THURSDAY, SEPTEMBER 18, 2014

11:30 – 1:00 p.m. Lunch Presentation: “Financial Aid Update”
by Provost Warwick Arden
Winslow Hall Conference Room
All Trustees, Endowment Board and Executive Officers

1:00 – 2:30 p.m. Advancement and External Affairs Committee
Chancellor’s Conference Room (12 Holladay)
Jim Owens, Chair
Lanier, Mattocks, Murphy, Prestage, Ramsey

1:00 – 2:30 p.m. Audit, Risk Management and Finance Committee
Winslow Hall Conference Room
Jimmy Clark, Chair
Cabaniss, Mau, Mulkey, Sall, Ward

2:30 – 2:45 p.m. Break

2:45 – 4:15 p.m. Buildings and Property Committee
Primrose Hall Conference Room
Randy Ramsey, Chair
Clark, Lanier, Mattocks, Murphy, Sall

2:45 – 4:15 p.m. University Affairs Committee
Winslow Hall Conference Room
Susan Ward, Chair
Cabaniss, Mau, Mulkey, Owens, Prestage
FRIDAY, SEPTEMBER 19, 2014
DOROTHY AND ROY PARK ALUMNI CENTER
Parking Will Be Available in Dorothy and Roy Park Alumni Center Parking Lot

7:00 – 8:00 a.m.  Executive Committee Meeting
Eury Room, Park Alumni Center
Ben Jenkins, Chair
Clark, Lanier, Mulkey, Owens

8:30 – 9:15 a.m.  Dean’s Briefing – Dan Solomon, Dean, College of Sciences
Hood Board Room

FULL BOARD MEETING
DOROTHY AND ROY PARK ALUMNI CENTER BOARD ROOM

9:00 a.m.  ■  Call to Order – Reading of the State Government Ethics Act
Ben Jenkins
Chair of the Board

■  Roll Call

■  Approval of Minutes
   ▶  July 10, 2014, Meeting of the Full Board
   ▶  July 10, 2014, Meeting of the Closed Session of the Full Board

■  Chair’s Report – Ben Jenkins
   ▶  Update of Activities and Topics of Interest to the Board
   ▶  Delegation of Authority for Athletics to Chancellor as Required by Atlantic Coast Conference
   ▶  Endowment Board Report

■  Chancellor’s Report – W. Randolph Woodson
   ▶  Update of Activities and Topics of Interest to the Board

COMMITTEE REPORTS:
■  Audit, Risk Management and Finance Committee
   Jimmy Clark, Chair
   On the Agenda: Committee, Board Approvals; and Informational Items
   ▶  Review of Committee Responsibilities as established in the Bylaws
   ▶  Review Draft Agenda/Plan of Work for the Year

✓  Requires full board approval
◆  Ending time for meeting is approximate
Audit, Risk Management and Finance Committee (continued)

- Approval of Special Obligation Bond Resolution
- Review Internal Audit Charter
- Internal Audit Update
- Finance and Budget Update
- Enterprise Risk Management and Compliance Update

Buildings and Property Committee

Randy Ramsey, Chair

On the Agenda: Committee, Board Approvals; Informational Reports

- 2014-2015 Committee Plan of Work
- Review of Committee Responsibilities and Procedures

Property Matters

- Acquisition by Lease: ±6,343 sf of office space in Venture Center IV on Centennial Campus from Venture Center, LLC, for the Center for Integrated Pest Management for a term of 5 years

- Disposition by Easement: Up to one half acre on Centennial Campus to the Board of Trustees of the Endowment Fund from NC State University for a storm water retention pond to service the proposed Textiles Innovation Center Building at Main Campus Drive and Research Drive

Designer Selections

- Biltmore First Floor Labs – North Campus Precinct
- Winston Hall HVAC Renovations – North Campus Precinct
- McKimmon Center Conference and Training Center Roof Replacement – South Campus Precinct
- CVM Main Building Anatomy Lab Renovation – Centennial Biomedical Campus
- 3501 Avent Ferry Renovation
- Approval of Designer Selections Less than $500,000

Developer Selection

- Textiles Innovation Center – Centennial Campus Precinct

Acceptance of Completed Buildings and Projects

Property Matters (Received after Full Board Mailing)

- Acquisition by Lease: ±22,000 square feet of office space in Alliance Center on Centennial Campus from SM Alliance, LLC, for the Institute of Advanced Analytics for a term of 10 years

Site Review and Approval

- Textiles Innovation Center – Centennial Campus Precinct

Plan Approval
Buildings and Property Committee (continued)
- Informational Reports
  - Capital Projects Update
  - Bell View Hotel Update
  - Status of Projects in Planning

University Advancement and External Affairs Committee  TAB 6
Jim Owens, Chair
On the Agenda: Board, Committee Approvals; Informational Reports
- Review Work Plan for FY’15
- Fund Raising Report – FY’14 and August 31, 2014
- Campaign Update
- Closed Session

University Affairs Committee  TAB 7
Susan Ward, Chair
On the Agenda: Committee Approvals; Informational Reports
- Review of Committee Responsibilities and 2014-15 Plan of Work
- Fall 2014 Enrollment Report
- Request for Authorization to Continue the Center for Integrated Fungal Research (CIFR)
- Request for Authorization to Continue the Institute for Transportation Research and Education (ITRE)
- Student Body President Report
- Provost Update
- Closed Session

Faculty Senate Report  TAB 8
David Zonderman, Chair

Staff Senate Report  TAB 9
Robert Davis, Chair

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

11:00 a.m.*  Adjourn
BOARD OF TRUSTEES  
NORTH CAROLINA STATE UNIVERSITY

Executive Committee  
7:00 – 8:00 a.m, September 19, 2014  
Eury Room, Park Alumni Center  
Ben Jenkins, Chair  
Members: Clark, Lanier, Mulkey, Owens

AGENDA

CALL TO ORDER  
Reading of Conflicts of Interest  
Ben Jenkins, Chair

APPROVAL OF MINUTES  
✓ — June 19, 2014 Meeting of the Executive Committee  
✓ — June 19, 2014 Closed Session of the Executive Committee

CLOSED SESSION

RECONVENE IN OPEN SESSION

ADJOURN
OPEN SESSION MINUTES
North Carolina State University
Board of Trustees Executive Committee
Thursday, June 19, 2014

Members present: Benjamin P. Jenkins III, Chair; James W. Owens; Jimmy D. Clark; and Barbara H. Mulkey

Others present: Robert L. Mattocks II; Wendell H. Murphy; Ronald W. Prestage; Randall C. Ramsey; Randy Woodson, Chancellor; Eileen Goldgeier, Vice Chancellor and General Counsel; Brian Sischo, Vice Chancellor for University Advancement; and PJ Teal, Assistant Secretary

Chair Jenkins called the meeting to order at 4:00 p.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 Jenkins 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
Dr. Owens made the motion, seconded by Ms. Mulkey, to approve the open and closed session minutes of the February 26, 2014, meeting of the executive committee. The motion passed.

CLOSED SESSION
A motion was made by Dr. Owens to go into closed session to prevent the premature disclosure of an honorary award, under NC General Statute section 143-318.11(a)(2). Ms. Mulkey seconded the motion. The motion carried.

RECONVENE IN OPEN SESSION
After coming out of closed session, Chair Jenkins announced the meeting is in open session at 4:20 p.m.

With no further business for the Executive Committee, Chair Jenkins adjourned the meeting at 4:20 p.m.

Respectfully submitted:

_________________________  __________________________
Assistant Secretary           Secretary

____________________________________
Chair
The North Carolina State University Board of Trustees met in regular session in the Conference Room in the Carol Johnson Poole Clubhouse on Centennial Campus, Raleigh, NC, on Thursday, July 10, 2014. Chair Ben Jenkins presided.

Members present:

Benjamin P. Jenkins III, Chair
Thomas E. Cabaniss
Jimmy D. Clark
Gayle S. Lanier
Robert L. Mattocks II
Barbara H. Mulkey
Wendell H. Murphy
James W. Owens
Ronald W. Prestage
John P. Sall
Susan P. Ward
Rusty Mau, Ex Officio

Chair Jenkins called the meeting to order at 10:30 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 Jenkins 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
Dr. Prestage made the motion, seconded by Ms. Ward, to approve the open and closed session minutes of the April 25, 2014 meeting of the full board. The motion carried.

OATH OF OFFICE FOR NEW MEMBERS
Chair Ben Jenkins introduced Superior Court Judge Paul Ridgeway, who administered the Oath of Office to the new Student Body President and new Board of Trustee member, Rusty Mau.
ELECTION OF OFFICERS
Ms. Ward, Chair of the Nominating Committee presented the following slate of officers:

- Ben Jenkins, Chair
- Jim Owens, First Vice Chair
- Jimmy Clark, Second Vice Chair
- Gayle Lanier, Secretary
- PJ Teal, Assistant Secretary

Chair Jenkins called for nominations from the floor. There being none, Ms. Ward made the motion to approve the slate of officers as presented; Mr. Murphy seconded the motion. The motion carried.

CHAIR’S REPORT
Chair Jenkins thanked the board for their confidence in his leadership. He stated his report would focus on our new Board of Visitors members. He added the Board of Visitors by-laws state that new members are appointed by the Chancellor with the “advice and consent” of the Board of Trustees, so it’s important we know about and feel good about these new board members:

1. Paul Boney --- a well-known and well thought of architect and business leader from Wilmington, NC. Paul is a 3rd generation architect and NC State graduate.
2. Katyna Borroto-Esoda --- a key research executive from SCYNEXIS in Research Triangle Park.
3. Barry Leonard --- President and CEO of Welspun --- a New York City based firm. Barry has been very active and very supportive of the Poole College of Management --- currently serves as the President of the Textile Foundation Board.
4. Paul Ridgeway --- Superior Court Judge, 10th District.
5. Machelle Sanders --- VP of Manufacturing at Biogen Idec in the RTP.
6. Chuck Sykes --- President and CEO of Sykes Enterprises in Tampa, FL.

Chair Jenkins commended the work of the Board of Visitors and stated these new members will further enhance the quality of that Board.

CHANCELLOR’S REPORT-W. RANDOLPH WOODSON
Chancellor Woodson began with a budget update, stating that the General Assembly is in the middle of the “short session,” with a goal of having a budget in place by the start of the fiscal year, July 1, which has already past.

To summarize the process, Chancellor Woodson reported the following:
- The governor presented his proposal which contained a sizable reduction to the UNC system. Salary increases were included, but the cut would be more than $47 million.
- The Senate’s proposal was a small cut in recurring operating expenses of about $5 million, but contained less for raises. Factoring in the increase in nonrecurring dollars and salary increases, the bottom line is a $24.6 million increase.
The budget proposed by the House recommends a $31.5 million increase to the UNC System, which includes $48.8 million in salary increases for university employees. This is the more positive proposal.

Until the governor signs a budget, the final outcome isn’t certain. The certainty is there will be a cut.

There will likely be something presented in about a week.

Chancellor Woodson reported for the first time sponsored awards passed $300 million, before either the DOE Manufacturing Innovation Institute or the NNSA nuclear nonproliferation grant began funding. Additionally, he said the university equaled the previous highest level of new federal awards at $234 million and set a new record for industry awards at $35.8 million. The Chancellor added new awards have increased 60 percent since 2007, federal awards have increased 71 percent and industry awards more than doubled from the $17.2 million to $35.8 million.

In closing, Chancellor Woodson announced NC State received the designation as an Innovation and Economic Prosperity University by the Association of Public and Land-grant Universities and its Commission on Innovation, Competitiveness and Economic Prosperity. He pointed out this designation is important given the university’s long track record of contributing to the economic prosperity of this region and the country. Only 14 universities have received this designation.

COMMITTEE REPORTS
University Affairs Committee-Chair Susan Ward
Ms. Ward reported the committee recommended approval of the request for authorization to consolidate bachelor degrees in Foreign Languages and Literatures. The request would consolidate the department’s five separate majors into one single major plan called Foreign Languages and Literatures under which there would be several sub-plans or major concentrations. The consolidation will allow the student much more curricular flexibility and will reduce administrative requirements. Individuals currently in these degree programs will be allowed to complete their degrees under the current structure. Ms. Ward moved for approval and it carried.

The committee also recommended approval of the request for authorization to change the Master of Education and Master of Science in Digital Learning and Teaching. These title changes would bring the programs and degrees in line with current trends and afford better alignment with the university’s new research cluster in Digital Transformation of Education. Ms. Ward moved for approval and it was passed.

Ms. Ward said that the committee recommended approval of the establishment of a new Early College High School between Bertie County and NC State to be located in Bertie County. The intent of the agreement is to leverage secondary school innovation to graduate all students prepared for success in college, careers and life while advancing economic development in Bertie County. The Bertie Early College High School (BECHS) will accelerate students’ high school experience through a blended approach to high school and college by NC State providing
selected university level courses (primarily in the College of Agriculture and Life Sciences) delivered through distance education and taught by NC State faculty. The agreement would be effective for three years, until June 30, 2017, unless terminated earlier. Representatives from NC State and Bertie County Schools will meet annually to review and discuss progress and plans for BECHS and renew the agreement, with revisions if necessary. Ms. Ward made a motion to approve and it passed.

