fantastic array of teams.

Pride and WOC Villages

Members of both the Senate and Executive Branch are working together to support the efforts to make a Pride Village and Women of Color Village. Success from the Black Male Initiative has prompted members of the NC State Community to rally around a village to support other marginalized communities. The bill has not yet been voted on in Senate.

Accessibility Town Hall

SG is hosting members of DSO, Facilities, and Student Health, to have a conversation on what NC State's future looks like in terms of accessibility and what students can do to support these initiatives. We're looking to expand this conversation to be more inclusive of non-visible disabilities.

*NC STATE UNIVERSITY
STUDENT GOVERNMENT
97TH SESSION*

Last Lecture Series

SG's Traditions Department is in the process of planning its newest tradition, the Last Lecture Series, where we invite retiring professors to give a final lecture open to the public. We want to make a tradition to recognize and appreciate all the work our professors do!

Pack Bleeds Red

My Vice President Mia Connell and other members of SG have been working together on this initiative to provide free menstrual products on campus. The pilot program began in Talley and is already implemented in the Libraries. We're looking forward to this program and expanding it further across campus with the help of facilities.

Meredith College Student Government Collaboration

We are excited to be hosting Meredith College's Student Government on Jan. 25th for an SG open house. They will be hosting us later in February. We are excited to begin ties with Meredith and look to inspire our successors to expand collaboration to surrounding Raleigh area schools.

Government Officials On Campus

Our Government Relations Department is reaching out to government officials or candidates in the area to come to campus and share their ideas with students. These initiatives like the conversation with Congressman Price are vital to get students involved in local politics because NC State Students make up a large population of voters.

Elections Prep

Our Government Relations Department will be working with surrounding political organizations to gather slate-cards, brochures, and flyers about candidates. We are looking to set up a table either in Talley or the Brickyard where students are able to come and take resources about candidates in the area to help them be informed voters.

**N. C. STATE UNIVERSITY
UNIVERSITY UNDERGRADUATE CERTIFICATE PROGRAM FORM**

COLLEGE/DEPARTMENT/PROGRAM NAME:

University College, Entrepreneurship Initiative

CERTIFICATE TITLE:

Undergraduate Certificate in Interdisciplinary Entrepreneurial Thinking

TYPE OF PROPOSAL:

New: ☒

Revision: ☐

Discontinuation: ☐

CIP DISCIPLINE#: 24.0101

PROPOSED OR CURRENT PROGRAM CODE: **To Be Determined**

CERTIFICATE TYPE: On-campus ☒ Distance ☐ On-campus & Distance ☐

PROPOSED EFFECTIVE DATE: Fall 2017

APPROVED EFFECTIVE DATE:

ATTACHMENTS TO BE INCLUDED:

- ☒ Statement of Justification for Program
- ☒ Statement of Program Objectives
- ☐ Proposed Revision(s) with Reasons
- ☒ List of Program Requirements (use attached Format B)
- ☒ Catalog Description of Proposed Certificate
- ☐ Number of Certificate recipients in the past Five Years
- ☒ Projected Enrollment
- ☒ Admission Requirements
- ☒ Statement on Other Departments Likely to be Affected and Summary of Consultations with those Departments
- ☒ Signature Page
- ☒ Routing Form

North Carolina State University

This request has been reviewed and approved by the appropriate campus committees and authorities.

Endorsed By:


Head, Department/Program
9/13/17
Date

Recommended By:


Chair, College Curriculum Committee
9/18/17
Date

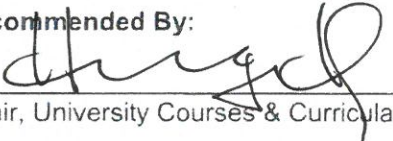
Endorsed By:


College Dean
9/19/17
Date

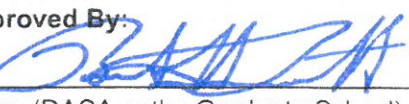
Recommended By:

Vice Provost, DELTA (if DE degree/certificate) Date

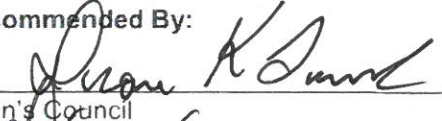
Recommended By:


Chair, University Courses & Curricula Committee
10/11/17
Date


Approved By:


Dean, (DASA or the Graduate School)
10/11/17
Date

Recommended By:


Dean's Council
11/9/17
Date

Approved By:


Executive Vice Chancellor and Provost
11/21/17
Date

Approved By:


Chancellor
12/4/17
Date

Undergraduate Certificate in Interdisciplinary Entrepreneurship Proposal to UCCC October 2017

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Undergraduate Certificate in Interdisciplinary Entrepreneurship

Statement of Justification

- NC State currently has a robust curriculum in discipline specific entrepreneurship courses. Through courses offered in programs such as the Poole College of Management, the Arts Entrepreneurship Program and the Engineering Entrepreneurs Program, students can opt to specialize in entrepreneurship through their major, their senior design course(s) or discipline specific minors. However, NC State currently lacks a mechanism to allow students to receive credit on their transcript for participating in an interdisciplinary cross-section of the entrepreneurship offerings on campus. This undergraduate certificate would allow students the opportunity to combine experiences across at least 3 unique departments in order to gain a broad, interdisciplinary perspective as related to entrepreneurial thinking.
- This undergraduate certificate proposal has been driven by the requests of students, faculty and staff throughout the entrepreneurship programs on campus to fill the gap that exists for students participating in numerous entrepreneurship experiences across campus. The courses, requirements and experiential components have been specifically designed to work with the existing entrepreneurship academic programs such as the Minor in Arts Entrepreneurship, the Minor in Business Administration Entrepreneurship Track and the Major in Business Administration Entrepreneurship Concentration.
- During the 2016/2017 academic year, there were over 30 sections of entrepreneurship courses offered representing at least 15 unique courses and 6 unique course prefixes from colleges such as the College of Textiles, College of Engineering, Poole College of Management and University College. These courses saw student enrollments of over 1300 seats. In addition to these strong numbers, the NC State Entrepreneurs Garage had a student membership of over 800 students during this same academic year, while campus start-up competitions such as the Lulu eGames saw record numbers of almost 200 entries.

Required Resources

- No additional resources will be required at this time in order to implement the Undergraduate Certificate in Interdisciplinary Entrepreneurship. The certificate will be managed through NC State Entrepreneurship in partnership with faculty and staff from all partner colleges and programs that make up the academic elements of NC State Entrepreneurship.

Program Objectives/Outcomes

- Objective 1: Students will demonstrate an entrepreneurial mindset to problem solving in interdisciplinary environments. Measured using required student work samples and responses to required essay questions.
 - Outcome 1: Students will identify, evaluate and develop entrepreneurial ideas from an interdisciplinary perspective.
 - Outcome 2: Students will apply entrepreneurial thinking skills to the development of products, services, technologies and/or organizations with a focus on tailoring plans to the specific needs of the identified target markets.
 - Outcome 3: Students will use valid and reliable data to support and defend entrepreneurial concepts.

- Objective 2: Students will acquire a variety of interpersonal skills necessary for success in interdisciplinary entrepreneurial environments. Measured using required student work samples and responses to required essay questions.
 - Outcome 1: Students will be able to actively participate in an interdisciplinary entrepreneurial team environment.
 - Outcome 2: Students will be able to assess, evaluate and describe their own unique strengths and weaknesses as related to an interdisciplinary entrepreneurial environment.
 - Outcome 3: Students will be able to identify key lessons and messages learned from experiential activities as well as integrate those lessons into their lives as entrepreneurial thinkers.

Statement of Program Requirements

Requirement 1 of 3: Choose 12 credit hours from the interdisciplinary course options below. No more than 2 courses counting towards the Undergraduate Certificate in Interdisciplinary Entrepreneurship may come from the same course prefix. Students will be required to submit work samples from their chosen certificate courses to an online portfolio via the Moodle Certificate Management website. The Moodle site for documenting student completion of certificate requirements is being modeled after the NC State Office of Faculty Development Certificate of Reflective Teaching.

- EI 201 Exploring Interdisciplinary Entrepreneurial Thinking (3cr)
- EI 331 Interdisciplinary Entrepreneurial Thinking I: Skills and Planning Basics (3cr) **EI 201 is a prerequisite for this course
- EMA 110 Introduction to Arts Entrepreneurship (3cr)
- EMA 365 Foundations in Arts Entrepreneurship (3cr)
- EMA 370 Practical Arts Entrepreneurship (3cr)
- MIE 310 Introduction to Entrepreneurship (3cr)
- MIE 410 Business Opportunity Analysis (3cr) **MIE 310 is a prerequisite for this course
- MIE 412 Finance and Accounting for Entrepreneurs (3cr) **MIE 310 is a prerequisite for this course
- MIE 413 New Venture Planning (3cr) **MIE 310 is a prerequisite for this course
- MIE 416 The Legal Dynamics of Entrepreneurship (3cr) **MIE 310 is a prerequisite for this course
- MIE 419: Entrepreneurship Practicum (3cr) **MIE 413 is a suggested co-requisite for Certificate participants
- FTM 310 Entrepreneurship & New Product Development in Textiles (3cr) ** Students must have junior standing in order to enroll in this course; restricted to College of Textiles students in FTM, FTD or TT degree programs
- ECE 482/MAE 482: Engineering Entrepreneurship and New Product Development I (3cr)
**Departmental approval required
- ECE 483/MAE 483: Engineering Entrepreneurship and New Product Development II (3cr)
**Departmental approval required
- PS 203 Introduction to Nonprofits (3cr)
- Please note that ECE 383 will be added to the Certificate options once it has received 3 credit hour status. In addition, members of the NC State Entrepreneurship faculty will work with programs, colleges and departments throughout campus to add new entrepreneurship courses that will become part of the certificate options when possible.

Requirement 2 of 3: Choose at least 1 Intensive Experience from the options below. Please note that Intensive Experiences must be completed after declaring your intent to complete the Certificate in Interdisciplinary Entrepreneurship.