Ms. Ward stated that the committee approved requests to continue two centers: the North Carolina Clean Energy Technology Center, formerly the North Carolina Solar Center and the Center for Family and Community Engagement. Also, approved by the committee were bonus guidelines developed by the Department of Athletics for Swimming and Diving coaching staff. Additionally, the committee was notified of a new graduate certificate in Digital Humanities.

Ms. Ward said in closed session, the committee approved two employment agreements, a non-salary compensation request and conferral of tenure to three new faculty members. The committee also recommended for approval by the Board of Governors salary increases that were greater than 15% and $10,000 from the employee’s previous June 30th salary. The committee also made recommendation for the awarding of an honorary degree. This recommendation will be considered by the full board in closed session at the conclusion of this meeting.

With no further business in open session, Ms. Lanier made the motion, seconded by Mr. Clark, at 11:40 a.m. to go into closed session to prevent the premature disclosure of an honorary award and to consider the qualifications, competence, performance and conditions of appointment of a public officer or employee or prospective public officer or employee and to consult with an attorney in order to preserve the attorney-client privilege between the attorney and the public body. The motion carried.

At 12:30 p.m., the board came out of closed session. With no further business, Chair Jenkins adjourned the meeting at 12:35 p.m.

Respectfully submitted,

______________________  ____________________
Assistant Secretary    Secretary

Approved:

______________________
Chair of the Board
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 participation\(^2\) in the particular matter involved.

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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.
MEMORANDUM

July 15, 2014

TO: Chief Executive Officers of Atlantic Coast Conference Member Institutions

FROM: John D. Swofford
Commissioner

SUBJECT: 2014-15 ACC Governing Board Certification Form

Please find attached a copy of the 2014-15 Atlantic Coast Conference Governing Board Certification form. The form is to be completed annually by the Chair of the Governing Board in order for a member institution to enter a team or individual competitors in an ACC Championship as indicated in Article XI, Section XI-2 of the ACC Bylaws.

Please review this policy with your Governing Board by **October 17, 2014** and return the signed form to me at the Conference office.

Thank you and best regards.

Attachment

JDS/BH:th

cc Faculty Athletics Representatives
Athletics Directors
Compliance Directors
Governing Board Certification Form  
Academic Year 2014-15

As Chairman of the Governing Board at North Carolina State University, I attest that:

1) Responsibility for the administration of the athletics program has been delegated to the Chief Executive Officer of the Institution.

2) The Chief Executive Officer has the mandate and support of the board to operate a program of integrity in full compliance with NCAA, ACC and all other relevant rules and regulations.

3) The Chief Executive Officer, in consultation with the Faculty Athletics Representative and the Athletics Director, determines how the institutional vote shall be cast on issues of athletics policy presented to the NCAA and the ACC.

Date Presented to the Governing Board: ______________________

Signed: ____________________________
(Chairman of the Governing Board)

Signed: ____________________________
(CEO of Member Institution)

Please return completed form before October 17, 2014 to:

Commissioner John D. Swofford  
Atlantic Coast Conference  
4512 Weybridge Lane  
Greensboro, NC 27407
New Semester Begins
Thousands of NC State Students recently returned to campus for the new academic year. Among them are 4,420 new freshman and 1,290 transfer students, bringing NC State’s student body to just over 34,000. The new class continues the trend of breaking records; chosen from more than 20,000 applicants, the freshman have a weighted high school GPA of 4.41 and more than half were in the top 10 percent of their class.

Packapalooza
Rounding up this year’s Welcome Week events was NC State’s third annual Packapalooza, which brought a record-breaking 55,000 NC State fans and students to Hillsborough Street on August 23. Despite some midday rain, the event proved incredibly popular, with attendees visiting booths, enjoying food and listening to music all day long. Highlights included shows from Art2Wear, musical performances and headliner and NC State student Scotty McCreery.

Students Get Attention for Innovative Nail Polish
A group of NC State students has been making headlines recently for their work creating a nail-polish that can warn the wearer of date-rape drugs. Four students majoring in Materials Science and Engineering have been working with guidance from Chemistry Professor Nathaniel Finney to create a nail polish that changes colors when it comes in contact with the drugs, allowing people to check the safety of their drink by simply stirring it with their finger. The project has been featured on a variety of news sites and has raised funds both through a donations page online and work with private donors. It is an excellent example of NC State innovation working to combat real-world problems.

Grand Opening Innovation Hall
The university’s Entrepreneurship Initiative recently held a grand opening event for Innovation Hall, which is the new home of the EI Garage and the Andy and Jane Albright Entrepreneurs Living and Learning Village. This also marks the opening of the first living and learning community on Centennial Campus, which aims to provide students with entrepreneurial interests across all academic disciplines the opportunity to live, learn and collaborate with like-minded students.

Diversity Work Recognized
Two NC State administrators are among the 12 individuals receiving the Triangle Business Journal’s Leaders in Diversity Awards in September. Anna Lamm, director of the Confucius Institute, and Joanne Woodard, vice provost for Institutional Equity and Diversity, will be honored for their work. The annual awards program recognizes the accomplishments of Triangle businesses, individuals and nonprofits whose works reflect the diversity of Raleigh and chooses recipients who demonstrate advocacy for underrepresented groups, inclusive treatment of others and multicultural marketing.
NC State Recognized for Cyber Security Research
NC State has been named a National Center of Academic Excellence in Information Assurance and Cyber Defense Research by the National Security Administration. Three schools in North Carolina received this acknowledgement, which recognizes the university as a leader in cyber security research. The announcement follows last year’s agreement that NC State would be home to a $60 million Data Analytics lab in collaboration with the NSA and reinforces NC State’s reputation as a center of research and innovation.

NC State wins Sustainability Award
NC State received the 2014 APPA Sustainability award, in recognition of sustainability practices, processes and leadership in facilities management, which includes maintenance and operations, energy and utility use and planning and construction. NC State is the first public university in North Carolina to receive the award and was one of six universities honored in categories based of size and type of school.

SAS Partnership
NC State and SAS have announced a new partnership that will support academic opportunities for NC State professors and students bolstering the university’s reputation as a top research institution. The announcement bringing together two of the state’s largest job-providers, will allow a previously unparalleled amount of collaboration between SAS employees and NC State researchers.

NC State Startup Success
Proving once again the University’s value to the North Carolina Economy, NC State startup Aseptia was ranked 15th on a list of the fastest growing companies in the nation and recognized as the second-fastest-growing company in the food and beverage industry nationwide. The company is based off of the research of NC State food scientists Ken Swartzel and Josip Simunovic and uses advanced thermal processing to rapidly prepare and package foods in a sterile environment. The company has increased revenue from $100,000 in 2010 to more than $13.8 million last year, making it the second-fastest growing company in the state.

Indoor Practice Facility
Work has begun on NC State’s new Indoor Practice facility. The $14 million project, funded through the Wolfpack Club, will provide NC State’s student-athletes with the resources to train year-round, regardless of the outdoor weather conditions. The facility will keep NC State on par with other top athletics programs and will demonstrate the university’s commitment to excellence in athletics.
BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA

Audit, Risk Management and Finance Committee
1:00 p.m. – 2:30 p.m., September 18, 2014
Winslow Hall Conference Room
Jimmy Clark, Chair

Members: Tom Cabaniss, Rusty Mau, Barbara Mulkey, John Sall and Susan Ward

CALL TO ORDER
Jimmy Clark, Chair of Committee

ROLL CALL
Jimmy Clark, Chair of Committee

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT
Jimmy Clark, Chair of Committee

1. APPROVAL OF MINUTES
Approval of April 24, 2014 Minutes

2. RESPONSIBILITIES OF THE COMMITTEE
   A. Review Committee Responsibilities as established in Bylaws
      Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business
      and University Treasurer
   B. Review Draft Agenda/Plan of Work for the Year
      Jimmy Clark, Chair, Audit, Risk Management and Finance Committee
      Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business
      and University Treasurer

3. ACTION ITEMS
   ✓ A. Approval of Special Obligation Bond Resolution
      Lori Johnson, Director, Strategic Debt Management

Denotes full Board approval required
B. Review and Approve Internal Audit Charter
Finance and Business
Cecile Hinson, Director, Internal Audit

4. INFORMATIONAL REPORTS

A. Internal Audit Update
Internal Audit
Cecile Hinson, Director, Internal Audit

B. Finance and Budget Update
1. 2014 – 2015 Budget and State Appropriations
Finance and Business
Charles D. Leffler, Vice Chancellor for Finance and Business
Chancellor’s Office
Kevin Howell, Assistant to the Chancellor for External Affairs

2. Institutional Trust Funds Update
Finance and Business
Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer

C. Enterprise Risk Management and Compliance Update
1. Title IX and Sexual Violence
Office of General Counsel
Eileen Goldgeier, Vice Chancellor and General Counsel

5. COMMITTEE DISCUSSION

6. ADDITIONAL INFORMATIONAL MATERIALS

ADJOURN

✓ Denotes full Board approval required
Chair Owens 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 Committee at this meeting. Being none, the meeting continued.

Mr. John Sall made a motion to approve the minutes from the February 25, 2014 meeting as presented. Ms. Susan Ward seconded. The minutes were approved unanimously.

Cecile Hinson presented the Internal Audit Annual Audit Plan for Fiscal Year 2015. The plan includes specific operational and information technology audits and allows time for investigative audits, follow-up of audit issues reported in prior year audit reports, special assignments, and
ongoing consulting engagements. The planned direct project rate for staff for Fiscal Year 2015, including performance of risk assessments, is 79%. Ms. Hinson explained the Risk Assessment and Audit Planning process - which is illustrated in the Committee’s materials - that led to the development of the Audit Plan presented for the Committee’s approval. Jim Owens stated that these practices represent best practices for the profession of internal auditing. Mr. Cabaniss made a motion to accept the Plan as presented, John Sall seconded. The Committee unanimously approved the FY 2015 Audit Plan.

Ms. Hinson then provided an update to the Committee on the Internal Audit activities during the past two months. Her update included a detailed status: there have been four published audit reports, four audits in process, two investigations in process, and eight audits in follow-up process. Overall, they are on target to complete the Fiscal Year 2014 Audit Plan with a minimum of deferred audits.

Dr. Terri Lomax presented an overview of Research Compliance. She began by showing a few headlines on other universities that found themselves in the media due to noncompliance. This type of publicity can cause a high reputational risk. The purpose of research compliance is manyfold. It ensures the health and safety of all who participate in the research process, it educates the faculty, staff, student and research participants. Compliance provides interpretations and guidance to researchers, it helps monitor and record compliance and it investigates potential violations. She noted that NC State has a Research Integrity Office that helps monitor research to comply with laws, policies rules and regulations. This unit is currently led by Jeff Cheek, Associate Vice Chancellor. She discussed the key areas of compliance responsibility and the personnel time required of each area. These are areas that are mandated, yet are unfunded. Some of the costs are covered under F&A. Dr. Lomax listed the variety of regulatory agencies that we work with, which include Defense, Energy, USDA, DHHS as well as State Commerce and Treasury. The management of the compliance is comprised of four key areas, Risk, Prevention Strategies, Mitigation Strategies and Adverse results. She referred to the list for each component in the materials. She also referenced the website that outlines compliance both regulatory and financial. She provided a small sampling of the policies, rules and regulations that are in place here at NC State. There is mandated training that includes basic training, compliance and pre-award training. There is also a database maintained for Human Subject Protocol. It is online and easy to update.

Ms. Lori Johnson, Director, University Strategic Debt Management reviewed the University’s Debt Portfolio. The current debt outstanding is about $570 million and the total decreased from fiscal years 2013 to 2014. Debt in 2013 rose as a result of the bond issue for Talley Student Union and Wolf Ridge Housing. Borrowing plans are modest for the next borrowing, which is anticipated in 2015 or 2016. The debt portfolio mix is very diversified. The majority of the debt is fixed, at about 80% and has not changed much over the last 10 years. The current weighted interest rate for the portfolio is 3.84%. She also shared with us the amount of outstanding debt, by purpose, noting that Housing has the biggest area of debt, with Talley Student Union being second.
Ms. Johnson also mentioned compliance issues that relate to tax-exempt bonds and bond issues in general. There are three major areas of compliance, Internal Revenue Service (IRS), Securities and Exchange Commission (SEC) and Dodd-Frank. The IRS holds us responsible for tracking private use in buildings while bonds are outstanding plus an additional six years beyond maturity. The SEC rules are applicable to bonds that are traded publicly, and require continuing disclosure. Dodd-Frank is federal legislation designed to create a qualification and regulatory framework for swap providers and financial advisors.

Ms. Mary Peloquin-Dodd reminded the Committee of their responsibility to annually review NC State University’s associated entities. She noted that as a result of last year’s meeting, the Treasurer’s Division and Office of General Counsel prepared a checklist to be certified by the directors of university’s associated entities. The elements in the checklist correspond to the various UNG-GA, State Auditor, Stand and NC State requirements. She reported that a copy of the audit for each associated entity had been provided to UNC – General Administration as required, and copies were available at the table for the Board to review if desired. All audited entities had unqualified opinions.