- Complete the Andrews Launch Accelerator program with the NC State Entrepreneurship Clinic
- Complete one semester as a volunteer with the NC State B Corp Clinic in an entrepreneurial environment
- Complete one full year of membership in the Albright Entrepreneurs Village
- Complete at least 15 Entrepreneurship Skills Workshops offered through NC State Entrepreneurship (To ensure that minimum standards for an Intensive Experience are met, acceptable workshops will be designated as approved for Certificate Intensive Experience)
- Complete the Social Innovation Fellows Program
- Additional Intensive Experiences may count towards the Undergraduate Certificate in Interdisciplinary Entrepreneurship. Please contact the Certificate Director for prior approval of independent Intensive Experiences such as internships, additional capstone courses, or other proposed projects including business development as an NC State Entrepreneurs Garage member, participation in the StartingBloc Institute, etc.
- Approved Intensive Experiences may be added to this list as they become available and are approved by members of the NC State Entrepreneurship Faculty Advisory Council.

Requirement 3 of 3: Complete and submit your responses to the required essay questions during your final semester of the Undergraduate Certificate in Interdisciplinary Entrepreneurship:

Essay Question Options (to be updated as deemed necessary by the members of NC State Entrepreneurship)

- Explain and describe how your intensive experience utilized the interdisciplinary skills, knowledge and experiences gained in your chosen entrepreneurship courses.
- Describe your personal growth and development as an entrepreneurial thinker during your work with the Undergraduate Certificate in Interdisciplinary Entrepreneurship. Consider topics such as leadership, communication, team participation, creativity, self-awareness, etc as you complete this essay.
- How do you currently plan to apply entrepreneurial thinking to your plans after graduation?
- Please list any other entrepreneurial activities and/or accomplishments. Participation in the NC State Entrepreneurship Garage, the NC State Entrepreneurship Clinic, trips and tours, additional courses, additional entrepreneurial experiences, competition participation, etc.

Successful completion of the Undergraduate Certificate in Interdisciplinary Entrepreneurship requires a 2.0 GPA in the coursework taken to fulfill the certificate requirements as well as at least a 2.0 overall GPA. Please note that no more than 2 courses may count jointly towards the Undergraduate Certificate in Interdisciplinary Entrepreneurship and any other major/minor related to entrepreneurship.

Description

- The Undergraduate Certificate in Interdisciplinary Entrepreneurship has been specifically designed to be applicable and accessible to students in all areas of study at NC State. Students who will find this certificate most engaging will be those students interested in turning ideas into action through starting ventures, working in a startup environment or applying entrepreneurial thinking skills to an existing organization. This certificate differs from the entrepreneurship minors available on campus by giving students a broad overview of the

entrepreneurial process from an interdisciplinary perspective. Students will have the opportunity to explore entrepreneurial thinking in the arts, the social entrepreneurship sector, non-profits, for profits, start-ups, growth ventures, B-Corps, and other areas of interest. Students who complete the Undergraduate Certificate in Interdisciplinary Entrepreneurship will specifically benefit from the interdisciplinary nature of instructors, peers, teams, mentors, materials, activities, opportunities, community partners and alumni.

Projected Enrollment

- Within 5 years of launching, we expect to award at least 50 Undergraduate Certificates in Interdisciplinary Entrepreneurship each year. If additional course options become available, this number should increase substantially.

Admissions Requirements

1. Declare your intent to complete the Undergraduate Certificate in Interdisciplinary Entrepreneurship by filling out the Certificate Declaration Form via the NC State Student Services website. This MUST be completed prior to the beginning of your senior year.
2. Once you have been accepted into the certificate program, a certificate administrator will follow up with you via email to acknowledge receipt of your declaration form and to provide instructions for accessing the Undergraduate Certificate in Interdisciplinary Entrepreneurship website via Moodle.
3. As you complete work towards the certificate, fill out and submit the appropriate information via Moodle to track your progress. This will help you establish a robust portfolio of your experiences in the Undergraduate Certificate in Interdisciplinary Entrepreneurship.
4. Submit your request to complete the Undergraduate Certificate in Interdisciplinary Entrepreneurship prior to November 15/April 15 of your graduating semester.
5. Contact Jennifer Capps at jennifer_capps@ncsu.edu or at 919-515-4530 with any questions.

Statement on Other Departments/Programs Likely to be Affected and Summary of Consultations:

The Undergraduate Certificate in Interdisciplinary Entrepreneurship will be offered through NC State Entrepreneurship. Specifically, groups that will be impacted include those offering courses and/or co-curricular opportunities that fulfill certificate requirements.

- EI courses, NC State Entrepreneurs Village, NC State Entrepreneurs Garage
 - Consultation from Jennifer Capps, Director of Academic Programs, NC State Entrepreneurship Initiative
 - Consultation from Dr. Tom Miller, Senior Vice Provost for Academic Outreach & Entrepreneurship
 - Consultation from Dr. Carrie Zelna, (filling in for Dr. Bret Smith) University College
- EMA courses: University College
 - Consultation from Dr. Gary Beckman, Director of Entrepreneurial Studies in the Arts
 - Consultation from Dr. Daniel Monek, Director of Music Department
 - Consultation from Dr. Carrie Zelna, (filling in for Dr. Bret Smith) University College
- MIE courses, NC State Entrepreneurship Clinic, B Corp Clinic: Poole College of Management
 - Consultation from Lewis Sheats, Director of NC State Entrepreneurship Clinic
 - Consultation from Jessica Thomas, Director of Business Sustainability Collaborative
 - Consultation from Dr. Tamah Morant, Associate Dean for Undergraduate Programs

- ECE/MAE courses: College of Engineering
 - Consultation from Marshall Brain, Director of Engineering Entrepreneurs Programs
 - Consultation from Dr. Jerome Lavelle, Associate Dean of Academic Affairs
- FTM course: College of Textiles
 - Consultation from Dr. A. Blanton Godfrey, Faculty FTM 310
 - Consultation from Dr. Jon Rust, Associate Dean for Academic Programs
- PS course and Social Innovation Fellows Program: College of Humanities and Social Sciences
 - Dr. Deanna Dannels, Associate Dean of Academic Affairs
 - Dr. Richard Clerkin, Executive Director of Institute for Nonprofits
 - Dr. Trace Reid, Political Science Department Chair
- Office of Institutional Research and Planning SCRT
- Summary of results: The following summarized discussion points were brought up during the consultation process. Each point was addressed by adding additional content to the proposal and/or by an email response. Please see the attached documents for full details of each consultation conversation.
 - How will outcomes be measured and by whom?
 - Are the outcomes worded appropriately to meet the demands of the certificate?
 - Can courses be double counted towards multiple degrees/minors/certificates? If so, which courses can be double counted?
 - Will students have enough space in their academic schedule to complete the required courses?
 - Will this compete with other degree programs?
 - As the certificate program grows, more resources may be required in order to keep up with demand.

Administration Details

- A Faculty Advisory Council for NC State Entrepreneurship will be created to represent the campus partners in reviewing academic elements, academic rigor and recipients of the certificate program. This council will include representatives from as many partner programs as would like to participate including the Poole College of Management, College of Textiles, Institute for Non-Profits, Arts Entrepreneurship Program, Social Entrepreneurship Initiative, Engineering Entrepreneurs Program, University College and others as we grow. While we believe that the individual membership will fluctuate over the years, the core council partners will remain represented. The goal of the Faculty Advisory Council would not only be to represent the best interests of the certificate, but also to collaborate across courses, be aware of the course content and programs throughout NC State Entrepreneurship and to assist in the collection of data for both reporting and research purposes.
- Faculty Advisory Council members will be representative of the colleges and programs contributing to the certificate components. An initial cohort would include representatives from the Poole College of Management, College of Engineering, University College, College of Humanities and Social Sciences and College of Textiles. Additional representatives will be added as the certificate grows.
- In addition to the Faculty Advisory Council oversight, the Certificate Director will continue to work closely with the DASA Office of Assessment team to ensure that outcomes are monitored, assessed and tracked in accordance with University standards.

- The official Certificate Director responsible for day to day certificate management and coordination of the Faculty Advisory Council will be Jennifer Capps, NC State Entrepreneurship, jennifer_capps@ncsu.edu, 919-515-4530
- DASA will be the academic home for this certificate.

Appendix: Consultation Schedule

Department	Name	Items	Date Sent	Date Rcvd	Page
NC State Eship	Dr. Tom Miller	EI ,Village, Garage	Aug 31	Sept 13	1
University College	Dr. Carrie Zelna	EI, EMA courses	All original emails	N/A	
Arts Eship	Dr. Gary Beckman	EMA courses	Aug 15	Aug 18	3
Director Music Dept	Dr. Daniel Monek	EMA Courses	Aug 31	Sept 15	5
PCOM	Lewis Sheats	MIE, Clinic	Aug 15	Aug 22	7
Bus Sustain Collab	Jessica Thomas	B Corp Clinic	Aug 15	Aug 15	12
PCOM Assoc Dean	Dr. Tamah Morant	All PCOM elements	Aug 31	Sept 5	14
EEP Director	Marshall Brain	EEP	Aug 15	Aug 22	16
COE Assoc Dean	Dr. Jerome Lavelle/Dr. David Parish	EEP	Aug 31	Sept 26	18
College of Textiles	Dr. Blanton Godfrey	FTM	Aug 15, Aug 22	Aug 31	21
COT Assoc Dean	Dr. Jon Rust	FTM	Aug 31	Sept 12	31
Institute - Nonprofits	Dr. Richard Clerkin	PS course, Social Inn Fell.	Aug 15	Aug 17	34
CHASS Assoc Dean	Dr. Deanna Dannels	PS course, Social Inn Fell.	Aug 31	Sept 7	38
Poli Sci Dept Chair	Dr. Trace Reid	PS course	W/ Dr. Dannels	N/A	
OIRP SCRT				Sept 19	43

Change/Edit Schedule

1. Add Dr. Trace Reid, political Science Department Chair to consultation list per Dr. Richard Clerkin request – August 18, 2017

TOPICS OF INTEREST/ COMMITTEE DISCUSSION

NC State University Centers and Institutes

[Advanced Self Powered Systems of Sensors and Technologies Center](#) (ASSIST)

Director: Dr. Veena Misra

The mission of ASSIST is to transform health informatics, electronics, and biomedical engineering; to develop nanotechnologies for energy harvesting, battery-free energy storage, and ultra-low-power computation/communication; to integrate low power physiological and environmental nanosensors using biocompatible materials; to empower personal environmental and health monitoring.

[Animal & Poultry Waste Management Center](#) (APWMC) – website is under construction

Director: Dr. Steven Lommel (Interim Director)

The Animal & Poultry Waste Management Center (APWMC) provides infrastructure, programs, and assistance for innovative basic and applied approaches to animal waste management with emphasis on development of knowledge and waste management options contributing toward the enhancement of North Carolina's and the nation's animal production industries, as well as to the improvement of the environment and quality of life for all citizens.