Vice Chancellor Leffler and Mr. Kevin Howell provided the Committee with an overview of the State of North Carolina fiscal outlook. While slow, but steady economic growth continued this fiscal year for North Carolina, changes in tax policy and higher Medicaid program costs than budgeted, have led to an uncertain revenue forecast. This uncertainty in State revenue income resulted in an additional budgetary reversion of 1.25% so far for this fiscal year for NC State. The reversion added restrictions on allotment of state appropriated funds for April 2014, discontinued most salary adjustments, limited travel and reduced administrative spending. At NC State, the majority of the almost two million dollar reversion for April was covered by reserves. Whether there will be a reversion in May and June is still to be determined.

One of the key budget priorities for the UNC System is to retain a talented workforce. This is on both the UNC-GA and BOG radar. Capital budget priorities for fiscal year 2014-2015 include allocation from Repair and Renovations and Strategic Capital Priorities. For NC State and Chapel Hill, this includes Pharmacoeengineering Facilities planning of $9.2M. Budget reductions are expected, but the amounts are unknown. New Funds are limited as under-graduate enrollment is down slightly.

The UNC System has also identified several policy agenda proposals that will affect NC State students, staff and budgets directly. One is in-state tuition for military affiliated students. Another that affects staff is the pilot healthcare program for non-permanent employees. Staff would be allowed to take three classes per year instead of two. Budget priorities also include increasing the carry forward from 2.5% to 10%. It is unknown if these will be addressed this session.

Provost Warwick Arden and Mr. Leffler gave a brief update on Strategic Resource Management. There were more than 140 ideas sent to the working group. The working group has submitted its first set of recommendations to the Chancellor. The first set of recommendations included common internal allocation methodology for enrollment-related academic funds,
differential/premium tuition and fees, growth of doctoral education and internal transfer. Next steps include implementation and communication to campus. A second set of recommendations is anticipated in July.

Chair Owens asked the Committee to reach out to him if there were any areas that they would like to discuss for upcoming meetings.

With no further business, Mr. Wendell Murphy made a motion to adjourn and Mr. Tom Cabaniss seconded. The Committee adjourned at 2:50 p.m.

Submitted by ___________________________________
Secretary to the Committee

Approved ___________________________________
Chair of the Committee
Appendix 1

NC State Board of Trustees’ Delegations of Authority, Assignments and Guidelines

I. Audit, Risk Management and Finance Committee Delegated Authority and Assignments

a. Audit

i. Provide oversight of the internal audit function.
   *This responsibility is evidenced by:
     - Annual certification letters from Chair of ARMF Committee and Internal Auditor
     - Recognition of Internal Auditor reporting responsibility to both the Chancellor and the Chair of ARMF

ii. Review and approve the annual internal audit plan at the beginning of the audit cycle.
   *This responsibility is evidenced by:
     - Annual presentation of audit plan by Director of Internal Audit for approval

iii. Receive quarterly activity reports from the internal auditor.
    *This responsibility is evidenced by:
     - Quarterly reports
     - Twice yearly updates regarding progress against the audit plan
     - Special reports on audit issues or findings

iv. Receive direct verbal and/or written reports from the university’s internal auditor regarding out of the ordinary reviews and findings that may involve senior level university employees, trustees or affiliates.
   *This responsibility is evidenced by:
     - Quarterly reports include discussion of significant audit issues or findings. Significant findings are be brought to Board’s attention in a timely manner.

v. Review a comparison of the annual internal audit plan to the actual internal audits performed.
   *This responsibility is evidenced by:
Twice yearly update by Internal Auditor regarding progress against the audit plan

vi. Provide oversight of the annual financial statement audit.
See the following items viii and ix.

vii. Assure that the university is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.
This responsibility is evidenced by:
Internal Auditor performs continuous risk assessment process year-round which results in twice yearly updated audit plan presented to Committee.
Internal Auditor reports annually to the Committee the results of the University’s Assessment of Internal Controls over Financial Reporting letter and summary report which are provided to the State Controller. Further, the Chancellor certifies the institutions self-assessment activities and results in his annual compliance letter to the President.

viii. Meet with representatives of the State Auditor’s Office to review the annual state auditor’s report and the university’s corrective action, if any.
This responsibility is evidenced by:
Annual presentation of audited financial statement and management letter

ix. Review audit reports of University-associated entities.
This responsibility is evidenced by:
Annual presentation of associated entities financial reports

b. Finance. Advise the Chancellor with respect to the development of budget estimates for the university, and with respect to the execution and administration of the budget as approved by the General Assembly and the Board of Governors.
This responsibility is evidenced by:
Updates on legislative budget situation
Information about overall university budget and periodic budget status updates
Advisory role regarding specific budget issues
Annual update on University Debt

c. Risk Management

i. Provide oversight of the risk management and compliance functions.
This responsibility is evidenced by:
Receive informational reports as needed regarding risk management and compliance issues that may impact the University.

ii. Receive annual reports on risk management, compliance and legal issues.
This responsibility is evidenced by:
Annual reports on compliance by Office of General Counsel, Office of Information Technology, and Environmental Health and Public Safety
d. Policy Development

i. Recommend to the Board of Trustees for approval policies regarding the preservation, maintenance and management of institutional trust funds. 
   This responsibility is evidenced by: 
   - Quarterly updates on investment performance of NC State Investment Fund, Inc. 
   - Advisory role regarding debt management 
   - Approval of special obligation bond issuance 
   - Periodic reports on Institutional Trust Funds 

ii. Upon recommendation of the chancellor, recommend to the Board of Trustees for approval policies related to the maintenance of campus security. 
   This responsibility is evidenced by: 
   - Advisory role and approval of recommendations to full Board regarding Campus Security
Board of Trustees  
North Carolina State University  
Audit, Risk Management, and Finance Committee  
**Proposed Agenda Topics for FY14-15** (listed alphabetically)

**SEPTEMBER 2013**  
*Approval of Bonds/Debt (if needed)  
Enterprise Risk Management & Compliance Update  
Finance and Budget Update  
Internal Audit Charter Review (Annual)  
Internal Audit Update  
*Minutes Approval  
Investment Performance Review  
Review of Committee Responsibilities (Annual)  
Review of Draft Agenda Items for the Year (Annual)

**NOVEMBER 2013**  
*Approval of Bonds/Debt (if needed)  
Enterprise Risk Management & Compliance Update  
Finance and Budget Update  
Internal Audit Update  
Investment Performance Review  
*Minutes Approval

**FEBRUARY 2014**  
*Annual Financial Report/Audit (State Auditors attend)  
Annual Report on Endowment and Investments (Annual)  
Budget/Legislative Priorities  
Enterprise Risk Management & Compliance Update  
Finance and Budget Update  
Internal Audit Report  
Internal Audit Update  
*Minutes Approval

**APRIL 2014**  
Associated Entities Review (Annual)  
Enterprise Risk Management & Compliance Update  
Finance and Budget Update  
Internal Audit Update  
*Internal Audit Yearly Plan Review for FY 2014 (Annual)  
Investment Performance Review  
*Minutes Approval  
University Debt Update (Annual)

Except as noted, all update reports are as needed.

*denotes action item
NC STATE BOARD OF TRUSTEES
AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE
2014 – 2015 PLAN OF WORK

September

- Approval of Bonds/Debts (NC State Pol 01.05.01, Appendix 1, I.b, I.d.i) (as needed)
  Desired outcome and measure of success: Consider and recommend bond resolution approval to BOT when presented. BOT bond approval
- Budget Outlook/Legislative Priorities (as needed)
  Desired outcome and measure of success: Receive informational report on Legislative budget priorities and understanding possible impacts to University
- Enterprise Risk Management and Compliance Update (NC State Pol 01.05.1, Appendix 1, I.a.vii, I.c.i, I.c.ii)
  Desired outcome and measure of success: Receive information report of University any known risks,
- Finance and Budget Update (UNC Pol, Ch. 100.1, Appendix 1 (V) (NC State Pol 01.05.1, Appendix 1, I.b, I.d.i)
  Desired outcome and measure of success: Receive informational reports on budget, institutional trust funds and investments to better understand resources and priorities that impact the University.
- Internal Audit Charter Review (Req by Internal Audit Act)
  Desired outcome and measure of success: Review the Internal Audit Charter to be compliant with the Internal Audit Act
- Internal Audit Update (NC State Pol 01.05.1, Appendix 1, I.a.iii, I.a.iv, I.a.v)
  Desired outcome and measure of success: Receive informational reports quarterly on current activity, so that Trustees are aware of any issues that could impact the University. In addition, Trustees would receive bi-annual report on the activities by the Internal Audit Office in reference to the annual plan, and offer guidance when needed.
- Investment Performance Review (NC State Pol 01.05.1, Appendix 1, I.d.i)
  Desired outcome and measure of success: Inform Trustees of Investment Fund valuation and changes to market affecting the same via written materials provided at each meeting.
- Policy Approvals (NC State Pol 01.05.1, Appendix 1, I.d.ii) (as needed)
  Desired outcome and measure of success: Recommend appropriate policies to the full Board for approval.
- Review of Committee Responsibilities (Annually)
  Desired outcome and measure of success: Understand Committee scope and develop an effective plan of work for the year.

November

- Approval of Bonds/Debts (NC State Pol 01.05.01, Appendix 1, I.b, I.d.i) (as needed)
Desired outcome and measure of success: Consider and recommend bond resolution approval to BOT when presented. BOT bond approval

- Budget Outlook/Legislative Priorities (as needed)
  Desired outcome and measure of success: Receive informational report on Legislative budget priorities and understanding possible impacts to University

- Enterprise Risk Management and Compliance Update (NC State Pol 01.05.1, Appendix 1, l.a.vii, 1.c.i, 1.c.ii)
  Desired outcome and measure of success: Receive information report of University any known risks,

- Finance and Budget Update (UNC Pol, Ch. 100.1, Appendix 1 (V) (NC State Pol 01.05.1, Appendix 1, l.b, l.d.i)
  Desired outcome and measure of success: Receive informational reports on budget, institutional trust funds and investments to better understand resources and priorities that impact the University.

- Internal Audit Update (NC State Pol 01.05.1, Appendix 1, l.a.iii, l.a.iv, l.a.v)
  Desired outcome and measure of success: Receive informational reports quarterly on current activity, so that Trustees are aware of any issues that could impact the University. In addition, Trustees would receive bi-annual report on the activities by the Internal Audit Office in reference to the annual plan, and offer guidance when needed.

- Investment Performance Review (NC State Pol 01.05.1, Appendix 1, l.d.i)
  Desired outcome and measure of success: Inform Trustees of Investment Fund valuation and changes to market affecting the same via written materials provided at each meeting.

- Policy Approvals (NC State Pol 01.05.1, Appendix 1, l.d.ii) (as needed)
  Desired outcome and measure of success: Recommend appropriate policies to the full Board for approval.

February

- Annual Financial Report (600.2.4, II., H) (NC State Policy 01.05.1, Appendix 1, l.a.viii)
  Desired outcome and measure of success: Receive a clean audit opinion from the State Auditor’s Office when reviewing the University Financial Statement.

- Annual Report on Endowment and Investments (Annual) (NC State Pol 01.05.1, Appendix 1, l.d.i)
  Desired outcome and measure of success: To provide Committee with more understanding about University Endowment and Investments and progress over time.

- Budget Outlook/Legislative Priorities (as needed)
Desired outcome and measure of success: Receive informational report on Legislative budget priorities and understanding possible impacts to University

- Enterprise Risk Management and Compliance Update (NC State Pol 01.05.1, Appendix 1, I.a.vii, 1.c.i, 1.c.ii)
  Desired outcome and measure of success: Receive information report of University any known risks,

- Finance and Budget Update (UNC Pol, Ch. 100.1, Appendix 1 (V) (NC State Pol 01.05.1, Appendix 1, I.b, I.d.i)
  Desired outcome and measure of success: Receive informational reports on budget, institutional trust funds and investments to better understand resources and priorities that impact the University.

- Internal Audit Report (as required by BOG) (NC State Policy 01.05.1, Appendix 1, I.a.iii, 1.a.v)
  Desired outcome and measure of success: Inform Trustees of Investment Fund valuation and changes to market affecting the same via written materials provided at each meeting.

- Internal Audit Update (NC State Pol 01.05.1, Appendix 1, I.a.iii, I.a.iv, I.a.v)
  Desired outcome and measure of success: Receive informational reports quarterly on current activity, so that Trustees are aware of any issues that could impact the University. In addition, Trustees would receive bi-annual report on the activities by the Internal Audit Office in reference to the annual plan, and offer guidance when needed.

- Policy Approvals (NC State Pol 01.05.1, Appendix 1, I.d.ii) (as needed)
  Desired outcome and measure of success: Recommend appropriate policies to the full Board for approval.

**April**

- Associated Entities Review (NC State Policy 01.05.1, Appendix 1, I.a.ix)
  Desired outcome and measure of success: To inform Committee on the activities and broad overview of annual performance of associated entities as reported to UNC General Administration.