[Bioinformatics Research Center](#) (BRC)

Director: Dr. Fred Wright

The mission of Bioinformatics Research Center (BRC) is to develop and implement methods for the management and interpretation of genomic data, with an emphasis on agriculture, forestry and veterinary medicine.

[Center for Additive Manufacturing and Logistics](#) (CAMAL)

Director: Dr. Russell King

The goals of the Center are to provide comprehensive research capabilities in additive manufacturing spanning polymers, metals and ceramics as well as the finishing of these components. In addition, the Center will study the distributed supply chain that will be inherent in these distributed networks of manufacturers.

Center for Dielectrics and Piezoelectrics (CDP)

Director: Dr. Elizabeth C. Dickey

The CDP aims to develop an international leadership position in the fundamental material science and engineering that underpins dielectric and piezoelectric materials. Innovations in these areas often arise from research advances in materials chemistry, synthesis and processing that enable new materials and device functionality.

Center for Educational Informatics (CEI)

Director: Dr. James Lester

The mission of the North Carolina State University Center for Educational Informatics is to lead national efforts to design, develop, and deploy next-generation adaptive learning systems for K-12 education, post-secondary education, and training.

Center for Environmental and Resource Economic Policy (CEnREP)

Director: Dr. Laura Taylor

The mission of the Center for Environmental and Resource Economic Policy (CEnREP) is to link economics to science, agriculture and technology to improve public understanding and enhance public and private management of environmental resources.

Center For Family and Community Engagement (CFACE)

Director: Dr. Joan Pennell

The Center For Family and Community Engagement (CFACE) is dedicated to advancing safe, healthy, and productive families and communities. It promotes strategies that widen the circle of supports around families and communities. This is accomplished through emphasizing family leadership, community partnerships, cultural safety, and inclusive planning.

Center for Geospatial Analytics (CGA)

Director: Dr. Ross Meentemeyer

The mission of the Center is to promote graduate education and research in geospatial science and technology.

Center for Human Health and the Environment (CHHE)

Director: Dr. Robert Smart

The mission of CHHE is to serve as the nexus of environmental health science research at NC State by providing focus and leadership for interdisciplinary research aimed at understanding how human health, at both the individual and population levels, is impacted by environmental factors and to utilize this understanding to reduce the adverse impacts of environmental factors on human health.

Center for Innovation Management Studies (CIMS)

Director: Dr. Paul Mugge

The Center for Innovation Management Studies (CIMS) exists to create, synthesize and disseminate industry-relevant information on innovation management and to develop current and future generations of innovation management researchers and industry practitioners.

Center for Integrated Fungal Research (CIFR)

Director: Dr. Ignazio Carbone

The Center for Integrated Fungal Research (CIFR) provides leadership in research and educational objectives in the field of fungal parasitism and mycotoxins aimed to achieve significant breakthroughs in fungal research that will impact human welfare worldwide.

Center for Integrated Pest Management (CIPM)

Director: Dr. Frank Louws

The Center for Integrated Pest Management (CIPM) serves a lead role in technology development, program implementation, training, and public awareness for IPM at the state, regional, and national level.

Center for Marine Sciences and Technology (CMAST)

Director: Dr. David Eggleston

The principal mission of the Center for Marine Sciences and Technology (CMAST) is to discover innovative solutions to questions and problems in marine systems and provide effective communication of these discoveries, by promoting multidisciplinary studies among research scientists, educators and extension specialists from the participating NC State University colleges, enhancing interaction with other educational institutions and agencies concerned with marine sciences and coastal natural resources, and providing a focal point for citizen contact with NC

State University's marine science and extension faculty.

Center for Nuclear Energy Facilities and Structures (CNEFS)

Director: Dr. Abhinav Gupta

The mission of the Center for Nuclear Energy Facilities and Structures (CNEFS) is to perform research on innovative but rigorous solutions to problems in nuclear power plants and to transfer this technology to the industry.

Center for Research in Scientific Computation (CRSC)

Director: Dr. Thomas Banks

The Center for Research in Scientific Computation (CRSC) is a formally recognized, multidisciplinary center administered by North Carolina State University. Its purpose is to foster research in scientific computing and provide a focal point for research in computational science, engineering and applied mathematics.

Center for Research on Textile Protection and Comfort (TPACC)

Director: Dr. Roger Barker

The Center for Research on Textile Protection and Comfort (TPACC) provides faculty and students with a coordinated environment where interdisciplinary problems related to textile comfort and protection performance can be studied and solved.

Center for Turfgrass Environmental Research and Education (CENTERE)

Director: Dr. Thomas Rufty

The Center for Turfgrass Environmental Research and Education (CENTERE) promotes research on the turfgrass systems and works on creating a multidisciplinary research 'culture' that develops new, environmentally sustainable management strategies. Emphasis is on basic research to resolve underlying processes that can lead to long-term solutions.

Center on Genetic Engineering and Society (GES)

Directors: Drs. Jennifer Kuzma and Fred Gould

The GES Center serves as a key regional, national and international hub of interdisciplinary analyses and inclusive dialogue surrounding emerging technologies and society. It will take the lead in using in-depth research and dialogue-based approaches to provide public with rigorous,

trustworthy analyses of how products of GE technologies may impact society and the environment.

Comparative Medicine Institute (CMI)

Director: Dr. Jorge Piedrahita

The mission of the Comparative Medicine Institute (CMI) is to enhance collaborative, translational, interdisciplinary approaches for the comparative study of animal/human diseases.

Ergonomics Center of North Carolina (The) (TECNC)

Director: Mr. Tim McGlothlin

The Ergonomics Center of North Carolina (TECNC) is a Public Service Membership Center specifically authorized by the North Carolina General Assembly and established in October 1994 with the original name North Carolina Ergonomics Resource Center through a partnership between North Carolina State University (NCSU) and the North Carolina Department of Labor (NCDOL), Division of Occupational Safety and Health (OSHNC) to assist employees and employers in the prevention of occupational musculoskeletal disorders (MSDs) and the optimization of human-machine work systems design from safety and performance perspectives.

Future Renewable Electric Energy Delivery and Management Systems Center (FREEDM)

Director: Dr. Iqbal Husain

The Future Renewable Electric Energy Delivery and Management Systems Center (FREEDM) partners with universities, industry, and national laboratories in 28 states and nine countries to develop technology to revolutionize the nation's power grid and speed renewable electric-energy technologies into every home and business.

General H. Hugh Shelton Leadership Center (SLC)

Director: Barbara H. Mulkey

The mission of the General H. Hugh Shelton Leadership Center is to inspire, educate, and develop values-based leaders committed to personal integrity, professional ethics, and selfless service.

Golden Leaf Biomanufacturing Training and Education Center (BTEC)

Director: Gary Gilleskie (Interim Director)

The mission of Golden Leaf Biomanufacturing Training and Education Center (BTEC) is to fuel prosperity by positioning North Carolina as a global leader in bioprocess education and biomanufacturing workforce development.

Industry Research Programs in Forestry (IRPF)

Director: Dr. Marian McCord (Interim Director)

The Industry Research Programs in Forestry Center (IRPF) increases value to landowners and citizens through continuous genetic improvement of forest trees; creates innovative solutions to enhance forest productivity and value through sustainable management of site resources; leads in conservation and domestication of forest genetic resources for sustainable economic, ecological, and social benefits for present and future generations.

Institute for Advanced Analytics (IAA)

Director: Dr. Michael Rappa

The mission of the Institute for Advanced Analytics (IAA) is to promote graduate education in the emerging field of analytics. Its objective is to educate the citizens of North Carolina and beyond in the concepts, methods, software tools, and applications of analytics that have direct and practical relevance to industry.

Institute for Emerging Issues (IEI)

Director: Leslie Boney

The Institute for Emerging Issues (IEI) is a think-and-do tank that convenes leaders from business, government, nonprofit organizations, and higher education to tackle the biggest issues facing North Carolina.

Institute for NEXT Generation IT Systems (ITNG)

Director: Dr. Dennis Kekas

The Institute for NEXT Generation IT Systems (ITNG) provides information technology professional services to state and federal agencies, private and public sector corporations, and research organizations.

Institute for Nonprofit Research, Education and Engagement (INPREE)

Director: Dr. Richard Clerkin

The Institute for Nonprofit Research, Education and Engagement (INPREE) benefits the university through its presence as an expert source for information on nonprofits, respected partner in research and practice collaborations, recipient of external funding, and developer and manager of educational and research initiatives.

Institute for Transportation Research and Education (ITRE)

Director: Dr. E. Downey Brill (Interim Director)

The Institute for Transportation Research and Education (ITRE) carries out research, training and technical support activities in the areas of surface and air transportation for a host of national, state, and local clients to address the nation's critical transportation issues.

Kenan Institute for Engineering, Technology & Science (KIETS)

Director: Dr. Ruben Carbonell

The Kenan Institute for Engineering, Technology & Science (KIETS) develops partnerships in basic research, education, commercialization and public outreach with individuals and organizations dedicated to the advancement of science, engineering and technology as a force in improving the economic and social well-being of the nation and the world.

Next Generation Power Electronics Manufacturing Innovation Institute (NGPEMII)

Director: Nick Justice

The Next Generation Power Electronics Manufacturing Innovation Institute ("Power America") is accelerating the adoption of advanced semiconductor components made with silicon carbide (SiC) and gallium nitride (GaN) into a wide range of products and systems.

Nonwovens Institute (NWI)

Director: Dr. Behnam Pourdeyhimi

The Nonwovens Institute (NWI) is the world's first accredited academic program for the interdisciplinary study of engineered fabrics through an innovative partnership of industry, government, and academe. Operating on an 'open' platform, The Nonwovens Institute enables industry and university experts to develop the next generation of nonwoven applications while

educating and training future industry leaders.

North Carolina Clean Energy Technology Center (NCCETC)

Director: Mr. Steve Kalland

The mission of the North Carolina Clean Energy Technology Center (NCCETC) is to advance a sustainable energy economy by educating, demonstrating and providing support for clean energy technologies, practices, and policies.

North Carolina Institute for Climate Studies (NCICS)

Director: Otis Brown

The mission of the North Carolina Institute for Climate Studies (NCICS) is to promote the discovery of new knowledge about global, regional, and local climate variability and its impacts and to provide information that is critical for determining trends and validating climate forecasts at all of these spatial scales.