- Budget Outlook/Legislative Priorities (as needed)
  Desired outcome and measure of success: Receive informational report on Legislative budget priorities and understanding possible impacts to University

- Enterprise Risk Management and Compliance Update (NC State Pol 01.05.1, Appendix 1, I.a.vii, 1.c.i, 1.c.ii)
  Desired outcome and measure of success: Receive information report of University any known risks,

- Finance and Budget Update (UNC Pol, Ch. 100.1, Appendix 1 (V) (NC State Pol 01.05.1, Appendix 1, I.b, I.d.i)
**NC STATE BOARD OF TRUSTEES**  
**AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE**  
**2014 – 2015 PLAN OF WORK**  
Page 4

*Desired outcome and measure of success: Receive informational reports on budget, institutional trust funds and investments to better understand resources and priorities that impact the University.*

- **Internal Audit Update (NC State Pol 01.05.1, Appendix 1, I.a.iii, I.a.iv, I.a.v)**  
  *Desired outcome and measure of success: Receive informational reports quarterly on current activity, so that Trustees are aware of any issues that could impact the University. In addition, Trustees would receive bi-annual report on the activities by the Internal Audit Office in reference to the annual plan, and offer guidance when needed.*

- **Internal Audit Yearly Plan Review (NC State Policy 01.05.1, Appendix 1, I.a.ii)**

- **Investment Performance Review (NC State Pol 01.05.1, Appendix 1, I.d.i)**
  *Desired outcome and measure of success: Inform Trustees of Investment Fund valuation and changes to market affecting the same via written materials provided at each meeting.*

- **Policy Approvals (NC State Pol 01.05.1, Appendix 1, I.d.ii) (as needed)**
  *Desired outcome and measure of success: Recommend appropriate policies to the full Board for approval.*

- **University Debt Update (NC State Pol 01.05.1, Appendix 1, I.b, I.d.i)**
  *Desired Outcome: Receive informational report regarding the University Debt, and debt standings/rating  
  Measure of Success: Knowledgeable regarding University Debt, standings and ratings*

**July**

- **New Trustee Orientation**
RESOLUTION OF THE BOARD OF TRUSTEES OF
NORTH CAROLINA STATE UNIVERSITY AT RALEIGH
APPROVING THE ISSUANCE OF SPECIAL OBLIGATION BONDS

WHEREAS, under Article 3, Section 116D General Statutes of North Carolina (the “Act”) the Board of Governors (the “Board of Governors”) of the University of North Carolina (the “University”) may issue special obligation bonds and bond anticipation notes, in anticipation of the issuance of special obligation bonds, payable from obligated resources to pay the costs of acquiring, constructing or providing a special obligation project at one of the constituent institutions of the University or refunding any obligations previously issued by the Board of Governors;

WHEREAS, North Carolina State University at Raleigh may request the Board of Governors to issue one or more series of bonds (the “Bonds”), the proceeds of which will be applied to improvements related to the Reynolds Coliseum Renovation approved by the North Carolina General Assembly in Chapter 60 of the 2014 North Carolina Session Laws (the “Special Obligation Project”);

WHEREAS Section 116D-26(b) of the Act requires the Board of Trustees of North Carolina State University at Raleigh to approve the issuance of Bonds for the Special Obligation Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of North Carolina State University at Raleigh as follows:

Section 1. Approval of Issuance of Bonds. The issuance of Bonds for the Special Obligation Project is approved.

Section 2. Effective Date. This Resolution is effective immediately.

ADOPTED AND APPROVED this 19th day of September, 2014.

THE BOARD OF TRUSTEES OF NORTH CAROLINA STATE UNIVERSITY AT RALEIGH

By: ____________________________________________

Assistant Secretary
I, __________________________, the duly elected Assistant Secretary of the Board of Trustees of North Carolina State University at Raleigh, DO HEREBY CERTIFY that (1) the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Trustees of North Carolina State University at Raleigh at its regular meeting of September 19, 2014 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Trustees of North Carolina State University at Raleigh held on September 19, 2014 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 19, 2014 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of North Carolina State University at Raleigh this ___ day of September, 2014.

[SEAL]

________________________________
Assistant Secretary
INTERNAL AUDIT DIVISION

INTERNAL AUDIT CHARTER

MISSION

The mission of the Internal Audit Division (IAD) is to support the University in the successful achievement of its strategic goals. This is accomplished by serving as an independent partner to University leadership, faculty, and staff in the identification and balancing of their units’ risks through objective, flexible, and proactive audit and consultation services. IAD provides independent evaluation of the effectiveness of risk management, control, and governance processes and makes recommendations for improvement.

SCOPE OF WORK

IAD’s scope of work includes assessing whether:

- Risks are appropriately identified and managed across the University
- University governance processes support the organization’s strategies and objectives
- Financial, process, and information technology controls are effective and efficient
- Policies, regulations, rules, and other guidance and training are consistent in their information, effective, and do not create undue bureaucracy or inefficiencies
- University units are compliant to University, UNC General Administration (GA), State, and Federal requirements, related processes are administered correctly, and issues are recognized and addressed properly and promptly
- Significant financial, managerial, and operating information is accurate, reliable, secure, and timely
- Actions of University personnel are in compliance with policies and applicable laws and regulations
- University resources are acquired economically, used efficiently, and adequately protected
- Quality and continuous improvement are fostered in the University’s processes

INDEPENDENCE AND ACCOUNTABILITY

All internal audit activity must be free from undue influence or interference in the selection of activities to be examined, determination of the scope or methodology of work, and in communication of the results in accordance with the international standards of independence as set forth by the Institute of Internal Auditors (IIA).

The Director of Internal Audit (Director) reports functionally and administratively directly to the Chancellor. The Director is also accountable to the Board of Trustees (BOT) through its Audit, Risk Management and Finance Committee (Committee) as required by the University of North...
Carolina (UNC) Board of Governors (BOG) and the IIA standards. The Director communicates and interacts directly and independently with the Committee. In addition, the Director has informational reporting accountability to the Provost and Executive Vice Chancellor and the Vice Chancellor for Finance and Business.

RESPONSIBILITY

The Director has the responsibility to ensure IAD achieves the following:

- Maintain compliance with North Carolina General Statute (GS) Chapter 116-40.7 (which establishes the independent audit function at state universities); NC GS Chapter 143, Article 79, The NC Internal Audit Act; and audit-related requirements from the UNC BOG
- Establish a risk assessment process to support the development of a risk-based audit plan and a risk-based approach to individual engagements
- Submit, at least annually, a risk-based audit plan to the Chancellor and the Committee for approval and implement that audit plan
- Continually re-evaluate the audit plan based on changing conditions and emerging issues and revise as necessary to ensure that the highest risk items are given priority
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization
- Appropriate and necessary interactions with the various external audit-related governance groups occur as needed, including interactions with UNC General Administration, the state’s Council of Internal Audit, Office of the State Auditor (OSA), Office of the State Controller, and the State Bureau of Investigation
- Appropriate and necessary interactions with the various internal audit- and investigation-related units occur as needed, including interactions with Office of the General Counsel, University Police Department, Employee Relations, and Student Conduct
- Investigate suspected fraudulent activities and notify the Chancellor, the Committee, and other management of any significant results; assist OSA or other external investigators with investigation of allegations as necessary
- Issue audit reports or engagement letters as appropriate to the Chancellor and other management summarizing the results of audit or consulting activities
- Report recent activities and high-risk issues to the Committee at regular quarterly meetings
- Perform consulting services, beyond internal auditing’s assurance services, to assist management in meeting its objectives and to proactively address issues
- Coordinate with other control and monitoring functions both internal and external regarding areas such as risk management, compliance, security, legal affairs, environmental health, and external audits and investigations
- Keep the Chancellor, the Committee, the Provost and Executive Vice Chancellor, and the Vice Chancellor for Finance and Business informed of
emerging trends and successful practices in the internal auditing profession

- Educate the campus-community on University policies, State and Federal regulations, best practices, and the importance of effective internal controls
- Participate on various committees, compliance task forces, and system development projects to provide guidance, proactively address potential issues and internal control weaknesses, improve inefficiencies, and increase effectiveness
- Evaluate and assess significant University functions and new or changing services, processes, operations, major systems, and control processes coincident with their development, implementation, and/or expansion
- Develop and maintain a continuous improvement and quality assurance program covering all aspects of IAD’s activities
- Perform all their duties in conformance with the international standards of the IIA

**AUTHORITY**

The Director is authorized to:

- Have direct and unrestricted access to senior management and the BOT
- Have (and delegate to the IAD staff as appropriate) unrestricted, independent access to all personnel, units, functions, records, and property relevant to the performance of engagements and risk assessment activities
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives
- Obtain the necessary assistance of personnel in units of the organization where they perform audits as well as other specialized services from within or outside the organization as needed

The Director and staff of the IAD are **not** authorized to:

- Perform any operational duties for the organization or its affiliates
- Initiate or approve accounting transactions external to the IAD
- Make decisions that are the responsibility of management

To Be Approved by the NC State University Board of Trustees
Audit, Risk Management and Finance Committee
September 18, 2014
NCSU Internal Audit Division

BOT Fiscal Year 2014 Engagement Status Spreadsheet Chart - 6-30-14

Closed, 25

In Process, 13

Returned to Continuous Risk Assessment, 2

Complete, 4

On Hold, 1
<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Non-Instructional Summer Salary Compliance Audit - 33% Earnings Limit | Added         | Closed       | The objective of the audit was to review non-instructional summer salary payments against contract and grant projects for Summer 2013 for compliance to Federal and University requirements which limit non-instructional summer-earnings for each faculty member to a maximum of 33.33% of his/her annual base salary from all sources of funds tested.  
| Non-Instructional Summer Salary Compliance Audit – Payments After September 30 | Added         | Closed       | The objective of the audit was to review the non-instructional summer salary payments against contract and grant projects for Summer 2013 for compliance to University requirements which require that all summer salary be processed for payment no later than September 30. The review will also assess compliance to “Standard Operating Procedure - Summer Salary and Supplemental Pay for 9-Month Faculty, Section B. Payment Processing Deadline” to ensure exceptions for payment made after September 30 were appropriately approved and documented within the HR system.  
| Office of Information Technology – Infrastructure, Systems, and Operations: Virtual Computing Services | Added         | Complete     | The objective of the audit was to evaluate the Office of Information Technology (OIT) Virtual Computing Services (VCS) environment to ensure appropriate implementation of management, process, and technical controls including:  
*Robust infrastructure design and implementation to facilitate scalability, reliability, and availability  
*Adequate configuration management  
*Adequate security controls  
*Appropriate separation of duties  
6 issues were noted related to inadequate security controls and process weaknesses.  
<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls over Purchase Cards</td>
<td>Yes</td>
<td>Report in Draft on 6/30/14 (Issued on 8/13/14)</td>
<td>The objective of the audit is to review both the University-level and Departmental-level purchase card processes, internal controls, and compliance with College/University policy and funding source requirements. This included reviewing PCard purchases for compliance to University Trust Fund Guidelines and NCSU Basic Spending Guidelines by Fund Source which define how and what expenditures can be processed by the various types of funds. We also evaluated whether the internal controls provide reasonable assurance that PCard purchases meet University Policies, Regulations, and Rules (PRRs), guidelines, or best practices. Specifically, the following internal controls reviewed: *Ongoing monitoring *Segregation of duties *Reconciliation *Spending limit *Disallowed or blocked items *Unapproved vendors (e.g., debarred vendors) *PCard suspension/deactivation</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Performance Audit - Effectiveness of Faculty Training</td>
<td>Added</td>
<td>In Process</td>
<td>The objective of the audit is to review the effectiveness of the Mandatory Summer Salary Training for faculty who receive summer pay from contracts and grants and for the individuals involved with approving and processing such payments as mandated in the 3D memo issued on March 12, 2013.</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Compliance Audit - Summer 2013 Effort Reporting with Travel</td>
<td>Added</td>
<td>In Process</td>
<td>The objective of the audit is to assess compliance to Federal and University requirements which requires faculty members to certify effort which reasonably approximates how the faculty member actually worked, including any travel during Summer 2013. Specifically, the review will assess agreement between Summer 2013 effort reporting, salary charges, and travel on contract and grant projects.</td>
</tr>
<tr>
<td>Audit of Controls Over the Usage of Restricted Gifts</td>
<td>Added</td>
<td>In Process</td>
<td>The objective of the audit is to evaluate the adequacy and effectiveness of controls over restricted gift expenditures from foundation accounts. A judgmental sample of unit accounts that had restricted gift expenditures in Fiscal Year 2012 will be tested to determine if expenditures follow restrictions set by the donor and are compliant with University guidelines.</td>
</tr>
</tbody>
</table>

**KEY:**
- **Closed**
- **Scope Change**
- **Not Started**
- **On-Hold**
- **Complete**
- **In Process**
- **Returned to Continuous RA**
### Security Governing External-Facing Network Perimeter Entry Points
- **Audit Plan?** Yes
- **Status** Returned to Continuous RA Process
- **Auditor Comments**
  The objective of the audit is to test the security governing external-facing entry points through the perimeter of the network. This is one in a series of audits related to security of the NCSU network infrastructure. Other audits in the series include:
  - University Network Firewall Protection Service Audit (FY12 Audit Plan; completed)
  - WolfTech Active Directory: Security and Operational Controls (FY13 Audit Plan; completed)
  - University Applications Web Interface Security Controls (FY14 Audit Plan, scheduled).

### University Applications Web Interface Security Controls
- **Audit Plan?** Yes
- **Status** Returned to Continuous RA Process
- **Auditor Comments**
  The objective of the audit is to determine whether the web interfaces of major University applications that provide access to sensitive data are adequately protected from well-known external threats. This is one in a series of audits related to security of the NCSU network infrastructure. Other audits in the series include:
  - University Network Firewall Protection Service Audit (FY12 Audit Plan; completed)
  - WolfTech Active Directory: Security and Operational Controls (FY13 Audit Plan; completed)
  - Audit of Security Governing External-facing Network Perimeter Entry Points (FY14 Audit Plan; scheduled).
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
### FISCAL YEAR 2014 ENGAGEMENT STATUS SPREADSHEET
#### AS OF JUNE 30, 2014

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
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<tbody>
<tr>
<td><strong>Investigations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenan Institute Expenditure Investigation</td>
<td>Added</td>
<td>Closed</td>
<td>The objective of the audit was to investigate internal allegations of potential misuse of Kenan Institute funds for personal benefit and inequitable distribution of research funding. Based on our investigative work, neither of the allegations were substantiated. Report issued 8/29/13. Audit closed.</td>
</tr>
<tr>
<td>Industrial Extension Service (IES) Allegation of Misuse of Funds</td>
<td>Added</td>
<td>Closed</td>
<td>The objective of the audit was to investigate allegations of misuse of state property and funds for personal benefit by the Director of the Industrial Extension Service. No evidence was found to support allegations. Audit closed.</td>
</tr>
<tr>
<td>College of Sciences (COS) - Restricted Gifts Allegation</td>
<td>Added</td>
<td>Closed</td>
<td>The objective of the audit was to investigate an allegation that restricted funds were misused and non-compliances to the College of Sciences’ Office of Advancement’s standard operating procedure (SOP) by the Associate Dean of Advancement. No evidence was found to support allegations. Audit closed.</td>
</tr>
<tr>
<td>College of Humanities and Social Sciences (CHASS) Dept. of Social Work Website / PCard Investigation</td>
<td>Added</td>
<td>Closed</td>
<td>The objective of the audit was to investigate allegations of potential misuse of state property and funds for personal benefit by an employee in the College of Humanities and Social Sciences (CHASS), Department of Social Work. Report issued 4/15/14. Follow-up completed; audit closed 6/30/14.</td>
</tr>
<tr>
<td>Marine, Earth, Atmospheric Sciences (MEAS) 3rd Party Lodging Allegation</td>
<td>Added</td>
<td>Complete</td>
<td>The objective of the audit was to investigate an allegation related to non-compliances to the state's policies related to third-party lodging. Report issued 4/29/14.</td>
</tr>
</tbody>
</table>

### KEY:
- **Closed**
- **In Process**
- **Not Started**
- **On-Hold**
- **Returned to Continuous RA**
<table>
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</thead>
<tbody>
<tr>
<td>Landscape Construction Services Conflict of Interest</td>
<td>Added</td>
<td>Complete</td>
<td>The objective of the audit was to investigate allegations of a potential conflict of interest in the Landscape Construction Services in the Facilities Division. Audit work was completed and the results transferred to University Police Department who will complete the investigation.</td>
</tr>
<tr>
<td>Cooperative Extension Service (CES) - Poultry Extension Investigation</td>
<td>Added</td>
<td>In Process</td>
<td>The objective of the audit is to investigate internally reported allegations of potential misuse of state funds by an employee.</td>
</tr>
<tr>
<td>College of Agriculture and Life Sciences (CALS) 4-H Extension Horse Husbandry (EHH) Misuse of Funds</td>
<td>Added</td>
<td>Hold</td>
<td>The objective of the audit is to investigate allegations from an external source concerning potential misuse of 4-H Extension Horse Husbandry (4-H EHH) funds.</td>
</tr>
<tr>
<td>Engagement</td>
<td>On Original FY14 Audit Plan?</td>
<td>Status</td>
<td>Auditor Comments</td>
</tr>
<tr>
<td>------------</td>
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</tr>
<tr>
<td>Prior Years Audit Follow-Up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemistry Electronic Instrumentation Shop Investigation</td>
<td>Yes</td>
<td>Closed</td>
<td>Follow-up issues in prior Internal Audit report related to an investigation regarding employee working secondary employment during University work hours and potential misuse of assets. 5 issues were reported. Allegation of secondary employment unsubstantiated. Allegation of misuse of State assets was substantiated; financial impact was very minimal. Other issues related to non-compliance with NCSU and State secondary employment and purchasing policies and procedures; and inconsistencies in University secondary employment policies, regulations, and guidance. Report issued 7/21/11. Follow-up completed; audit closed 7/17/13.</td>
</tr>
<tr>
<td>The Future Renewable Electric Energy Delivery and Management Systems (FREEDM) Center</td>
<td>Yes</td>
<td>Closed</td>
<td>Follow-up issues in prior Internal Audit report. The objective of the original audit was to evaluate general internal controls over business operations including business office, financial transactions, contract and grant compliance, and other administrative activities. Issues related to management opportunities for improvement, compliance to Federal agreement, and internal control weaknesses. Report issued 10/4/10. Follow-up completed; audit closed 7/17/13.</td>
</tr>
<tr>
<td>Department of Electrical and Computer Engineering (ECE) - Faculty Performance Review Audit</td>
<td>Yes</td>
<td>Closed</td>
<td>Follow-up issues in prior Internal Audit report. The objective of the original audit was to determine if Departmental practices for reviews of tenure track faculty performance; post tenure performance; and reappointment, promotion, and tenure comply with Departmental, College, and University policies and other guidance. Issues noted related to Department of Electrical and Computer Engineering's (ECE) compliance with faculty performance policies and guidance and administration of personnel records. Report issued 2/10/09. Follow-up completed; audit closed 1/21/14.</td>
</tr>
</tbody>
</table>
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
### FISCAL YEAR 2014 ENGAGEMENT STATUS SPREADSHEET
#### AS OF JUNE 30, 2014

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
</table>
| Audit of Compliance to Federal Financial Aid Requirements (Office of Management and Budget Circular A-133) | Yes | Closed | Follow-up issues in prior Internal Audit report. The objective of the original audit was to evaluate the Office of Scholarships and Financial Aid’s compliance with Federal requirements related to Federal financial aid as detailed in Office of Management and Budget's Circular A-133. One issue noted related to inability to determine accuracy and completeness of data reported on the 2009-2010 Fiscal Operations Report and Applications to Participate (FISAP), Part III "Perkins Loan Program."

Follow-up completed; audit closed 5/21/14. |

| UNC Division of Compliance and Operational Efficiency (formerly UNC Finance Improvement and Transformation (FIT) Team) | Yes | Closed | Internal Audit participated in GA monitoring visits on campus and followed-up on any issues reported as needed.

FY13 UNC-GA FIT Team performed monitoring on-site visit on 2/5/13. 8 observations from UNC FIT Team provided to NCSU on 5/31/12:
1. Tuition surcharge not included on bill - management implemented corrective action, closed by UNC FIT Team prior to 2/5/13 visit
2. No late fee charged to students - closed 2/5/13, NCSU management accepted risk
3. Past due accounts to AG's Office - no corrective action needed, closed 2/5/13
4. SA user access reviews bi-annually - closed 2/5/13
5. Capitalization of modular workstations - management implemented corrective action, closed by UNC FIT Team prior to 2/5/13 visit
6. Half year convention - closed, prior to 2/5/13
7. Random asset spot checks - closed, began March 2013
8. Reporting/notification of missing assets - management implemented corrective action, closed by UNC FIT Team prior to 2/5/13 visit |
<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
</table>
| Office of the State Auditor Information Technology (OSA IT) - Audit Letter issued to the Vice Chancellor for Information Technology - Follow-up | Yes                          | In Process   | The objective of the original audit was to follow-up on the implementation of corrective actions by Office of Information Technology (OIT) relating to recommendations made by the Office of the State Auditor (OSA) as documented in a letter dated December 18, 2012. The recommendations related to passwords and system administrator access controls and improvement suggestions noted by OSA during the annual financial statement audit.  
Note: UNC-GA indicated (12/21/12) that actions already taken by University management complied with the audit finding resolution requirements for making significant progress within 90 days of the report issue date. Thus, no additional follow-up reporting to UNC-GA or OSA required.  
IA will follow-up (in accordance with IA processes) until issue is fully resolved.  
Number of Audit Issues Remaining Open: 1 (corrective action in progress)  
Number of Audit Issues Closed: 2  |
| University Network Firewall Protection Service Audit                      | Yes                          | In Process   | Follow-up issues in prior Internal Audit report. The objective of the original audit was to review University firewall services to ensure appropriate protection of critical computer systems and sensitive data, adherence to University requirements, and external regulatory and compliance mandates. 10 issues were reported related to physical security and environmental protection controls; overall University firewalls policy and strategy; and logical access control and documentation of standards and procedures.  
Report issued 9/13/12.  
Number of Audit Issues Remaining Open: 7 (corrective actions in progress)  
Number of Audit Issues Closed: 3  |
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
### FISCAL YEAR 2014 ENGAGEMENT STATUS SPREADSHEET
#### AS OF JUNE 30, 2014

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Information Technology – WolfTech Active Directory: Security and Operational Controls</td>
<td>Yes</td>
<td>In Process</td>
<td>Follow-up issues in prior Internal Audit report. The objective of the original audit was to verify adequate security and effective operational controls for the WolfTech Active Directory service. WolfTech is the official University information technology directory service used for central administration and security of Microsoft-based personal computers and servers deployed across the University. 12 issues were noted related to the overall active directory strategy; physical security; disaster recovery; operational monitoring; technical security weaknesses; and documentation of standard procedures. Report issued 2/18/13. Number of Audit Issues Remaining Open: 8 (corrective actions in progress) Number of Audit Issues Closed: 4</td>
</tr>
<tr>
<td>Student Affairs - Information Technology (IT) General Controls</td>
<td>Yes</td>
<td>In Process</td>
<td>Follow-up issues in prior Internal Audit report. The objective of the original audit was to evaluate the effectiveness of governance over processes and procedures that apply to the overall Student Affairs Information Technology (IT) operations. 10 issues were reported related to IT oversight and strategic planning, IT project management practices; improvements for division-wide IT efficiency and effectiveness; physical and logical security; and procedure documentation. Report issued 6/23/11. Number of Audit Issues Remaining Open: 4 (corrective actions in progress) Number of Audit Issues Closed: 6</td>
</tr>
<tr>
<td>Martin County Cooperative Extension Service (CES) Travel Reimbursement Investigation</td>
<td>Yes</td>
<td>In Process</td>
<td>Follow-up issues in prior Internal Audit report. The objective of the original audit was to investigate internal allegations of potential misuse of assets at the Martin County CES Office. The allegations were substantiated. Report issued 6/10/13. Number of Audit Issues Remaining Open: 1 (corrective action in progress) Number of Audit Issues Closed: 0</td>
</tr>
</tbody>
</table>
# NC State University Internal Audit Division

## Fiscal Year 2014 Engagement Status Spreadsheet

**As of June 30, 2014**

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
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</thead>
<tbody>
<tr>
<td><strong>Consulting Engagements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity and Access Management (IAM)</td>
<td>Added</td>
<td>Closed</td>
<td>IT Audit Manager consulted with Office of Information Technology (OIT) on their strategic Identity and Access Management (IAM) initiative.</td>
</tr>
<tr>
<td>Additional Compensation Working Group</td>
<td>Added</td>
<td>Closed</td>
<td>Director consulted on development of a comprehensive regulation on EPA additional compensation including: updating related regulations or SOPs, ensuring compliance with external requirements and regulations, representing best practices within UNC system and among our peer institutions, and addressing any additional issues that are relevant to effective use and management of additional compensation.</td>
</tr>
<tr>
<td>Office of the State Auditor (OSA) - College of Education Foreign Travel and Hiring Processes Allegations</td>
<td>Added</td>
<td>Closed</td>
<td>Director consulted with the Office of the State Auditor (OSA) in regards to their investigation of allegations related to the College of Education foreign travel and hiring processes. No evidence to support allegations.</td>
</tr>
<tr>
<td>Southern Association of Colleges and Schools (SACS) - 10 year Accreditation Reaffirmation</td>
<td>Yes</td>
<td>Closed</td>
<td>In preparation for NC State's 10 year reaffirmation of accreditation by the Southern Association of Colleges and Schools (SACS), NC State conducted a thorough self-evaluation to review compliance with each of more than 90 specific standards set forward the in Principles of Accreditation: Foundations for Quality Enhancement. For each standard, we compiled and evaluated the relevant body of evidence to determine whether we are in full compliance or non-compliance and presented that evidence in a report for each standard. The IA Director co-chaired the Resources and Control Compliance Team developing the strategy for presenting documentary evidence of compliance, drafting or editing the compliance reports, and reviewing the reports to ensure accuracy and consistency.</td>
</tr>
<tr>
<td>Internal Control Assessment Committee</td>
<td>Yes</td>
<td>Closed</td>
<td>Director was a member of this committee which assessed internal controls across the University to support the University's annual certification to the Office of the State Controller.</td>
</tr>
<tr>
<td>Consulting on the Business Operations Centers (BOC) Implementation</td>
<td>Yes</td>
<td>Closed</td>
<td>Consulted on Business Operations Centers (BOC) implementation at various levels. The BOC initiative has been discontinued. University Business Operations is re-evaluating shared services in response to changing campus needs. IA will continue to monitor any significant changes to business operations undertaken by University Business Operations.</td>
</tr>
</tbody>
</table>