North Carolina Japan Center (NCJC)

Director: Ingrid Schmidt (Interim Director)

The North Carolina Japan Center (NCJC) is a statewide resource, which serves to promote mutual understanding and closer relations between the people of North Carolina and Japan in academic, business cultural, educational, scientific, and technical matters, to the benefit of our state and its people.

North Carolina Sea Grant College Program (NCSG)

Director: Dr. Susan Norma White

The North Carolina Sea Grant (NCSG) program is one of 33 university-based programs across the United States authorized through the National Sea Grant College Program Act of 1966. Through research, outreach and education programs, NCSG provides unbiased, science-based information to enhance the sustainable use and conservation of ocean and coastal resources to benefit communities, the economy and the environment. NCSG is a multi-campus program of the University of North Carolina system.

Nuclear Reactor Program (NRP)

Director: Dr. Ayman Hawari

The Nuclear Reactor Program (NRP) applies reactor and nuclear techniques in supporting efforts to provide high quality undergraduate and graduate education, perform basic and applied research, disseminate knowledge, and provide training and specialized analytical services in support of institutions, agencies and industries in the State of North Carolina and the Nation.

Small Business and Technology Development Center (SBTDC)

Director: Dr. Scott Daugherty

The multi-campus Small Business and Technology Development Center (SBTDC) is committed to providing knowledge, education and other supportive resources that enable existing small and mid-sized businesses, emerging entrepreneurs and local/state leaders to innovate and succeed.

Southeast Dairy Foods Research Center (SDFRC)

Director: Dr. MaryAnne Drake

The Southeast Dairy Foods Research Center (SDFRC) conducts research, educates scientists, and develops and applies new technologies for processing of milk and its components into dairy products and ingredients with improved health, safety, quality and expanded functionalities that facilitate strategic decisions in the industry.

State Climate Office of North Carolina (SCONC)

Director: Dr. Aaron Sims (Interim Director)

The State Climate Office of North Carolina (SCO) is the primary source for NC weather and climate information and is involved in all aspects of climate research, education, and extension services.

W. M. Keck Center for Behavioral Biology (The) (CBB)

Director: Dr. Robert Anholt

The goal of the Keck Center for Behavioral Biology (CBB) is to establish a multidisciplinary environment for interdepartmental training and collaborative research in the fundamental principles that govern animal behavior.

Water Resources Research Institute (WRRI)

Director: Dr. Susan Norma White

The Water Resources Research Institute (WRRI) is one of 54 state water institutes that were authorized by the Water Resources Research Act of 1964 to administer and promote federal/state partnership in research and information transfer on water-related issues. WRRI is a multi-campus Institute.

William and Ida Friday Institute for Educational Innovation (WIFIEI)

Director: Dr. Glenn Kleiman

The mission of the William and Ida Friday Institute for Educational Innovation (WIFIEI) is to advance education through innovation in teaching, learning, and leadership.

NC STATE UNIVERSITY

Chair of the NC State University Faculty Report to the North Carolina State University Board of Trustees

Submitted January 29, 2018

The last report to the Board of Trustees was submitted on October 20, 2017. Since that time, through January 9, 2018 the following topics have been **discussed at the full Faculty Senate**:

1. **Division of Academic and Student Affairs (DASA) (October 31)**

*Dr. Mike Mullen, Vice Chancellor and Dean, Division of Academic and Student Affairs
Herle McGowan, Teaching Associate Professor, 2017 Dennis Boos Citizen Award Winner, and
Chair, General Education Diversity Task force*

Background: In 2016, Provost Arden and then 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 was 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 the meeting.

2. **Human Resources (HR) (November 14)**

*Marie Williams, Associate Vice Chancellor for Human Resources
David Ackerman, Scott Nostaja, Minday Young, Sibson Consulting*

Background: 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 led a discussion at Faculty Senate for input as Sibson considers and develops 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.

3. **Academic Analytics (November 28)**

*Mary Lelik, Senior Vice Provost for Academic Strategy and Resource Management
Richard Wheeler, Senior Advisor with Academic Analytics
Jonathan Fink and Kaitlin Singer, Academic Analytics*

Background: Faculty Senate desired to better understanding 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.

4. **NC State's Strategic Plan: The final three years (January 9, 2018)**

Margery Overton, Vice Provost for Academic Strategy

Background: We are entering the last three years of NC State's Strategic Plan "The Pathway to the Future: NC State's 2011-2020 Strategic Plan. Vice Provost Overton will gave comment on the FY18-20 Implementation Plan with highlights of substantive progress already made and an overview of actions planned for the next three years.

Other items:

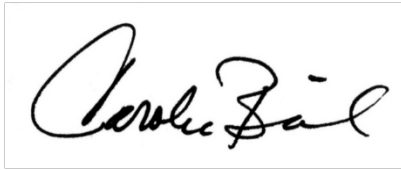
UNC System Office Engagement Survey. The Chair of the Faculty has been a part of a Working Group focused on a successful survey implementation at NC State. Communications to the Faculty Senate included sharing System Office-developed talking points, announcements at Faculty Senate, and plans for an all-faculty reminder email prior to the end of the survey period.

Faculty Elections Spring 2018. Twenty-two 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 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 Chair-Elect.