**KEY:**
- **Closed**
- **Scope Change**
- **Not Started**
- **On-Hold**
- **Complete**
- **In Process**
- **Returned to Continuous RA**
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
### FISCAL YEAR 2014 ENGAGEMENT STATUS SPREADSHEET
#### AS OF JUNE 30, 2014

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<tr>
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<th>On Original FY14 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance Education &amp; Learning Technology Applications (DELTAS) Information Technology (IT) Self Assessment Review</td>
<td>Added</td>
<td>Closed</td>
<td>Internal Audit (IA) consulted with DELTA to complete a comprehensive Control Self-Assessment (CSA) of their overall information technology service using IA-developed online CSA tool.</td>
</tr>
<tr>
<td>College of Humanities and Social Sciences (CHASS) PCard &amp; Misuse Investigation - University Police Department (UPD) Consultation</td>
<td>Added</td>
<td>Closed</td>
<td>Internal Audit (IA) staff and directors consulted with UPD on issues related to misuse in CHASS, Department of Social Work.</td>
</tr>
<tr>
<td>Office of the State Auditor (OSA) College of Agriculture and Life Sciences (CALS) Upper Piedmont Research Station Vehicles</td>
<td>Added</td>
<td>Closed</td>
<td>Director consulted with OSA in regards to their review of vehicle usage at a CALS Research Station.</td>
</tr>
<tr>
<td>Cooperative Extension Service</td>
<td>Yes</td>
<td>Closed</td>
<td>Training provided relating to University policies, best practices in business and financial activities/transactions, use of new Internal Audit (IA) self-assessment tools on IA website, and awareness of common issues. On-site reviews as necessary. Additional ad hoc consulting at District Meetings as requested.</td>
</tr>
<tr>
<td>Payment Card Industry Advisory Council</td>
<td>Added</td>
<td>Closed</td>
<td>Assistant Director consulted on the University Payment Card Industry Compliance and Review Advisory Committee to ensure compliance and protection of sensitive credit card data.</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>Added</td>
<td>In Process</td>
<td>Director consulting with the Office of the State Auditor and the State Bureau of Investigation in regards to an investigation of allegations.</td>
</tr>
</tbody>
</table>

**KEY:**
- **Closed**
- **In Process**
- **Not Started**
- **On-Hold**
- **Returned to Continuous RA**

Page 11 of 13
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<tbody>
<tr>
<td>University Information Technology Strategic Advisory Committee (ITSAC) &amp; Security Subcommittees</td>
<td>Yes</td>
<td>In Process</td>
<td>Director is a member of the ITSAC, the university-wide, top-level committee of non-IT personnel whose focus is on ensuring that the university makes the best possible decisions in advancing the use of technology to meet its mission, vision, and goals. The committee also ensures that changes, new directions, and planning is done in a coordinated and collaborative fashion. The ITSAC is functionally-focused and considers all matters brought to it by the Vice Chancellor of Information Technology (VCIT), by the technically-focused Campus IT Directors Committee (CITD), and by its own six subcommittees in the areas of Academic Technology, Desktop &amp; Application Support, Enterprise Applications, Infrastructure, Research Computing, and Security &amp; Compliance. Additional consulting activities are performed by the IT Audit Manager who provides objective, independent input to several of the ITSAC subcommittees.</td>
</tr>
<tr>
<td>SAS consulting &quot;Data Use Roadmap&quot; Functional Team</td>
<td>Added</td>
<td>In Process</td>
<td>Director participated in team helping to develop a roadmap for NC State on building the tools to make better use of our data to make informed decisions.</td>
</tr>
</tbody>
</table>

**Special Assignments**

| FY13 Single Audit Report - Student Financial Assistance Compliance Portion – Follow-up | Added | Closed | The objective of the audit was to follow-up on the implementation of corrective actions by the Office of Registration and Records relating to recommendations made by the Office of the State Auditor (OSA) as documented in a letter dated February 18, 2014. The recommendations related to untimely notice to lenders of changes in enrollment status.  
Note: UNC-GA indicated (8/22/14) that actions already taken by University management complied with the audit finding resolution requirements for making significant progress within 90 days of the report issue date. Thus, no additional follow-up reporting to UNC-GA or OSA required.  
Follow-up completed; audit closed 8/22/14. |

**KEY:**

- **Complete**
- **In Process**
- **Scope Change**
- **Not Started**
- **On-Hold**
- **Returned to Continuous RA**
<table>
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<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13 Single Audit Report – Research and Development Compliance Portion – Follow-up</td>
<td>Added</td>
<td>Closed</td>
<td>The objective of the audit was to follow-up on the implementation of corrective actions by the Office of Sponsored Programs and Regulatory Compliance Services (SPARCS) relating to recommendations made by the Office of the State Auditor (OSA) as documented in a letter dated February 18, 2014. The recommendations related to lack of controls over required reporting of Federal grant data. Note: UNC-GA indicated (8/22/14) that actions already taken by University management complied with the audit finding resolution requirements for making significant progress within 90 days of the report issue date. Thus, no additional follow-up reporting to UNC-GA or OSA required. Follow-up completed; audit closed 8/22/14.</td>
</tr>
<tr>
<td>Fayetteville State University (FSU) Quality Assurance Peer Review</td>
<td>Added</td>
<td>Closed</td>
<td>Director lead the Quality Assurance Peer Review at FSU per request from UNC-GA. Report issued 8/28/13.</td>
</tr>
<tr>
<td>UNC-GA Internal Audit Advisory Team (IAAT)</td>
<td>Added</td>
<td>Complete</td>
<td>Director served on the UNC-GA Internal Audit Advisory Team. The committee was tasked with assessing and developing ways to improve internal auditing across the UNC system campuses and developing and implementing recommendations for shared services and metrics for internal auditing within the UNC FIT program framework.</td>
</tr>
</tbody>
</table>

**KEY:**
- Closed
- Scope Change
- Not Started
- On-Hold
- Complete
- In Process
- Returned to Continuous RA
NCSU Internal Audit Division
3 Year Comparison
Completed and In-Process Audit Engagements
as of Year End

- Risk Assessments
- Audits
- Investigations
- Previous Years Follow-Up Audits
- Consulting

FY12: 50
FY13: 42
FY14: 19

<table>
<thead>
<tr>
<th>Category</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Assessments</td>
<td>50</td>
<td>19</td>
<td>42</td>
</tr>
<tr>
<td>Audits</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Investigations</td>
<td>10</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Previous Years Follow-Up Audits</td>
<td>14</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Consulting</td>
<td>15</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Report Name</td>
<td>Audit Type</td>
<td>Date of Report</td>
<td>On Original Audit Plan</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>College of Humanities and Social Sciences (CHASS) - Department of Social Work - Website and Pcard Investigation</td>
<td>Special Investigations</td>
<td>4/15/2014</td>
<td>No</td>
</tr>
<tr>
<td>COSciences Restricted Gifts Audit Report</td>
<td>Special Investigations</td>
<td>4/22/2014</td>
<td>No</td>
</tr>
<tr>
<td>Industrial Extension Service Allegation of Misuse of funds</td>
<td>Special Investigations</td>
<td>4/22/2014</td>
<td>No</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Audit - 33.33% of earnings limit for summer 2013</td>
<td>Performance/Operational Audits and/or Reviews</td>
<td>4/23/2014</td>
<td>Yes</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Compliance Audit-Payments After September 30</td>
<td>Performance/Operational Audits and/or Reviews</td>
<td>6/9/2014</td>
<td>Yes</td>
</tr>
<tr>
<td>Report Name</td>
<td>Audit Type</td>
<td>Date of Report</td>
<td>On Original Audit Plan</td>
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<tr>
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</tr>
<tr>
<td>Third-Party Lodging Investigation</td>
<td>Special Investigations</td>
<td>4/29/2014</td>
<td>No</td>
</tr>
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</tr>
<tr>
<td>Kenan Institute Expenditure Investigation</td>
<td>Special Investigations</td>
<td>8/29/2013</td>
<td>No</td>
</tr>
<tr>
<td>Follow-Up Audit: Audit of Compliance to Federal Financial Aid Requirements (OMB Circular A-133)</td>
<td>Follow-Up Audit: Performance/Operational Audits and/or Reviews</td>
<td>5/21/2014</td>
<td>Yes</td>
</tr>
<tr>
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</tr>
<tr>
<td>Report Name</td>
<td>Audit Type</td>
<td>Date of Report</td>
<td>On Original Audit Plan</td>
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</tr>
</tbody>
</table>
| Follow-Up Audit: College of Engineering, The Future Electric Energy Delivery and Management (FREEDM) Systems Center | Follow-Up Audit: Performance/Operational Audits and/or Reviews | 7/17/2013 | Yes | 7 | Follow-up review and testing has been completed. The reported issues have all been satisfactorily resolved.  
1. Non-compliance with National Science Foundation Terms and Conditions - No Prior Approval Request (PAR) was observed in the University's e-PAR system to obtain approval for a change in two key personnel.  
2. Lack of effective management over sponsored research.  
3. Weak internal controls over business activities.  
4. Non-compliance with National Science Foundation Terms and Conditions - The Center does not currently have policies in place to reward faculty in the tenure and promotion process.  
5. Ineffective management of Center operations.  
6. Non-compliance with National Science Foundation Terms and Conditions - The FREEDM Systems Center has not yet formally established its Energy Policy Advisory Board.  
7. Non-compliance with National Science Foundation Terms and Conditions - The FREEDM Center Deputy Director is not a faculty member. |
<table>
<thead>
<tr>
<th>Report Name</th>
<th>Audit Type</th>
<th>Date of Report</th>
<th>On Original Audit Plan</th>
<th># of Findings</th>
<th>Findings (Detail)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow-Up Audit: Chemistry Invoices Investigation</td>
<td>Follow-Up Audit: Special Investigations</td>
<td>7/17/2013</td>
<td>Yes</td>
<td>5</td>
<td>Follow-up review and testing has been completed. The reported issues have all been satisfactorily resolved.</td>
</tr>
<tr>
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<td></td>
<td>1. Forest Biomaterials did not ensure compliance with University or State purchasing requirements or accounting best practices for NMR refill services.</td>
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<td>3. Technician was non-compliant with regulations regarding the use of the University’s information technology resources.</td>
</tr>
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<td>4. Lack of official University guidance and consistent information from Finance and Business units regarding using existing employees to perform work in other departments or in capacities other than their normal job duties.</td>
</tr>
<tr>
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<td>5. The University Secondary Employment Policy is inconsistent with both its Secondary Employment Form and the State’s Secondary Employment Policy and does not conform to the University’s PRR format.</td>
</tr>
<tr>
<td>Follow-Up Audit: Electrical and Computer Engineering (ECE) Faculty</td>
<td>Follow-Up Audit: Performance/Operational Audits and/or Reviews</td>
<td>1/21/2014</td>
<td>Yes</td>
<td>5</td>
<td>Follow-up review and testing has been completed. The reported issues have all been satisfactorily resolved.</td>
</tr>
<tr>
<td>Performance Review Process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1. Access control over sensitive data stored on network shared drives is insufficient.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>2. All required elements of each faculty member’s Departmental personnel file are not located in one place but stored in various formats in several locations.</td>
</tr>
<tr>
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<td>3. The Department does not create, maintain, or provide all required documents in the faculty performance review or maintain all required documents in the Post Tenure Review processes for tenured and tenure track faculty.</td>
</tr>
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<td>4. The Department inconsistently complied with the requirements set forth in the SME policy because the SME was not stored as a memorialized, signed, dated document.</td>
</tr>
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<td></td>
<td>5. Various University policies related to PTR, RTP, and annual review processes lack clear guidance to Departments for the storage of faculty personnel file elements.</td>
</tr>
<tr>
<td>Report Name</td>
<td>Audit Type</td>
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<td># of Findings</td>
<td>Findings (Detail)</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Follow-Up Audit: Office of the State Auditor - Fiscal Year 2013 Single Audit Report - Student Financial Assistance Compliance Cluster Portion</td>
<td>Follow-Up Audit: Performance/Operational Audits and/or Reviews</td>
<td>6/5/2014</td>
<td>Yes</td>
<td>1</td>
<td>Follow-up review and testing completed. The reported issue has been satisfactorily resolved. 1. Untimely Notice to Lenders of Changes in Enrollment Status</td>
</tr>
<tr>
<td>Follow-Up Audit: Office of the State Auditor - Fiscal Year 2013 Single Audit Report - Research and Development Compliance Cluster Portion</td>
<td>Follow-Up Audit: Performance/Operational Audits and/or Reviews</td>
<td>6/5/2014</td>
<td>Yes</td>
<td>1</td>
<td>Follow-up review and testing completed. The reported issue has been satisfactorily resolved. 1. Lack of Controls over the Required Reporting of Federal Grant Data (specifically, the monthly Federal Funding Accountability and Transparency Act [FFATA] subaward report)</td>
</tr>
<tr>
<td>Follow-Up Audit: College of Humanities and Social Sciences (CHASS) - Department of Social Work - Website and Pcard Investigation</td>
<td>Follow-Up Audit: Special Investigations</td>
<td>6/30/2014</td>
<td>No</td>
<td>2</td>
<td>Follow-up review and testing has been completed. The reported issues have all been satisfactorily resolved. 1. Inadequate internal controls over CHASS’ Pcard and Purchasing processes resulting in non-compliance with University and State purchasing guidelines. 2. University resources were used for non-University purposes resulting in non-compliance with NCSU Reg 08.00.02-Computer Use Regulation.</td>
</tr>
</tbody>
</table>
Allocation of Funds for University Personnel (EHRA) Salaries

These appropriations are included in Senate Bill 744 (S.L. 2014-100), the 2014 Appropriations Act. By statute, the Board is directed to allocate such funds in accordance with its 2013-15 Budget Priorities and in accordance with any specifications in the Appropriations Act and the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated July 30, 2014.

EHRA Employees

The General Assembly appropriated $5 million to a Compensation Increase Reserve for University System employees who are exempt from the State Human Resources Act (EHRA). It is recommended that the General Fund appropriations for the salary increase for these faculty and other employees who are exempt from the State Human Resources Act be allocated as shown in the table below. The salary increase appropriation is proposed for distribution in proportion to the share of each institution in the General Fund EHRA salary base.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State University</td>
<td>$301,341</td>
</tr>
<tr>
<td>East Carolina University</td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>462,751</td>
</tr>
<tr>
<td>Health Affairs</td>
<td>116,707</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>50,709</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>93,809</td>
</tr>
<tr>
<td>North Carolina A &amp; T State University</td>
<td>206,059</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>174,516</td>
</tr>
<tr>
<td>North Carolina State University</td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>$854,511</td>
</tr>
<tr>
<td>Agricultural Research Service</td>
<td>68,343</td>
</tr>
<tr>
<td>Cooperative Extension Service</td>
<td>61,411</td>
</tr>
<tr>
<td>UNC Asheville</td>
<td>75,183</td>
</tr>
<tr>
<td>UNC-Chapel Hill</td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>652,187</td>
</tr>
<tr>
<td>Health Affairs</td>
<td>345,912</td>
</tr>
<tr>
<td>Area Health Education Centers</td>
<td>67,471</td>
</tr>
<tr>
<td>UNC Charlotte</td>
<td>423,799</td>
</tr>
<tr>
<td>UNC Greensboro</td>
<td>335,264</td>
</tr>
<tr>
<td>UNC Pembroke</td>
<td>94,792</td>
</tr>
<tr>
<td>UNC Wilmington</td>
<td>245,837</td>
</tr>
<tr>
<td>UNC School of the Arts</td>
<td>46,945</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>160,431</td>
</tr>
<tr>
<td>Winston-Salem State University</td>
<td>126,236</td>
</tr>
<tr>
<td>N. C. School of Science &amp; Mathematics</td>
<td>9,260</td>
</tr>
<tr>
<td>UNC-General Administration</td>
<td>26,516</td>
</tr>
</tbody>
</table>

**TOTAL (includes estimated fringe benefits)** $5,000,000

Note: Salaries at UNC Hospitals are 100% receipts supported.
These allocations for EHRA salaries are distributed for expenditure in accordance with the salary parameters for Faculty and Non-Faculty EHRA Salary Increases 2014-15, to be presented to the Board of Governors through the Personnel and Tenure Committee at the September meeting. The associated special provisions are shown below.

**SHRA Employees**

The General Assembly provided for a $1,000 salary increase plus benefits to all employees subject to the State Human Resources Act (SHRA). Sufficient funds were appropriated to the University System to provide these increases. The Office of State Budget and Management (OSBM) has been directed to determine the allocation of these appropriated funds to each constituent institution. No action is required by the Board of Governors’ to allocate these funds.

The related special provisions are shown below:

**UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 35.6.**

Section 35.6 of S.L. 2013-360 reads as rewritten:

"SECTION 35.6.(a) The annual compensation of all full-time University of North Carolina EHRA faculty, EHRA nonfaculty, SHRA employees, and teachers employed by the North Carolina School of Science and Mathematics shall remain unchanged for the 2013-2014 fiscal year. Effective for the 2014-2015 fiscal year:

1. The annual compensation of all full-time University of North Carolina SHRA employees shall be increased by one thousand dollars ($1,000).

2. The Board of Governors of The University of North Carolina shall have flexibility in allocating funds appropriated in this act for EHRA faculty and EHRA nonfaculty compensation increases (except for teachers at the North Carolina School of Science and Mathematics) pursuant to policies adopted by the Board.

"SECTION 35.6.(b) The annual compensation of all full-time employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the 2013-2014 fiscal year."

**SECTION 35.6.(b)** For the 2014-2015 fiscal year, the Board of Trustees of the North Carolina School of Science and Mathematics shall award the step increases authorized by the Teacher Salary Schedule under Section 9.1 of this act.

**USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY INCREASES**

**SECTION 35.8.** The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases in amounts set forth in the committee report described in Section 38.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for legislatively mandated salary increases.

**SECTION 35.8.(b)** If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases exceed the amount required by that agency for that purpose, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases.

**SECTION 35.8.(c)** No later than October 1, 2014, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases. This report shall include at least the following information for each State agency for the 2014-2015 fiscal year:

1. The total amount of funds that the agency received for legislatively mandated salary increases.
2. The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
3. The total amount of funds used by the agency for legislatively mandated salary increases.
4. The total amount of funds received by the agency for legislatively mandated salary increases that are anticipated to revert at the end of the fiscal year.
State Retirement System Contributions

The General Assembly provided for a contribution rate increase to the Teachers and State Retirement System from 14.69% to 15.21% for all participating employees. Sufficient funds were appropriated to the University System to provide these increases. The Office of State Budget and Management (OSBM) has been directed to determine the allocation of these appropriated funds to each constituent institution. No action is required by the Board of Governors to allocate these funds.

The related special provision is shown below:

USE OF FUNDS APPROPRIATED FOR STATE RETIREMENT SYSTEM CONTRIBUTION INCREASES

SECTION 35.15.(a) The appropriations set forth in Section 2.1 of this act include appropriations for State Retirement System contribution increases in amounts set forth in the committee report described in Section 38.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for State Retirement System contribution increases.

SECTION 35.15.(b) If the Director of the Budget determines that funds appropriated to a State agency for increases exceed the amount required by that agency for that purpose, the Director may reallocate those funds to other State agencies that received insufficient funds for State Retirement System contribution increases.

SECTION 35.15.(c) No later than October 1, 2014, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for State Retirement System contribution increases. This report shall include at least the following information for each State agency for the 2014-2015 fiscal year:

1. The total amount of funds that the agency received for State Retirement System contribution increases.
2. The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
3. The total amount of funds used by the agency for State Retirement System contribution increases.
4. The total amount of funds received by the agency for State Retirement System contribution increases that are anticipated to revert at the end of the fiscal year.

A special provision was also included in the 2014 Appropriations Act, which provides five special annual leave bonus days to all state employees. These days do not expire until used.

SPECIAL ANNUAL LEAVE BONUS

SECTION 35.10A.(a) Any person who is (i) a full-time permanent employee of the State or a community college institution on September 1, 2014, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on September 1, 2014.

SECTION 35.10A.(b) The additional leave shall be accounted for separately with the leave provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, and by Section 29.14A of S.L. 2005-276 and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days.
In addition to the special provisions in the 2014 Appropriations Act (Senate Bill 744) that were previously cited, the following are noted for information. No Board actions are required.

<table>
<thead>
<tr>
<th>Section</th>
<th>Special Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.7</td>
<td>Salary Adjustment Requirements/Limit on Cumulative Increases</td>
</tr>
<tr>
<td>35.9</td>
<td>All State-Supported Personnel/Salary Increases</td>
</tr>
<tr>
<td>35.13.(c)</td>
<td>Salary Related Contributions</td>
</tr>
<tr>
<td>35.16</td>
<td>Alternative Health Benefit Coverage for Nonpermanent Full-Time State Employees</td>
</tr>
</tbody>
</table>

It is recommended that the proposed Allocations for Salary Increases appropriations for 2014-15 be approved. It is further recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the allocation of these funds.
2014-15 Allocations – Current Operations

While most of the funding for the Current Operations Budget of each institution comes in the continuation budgets as approved by the General Assembly, some funds for expansions and improvements are appropriated to the Board of Governors for allocation to the institutions. Reductions mandated by the General Assembly are also appropriated to the Board of Governors for allocation. These items are included in the 2014 Appropriations Act (Senate Bill 744 – S.L. 2014-100). Additionally, the 2013 Appropriations Act (Senate Bill 402 – S.L. 2013-360) included appropriations for 2014-15. By statute, the Board is directed to allocate such funds in accordance with its 2013-15 Budget Priorities and with any specifications in the Appropriations Act and the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated July 30, 2014. The General Assembly also made a number of appropriations and adjustments for designated programs in University Operations and Aid to Private Institutions.

The allocations meet all of the directives cited in the Appropriations Act of 2014 and the related Joint Conference Committee Report. Many of the changes were made directly to each institution’s continuation budget; however, items that require Board action are shown in the table on the following page and are also designated with an “A” in this document.

It is recommended that the proposed Allocations for Current Operations for 2014-15 be approved. It is further recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the allocation of Budget Priorities.

Note: As supplementary information, a summary by campus of all the 2014-15 allocations is attached to this item.
## Recommended Allocations for Items Requiring Board Approval

### 2014-15 Reductions and Adjustments

<table>
<thead>
<tr>
<th>Institution</th>
<th>Management Flexibility</th>
<th>Strategic Directions Reductions</th>
<th>Enrollment Model Change (negative adjustment factor)</th>
<th>Nonresident Undergraduate Tuition Increase</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASU</td>
<td>($544,014)</td>
<td>($717,915)</td>
<td>($437,587)</td>
<td>($1,217,447)</td>
<td>$495,888</td>
</tr>
<tr>
<td>ECU</td>
<td>(1,179,116) *</td>
<td>(1,556,033)</td>
<td>(543,718)</td>
<td>(2,764,630)</td>
<td>325,056</td>
</tr>
<tr>
<td>ECSU</td>
<td>–</td>
<td>–</td>
<td>(844,003)</td>
<td>(201,526)</td>
<td>(1,021,874)</td>
</tr>
<tr>
<td>FSU</td>
<td>(246,832)</td>
<td>(271,446)</td>
<td>(405,803)</td>
<td>(187,289)</td>
<td>1,203,948</td>
</tr>
<tr>
<td>NCA&amp;T</td>
<td>(708,451)</td>
<td>(519,397)</td>
<td>–</td>
<td>(2,759,010)</td>
<td>73,364</td>
</tr>
<tr>
<td>NCCU</td>
<td>(487,917)</td>
<td>(459,917)</td>
<td>–</td>
<td>(557,982)</td>
<td>2,400,913</td>
</tr>
<tr>
<td>NCSU</td>
<td>(3,022,002) *</td>
<td>(2,390,785)</td>
<td>(477,774)</td>
<td>(1,737,096)</td>
<td>5,196,018</td>
</tr>
<tr>
<td>UNCA</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(368,922)</td>
<td>519,174</td>
</tr>
<tr>
<td>UNC-CH</td>
<td>(2,962,001) *</td>
<td>(2,587,992)</td>
<td>(153,415)</td>
<td>(10,571,045)</td>
<td>1,474,657</td>
</tr>
<tr>
<td>UNCC</td>
<td>(675,278)</td>
<td>(1,113,922)</td>
<td>–</td>
<td>(1,055,779)</td>
<td>4,945,296</td>
</tr>
<tr>
<td>UNCG</td>
<td>(733,609)</td>
<td>(806,762)</td>
<td>(1,892,960)</td>
<td>(731,442)</td>
<td>(1,938,545)</td>
</tr>
<tr>
<td>UNCP</td>
<td>(315,204)</td>
<td>(297,115)</td>
<td>–</td>
<td>(132,099)</td>
<td>1,890,819</td>
</tr>
<tr>
<td>UNCW</td>
<td>(528,084)</td>
<td>(580,742)</td>
<td>–</td>
<td>(3,296,888)</td>
<td>5,974,618</td>
</tr>
<tr>
<td>UNCSA</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,040,854)</td>
<td>(17,476)</td>
</tr>
<tr>
<td>WCU</td>
<td>(427,140)</td>
<td>(469,733)</td>
<td>–</td>
<td>(377,938)</td>
<td>3,200,203</td>
</tr>
<tr>
<td>WSSU</td>
<td>(218,664)</td>
<td>(360,703)</td>
<td>(571,165)</td>
<td>(243,210)</td>
<td>101,775</td>
</tr>
<tr>
<td>NCSSM</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>116,772</td>
</tr>
<tr>
<td>Arboretum</td>
<td>(16,449)</td>
<td>(4,727)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>UNC-GA, Operating</td>
<td>(169,985)</td>
<td>(62,811)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>UNC-GA, Inst. Prog.</td>
<td>7,805,302</td>
<td>12,200,000</td>
<td>–</td>
<td>27,243,157</td>
<td>(26,713,624)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(4,429,444)</strong></td>
<td>–</td>
<td><strong>(5,326,425)</strong></td>
<td>–</td>
<td>(1,773,018)</td>
</tr>
</tbody>
</table>

* ECU, NCSU, and UNC-CH may allocate the management flex cut across the Health, Agricultural, and AHEC budget codes within the parameters outlined in S.L. 2013-360 for the 2013-15 biennium.
Reductions & Other Adjustments to the University’s Budget by the 2014 Session

Management Flexibility Reduction
The 2013 General Assembly directed additional management flexibility reductions of $7,805,302 to take effect in 2014-15. The 2014 General Assembly also mandated management flexibility reductions of $2,429,444 for a total of $10,234,746 to be implemented in 2014-15. Section 11.14 required that $2 million from existing appropriations be allocated to support the Union Square project. This sum was added to the management flexibility reduction to secure these funds increasing the total to $12,234,746.