The **Spring General Faculty Meeting** is scheduled for March 20, 2018 in the Talley Student Center, Room 4280. Potential topics have been identified and discussions are underway with potential speakers.

The three **Faculty Senate Committees** (Academic Policy; Governance and Personnel Policy; Resources and Environment) discuss many issues and some of them are resolved without coming to the full Senate. Committee reports are posted on the website: <https://facultysenate.ncsu.edu/>

Respectfully Submitted by:

A handwritten signature in black ink, appearing to read "Carolyn L. Bird", enclosed within a thin black rectangular border.

Carolyn L. Bird, Ph.D.
Associate Professor of Family Resource Management
Chair of the NC State University Faculty, 2017-2019

Board of Trustees Report

February 16, 2018

Honorable Trustees,

I am pleased to share our Staff Senate quarterly report with you. Much of the work of the senate is accomplished through committees.

- Our Governance and Elections Committees have compiled a set of revisions to the Staff Senate Bylaws which are in the process of being discussed and reviewed with Associate Vice Chancellor for Human Resources Marie Williams.
- The UNC system is conducting a system-wide employee engagement survey, designed to gather data from full-time employees across its 17 institutions. This five-year initiative is being implemented as part of the UNC system's Higher Expectations 2017-2022 strategic plan. As Chair of Staff Senate, I sit on NC State's Engagement Advisory group. Communication is key to ensure that faculty and staff are aware of this initiative and are encouraged to participate. To help get this information to staff, we are using our Staff Senate Connect newsletter managed by our Public Relations Committee.
- Our External Affairs Committee met with Assistant to the Chancellor for External Affairs Sarah Stone and Executive Assistant for External Affairs Dana Shillinglaw. The committee shared legislative updates and possible impacts to NC State with senators during the general meeting.

Representing nearly 6,000 staff across the university and all 100 counties of the State of North Carolina, Staff Senate provides opportunities for staff to engage and serve. This quarter, we have had a strong focus on service—serving staff, serving students, serving our community. Our Diversity, Human Resources, and Resources and Environment Committees took the lead in engaging 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 our women's basketball team and to show appreciation for employees. During this year's family-friendly event, senators served free pizza and Howling Cow ice cream to NC State employees and their guests.
- **NC State Staff and Faculty Appreciation Day**, December 12, 2017. Staff Senate hosted a booth where senators engaged with employees spinning the NC State Wheel of Knowledge. Everyone wins, everyone learns! We shared our booth with Staff Ombuds Roy Baroff, who 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, 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. In partnership with the Feed the Pack Food Pantry, Staff Senate organized a drive to provide warm coats to students, particularly international students who may be experiencing wintry weather for the first time!

Serving Community

- **Toys for Tots**, November 6-December 8, 2017. During our annual Toys for Tots drive, more than 2,000 toys were collected. This project is in association with the U.S. Marine Reserves who distributed these toys to families in need across Wake County, including NC State employees.
- **Habitat for Humanity**, December 1, 2017. While NC State's Build-A-Block project has been completed, our support continues with senators serving as hands-on volunteers with Habitat for Humanity of Wake County.

NC State Staff Senate—Communicating! Collaborating! Connecting! And Serving!

Respectfully Submitted,

A handwritten signature in black ink, reading "Cathi Dunnagan", with a large, sweeping flourish above the name.

Cathi Phillips Dunnagan

Lead Instructional Designer, Distance Education and Learning Technology Applications (DELTA)

Chair, NC State Staff Senate, 2017-2018

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Executive Committee

February 16, 2018

Jimmy Clark, Chair

Members: Andrews, Cabaniss, Goodnight, Kelly

AGENDA

CALL TO ORDER

Reading of Conflicts of Interest

Jimmy Clark, Chair

ROLL CALL

APPROVAL OF MINUTES

✓ — November 17, 2017 Open Meeting of the Executive Committee

CLOSED SESSION

RECONVENE IN OPEN SESSION

ADJOURN

OPEN SESSION MINUTES
North Carolina State University
Board of Trustees Executive Committee
Friday, November 17, 2017

Members present: Jimmy D. Clark, Chair; Robert F. "Chip" Andrews, Thomas E. Cabaniss; Ann B. Goodnight; and Stanhope A. Kelly

Others present: Randy Woodson, Chancellor; Eileen Goldgeier, Vice Chancellor and General Counsel; and PJ Teal, Assistant Secretary

Chair Clark called the meeting to order at 7:30 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. There being none, Chair Clark 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

Mrs. Goodnight made the motion, seconded by Mr. Cabaniss, to approve the open and closed session minutes of the September 22, 2017, meeting of the Executive Committee. The motion passed.

CHANCELLOR'S REPORT

Chancellor Woodson stated that the UNC Board of Governors requires our Board of Trustees to conduct a comprehensive, campus-wide performance review of a Chancellor in the spring of the Chancellor's fourth year and every four years thereafter. April 2018 marks his eighth year. The process involves selection of an outside consultant. The Executive Committee discussed and identified Dr. Teresa Sullivan, President, University of Virginia, as someone who may serve as a potential consultant. The next step is for the Chancellor to call her and see if she would be willing to assist in this process.

With no further business for the Executive Committee, Chair Clark adjourned the meeting at 7:50 a.m.

Respectfully submitted:

Assistant Secretary

Secretary

Chair