Section 11.3 of Senate Bill 744 (S.L. 2014-100) limited reductions to certain campuses (UNCSA, NCSSM, and UNCA). The 2013 General Assembly outlined other parameters for allocating the reductions for the 2013-15 biennium. Elizabeth City State University was exempted from this reduction in recognition of its unique financial situation. As a result, the level of state appropriations reductions varied across the system.

Five Board of Governors-adopted efficiency and effectiveness metrics and three additional factors were considered in the reduction methodology for the remaining institutions, so that institutions performing well or exceeding peer averages received a lower reduction.

Efficiency and Effectiveness Metrics
- Freshman to Sophomore Retention – Campus performance greater than public peer average
- Graduation Rate – Six-year graduation rate greater than public peer average
- Degree Efficiency – Bachelor’s degrees produced per 100 FTE undergraduates greater than public peer average
- UNC Compliance Index – UNC Compliance score higher than UNC System average
- E&R Spending per Degree – Education and related spending per degree less than comparable public peer average

Other Factors
- No Tuition – Entities without the ability to charge tuition
- Diseconomies of Scale – Headcount enrollment less than 6,500 students
- Pell Grant Recipients – Greater than 1/3 of North Carolina resident undergraduate students receiving a Pell Grant

The following special provision relates to campus-specific exemptions from reductions:

UNC BUDGET REDUCTIONS
SECTION 11.3. Notwithstanding any other provisions of this act, no reduction in State funds except reductions based on enrollment growth model changes or tuition increases, shall be allocated to any of the following:

1) Any special responsibility constituent institution which has been granted a basic type designation of "Special Focus Institution" under the Carnegie Classification of Institutions of Higher Education.

2) Any special responsibility constituent institution which has been granted a basic type designation of "Baccalaureate Colleges–Arts & Sciences" under the Carnegie Classification of Institutions of Higher Education.

3) Any constituent high school of The University of North Carolina.
A special provision in the 2014 Appropriations Act directed the Board to use $2 million of existing funds in 2014-15 to support Union Square Campus, Inc., a non-profit entity formed to create a public private partnership in downtown Greensboro to build a $37 million, 100,000 square-foot facility to focus on health care education. The space would house expansion of the UNC Greensboro, NC A&T State University, Guilford Technical Community College nursing programs and training facilities for Cone Health. The building would include office and lab space and health care education space. No new funds were provided; therefore, $2 million was added to the management flexibility reductions as shown on page 2. It is recommended that the President be authorized to make further allocations. The related special provision is shown below:

HEALTH CARE EDUCATION/PUBLIC PRIVATE PARTNERSHIP
SEC. 11.14. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the Board of Governors shall use two million dollars ($2,000,000) in the 2014-2015 fiscal year to support Union Square Campus, Inc., a nonprofit entity, that will build a facility to house nursing programs for North Carolina A&T State University, the University of North Carolina at Greensboro, and Guilford Technical Community College, as well as the training facilities for Cone Health Cardiovascular Physician Management Company, Inc.

Strategic Plan Savings Recommendations
The Board of Governors outlined strategic plan savings in the 2013-15 Budget Priorities for administrative and operational efficiencies and instructional efficiencies. Per Section 11.3 of the 2014 Appropriations Act, UNCA, UNCSA, and NCSSM were excluded from the following strategic plan savings reductions. Additionally, ECSU was exempted due to its unique financial situation.

Administrative and Operational Efficiencies
In anticipation of savings from the implementation of administrative and operational efficiencies, including shared services for residency determination, internal audit, financial aid review, energy efficiency measures, strategic purchasing and other improved business practices, the 2013 General Assembly reduced funding by $10 million in 2013-14 with an additional $5 million to take effect in 2014-15, for a total of $15 million.

Instructional Efficiencies
The 2013 General Assembly reduced funding in anticipation of savings from the implementation of system-wide academic programming measures, including section size guidelines and improved transferability of credits between UNC campuses. Reductions of $15.8 million were allocated in 2013-14 and an additional $5.3 million were directed to take effect in 2014-15, for a total of $21.1 million for the biennium.

Program Consolidation
The 2013 General Assembly also reduced funding in anticipation of savings from the consolidation of small or duplicate programs with the UNC System. The $1.9 million recurring reduction will take effect in 2014-15.

The 2014-15 allocation for the above three reductions (total of $12.2 million) are combined (Strategic Directions Reductions) and allocated by campus as shown on the table on page 2.
The 2014 Appropriations Act also contained a special provision (shown below) that asked the Board to consider reducing state funds for centers and institutions, speaker series, and other nonacademic activities by up to $15 million. This is in addition to the $15 million allowed by Section 11.13 of the 2013 Appropriations Act, as amended by the 2014 General Assembly. Any savings realized from the reductions could be used to match private gifts for the Distinguished Professors Endowment Trust Fund (DPETF) or implement provisions of UNC’s Strategic Plan. UNC-GA is currently performing a comprehensive review of centers and institutes on each campus. Any recommendations on reductions to centers and institutes and reallocation to DPETF or strategic initiatives would require a vote by the Board and will be made at a later time.

**STRATEGIC PLAN AND DISTINGUISHED PROFESSOR ENDOWMENT FUND**

**SECTION 11.1.(a)** Notwithstanding the provisions of G.S. 116-11 and G.S. 116-30.2, the Board of Governors and the campuses of the constituent institutions shall consider reducing State funds for centers and institutes, speaker series, and other nonacademic activities by up to fifteen million dollars ($15,000,000); if reductions are taken, then the Board of Governors may use those reductions to do either or both of the following:

1. Provide a State match of up to ten million dollars ($10,000,000) for gifts from private sources for the Distinguished Professors Endowment Trust Fund.
2. Expend up to five million dollars ($5,000,000) to implement provisions of the University of North Carolina Strategic Plan as set out in the report "Our Time, Our Future: The University of North Carolina Compact with North Carolina." These funds are in addition to the fifteen million dollars ($15,000,000) that may be expended pursuant to subsection (b) of Section 11.13 of S.L. 2013-360.

**SECTION 11.1.(b)** Notwithstanding the provisions of G.S. 116-41.13 through G.S. 116-41.19, for the 2014-2015 fiscal year, no State match shall be required to use donations and gifts that were or are intended by the donor as matching funds for a State appropriation for distinguished professorships. If the terms of a particular donation or gift require a State match, then this subsection shall not apply without the written consent of the donor.

**Enrollment Model Change**

The 2014 General Assembly mandated that UNC’s Enrollment Change Funding Model be revised for general institutional support. The current model contains an adjustment factor to limit budget cuts to institutional support when enrollment declines. UNC-General Administration was directed to remove this factor from the model and to reduce campus budgets accordingly. A recurring reduction of $5,326,425 is allocated as shown on page 2.

**Enrollment Funding Technical Adjustment**

The 2013 General Assembly included $26.7 million in appropriations for enrollment growth for 2014-15. The 2014 Joint Conference Committee report included a technical adjustment reduction of $1,773,018 since only $24,940,606 million was required based on refined enrollment estimates. These funds are allocated as shown on page 2. Campus-specific enrollment information can be found on the following page.

In previous years, the enrollment appropriations were allocated directly to the campuses through the continuation budget. For the 2013-15 biennium, the General Assembly made the appropriation for enrollment changes to UNC-GA, Institutional Programs (BOG Reserve); therefore, Board action is required for these allocations. It is recommended that the funds for enrollment changes be allocated as shown on the following page.
<table>
<thead>
<tr>
<th>Institution</th>
<th>Total Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State University</td>
<td>$ 495,888</td>
</tr>
<tr>
<td>East Carolina University</td>
<td>325,056</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>(1,021,874)</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>1,203,948</td>
</tr>
<tr>
<td>North Carolina A&amp;T State University</td>
<td>73,364</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>2,400,913</td>
</tr>
<tr>
<td><strong>North Carolina State University</strong></td>
<td><strong>5,196,018</strong></td>
</tr>
<tr>
<td>University of North Carolina at Asheville</td>
<td>519,174</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td>1,474,657</td>
</tr>
<tr>
<td>University of North Carolina at Charlotte</td>
<td>4,945,296</td>
</tr>
<tr>
<td>University of North Carolina at Greensboro</td>
<td>(1,938,545)</td>
</tr>
<tr>
<td>University of North Carolina at Pembroke</td>
<td>1,890,819</td>
</tr>
<tr>
<td>University of North Carolina at Wilmington</td>
<td>5,974,618</td>
</tr>
<tr>
<td>University of North Carolina School of the Arts</td>
<td>(17,476)</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>3,200,203</td>
</tr>
<tr>
<td>Winston-Salem State University</td>
<td>101,775</td>
</tr>
<tr>
<td>North Carolina School of Science &amp; Mathematics</td>
<td>116,772</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>24,940,606</strong></td>
</tr>
</tbody>
</table>

The state-funded budgeted enrollments for the constituent institutions of the University for 2014-15 are established as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Budgeted Student Credit Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State University</td>
<td>486,340</td>
</tr>
<tr>
<td>East Carolina University</td>
<td>679,684</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>60,564</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>146,890</td>
</tr>
<tr>
<td>North Carolina A&amp;T State University</td>
<td>279,896</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>198,650</td>
</tr>
<tr>
<td><strong>North Carolina State University</strong></td>
<td><strong>800,399</strong></td>
</tr>
<tr>
<td>University of North Carolina at Asheville</td>
<td>99,275</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td>630,185</td>
</tr>
<tr>
<td>University of North Carolina at Charlotte</td>
<td>639,122</td>
</tr>
<tr>
<td>University of North Carolina at Greensboro</td>
<td>446,036</td>
</tr>
<tr>
<td>University of North Carolina at Pembroke</td>
<td>159,018</td>
</tr>
<tr>
<td>University of North Carolina at Wilmington</td>
<td>365,378</td>
</tr>
<tr>
<td>University of North Carolina School of the Arts</td>
<td>–</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>254,439</td>
</tr>
<tr>
<td>Winston-Salem State University</td>
<td>147,925</td>
</tr>
<tr>
<td>North Carolina School of Science &amp; Mathematics</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,393,801</strong></td>
</tr>
</tbody>
</table>
The enrollment change request and allocations were based on the University’s student-credit-hour funding model except for the following components that remain on the FTE funding model. For these programs, the budgeted enrollments are as follows:

<table>
<thead>
<tr>
<th>FTE Funding Model</th>
<th>Budgeted Full-Time Equivalent Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Carolina University Medical School</td>
<td>322</td>
</tr>
<tr>
<td>North Carolina Central University Law School</td>
<td>601</td>
</tr>
<tr>
<td>North Carolina School of Science &amp; Mathematics</td>
<td>704</td>
</tr>
<tr>
<td>North Carolina State University Veterinary Medicine</td>
<td>417</td>
</tr>
<tr>
<td>UNC-Chapel Hill Law, Medicine, Dentistry &amp; Pharmacy</td>
<td>4,245</td>
</tr>
<tr>
<td>University of North Carolina School of the Arts</td>
<td>1,175</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7,464</strong></td>
</tr>
</tbody>
</table>

1 This amount reflects enrollment in the ECU Medical School only. In addition, the General Assembly has fully funded the Board’s request for the ECU School of Dentistry. The program will include 50 students per cohort, which began in 2011-12 and is expected to be fully operational by 2014-15 with a total of 200 students.

**Tuition Increases for Nonresident Undergraduate Students (effective in 2014-15).**

The 2013 General Assembly included nonresident undergraduate tuition increases in their original budget for 2014-15. The rate increases were 12.3% for four campuses and 6% for 10 campuses with two campuses excluded. At the same time, the General Assembly included an appropriation reduction of $27.2 million, which was equal to the revenue estimated to be generated by the tuition increases. The Board approved alternative nonresident undergraduate rates for the campuses in February that would have replaced the General Assembly’s rates if the original legislation had been repealed during the 2014 legislative session. In June, the Board approved tuition amounts that would replace the General Assembly’s rates if flexibility was granted in setting the rates, but no change was made to the reduction amount.

The 2014 General Assembly did not repeal the original legislation, but through a special provision, allowed the University the flexibility to set nonresident undergraduate tuition rates for 2014-15 at any level deemed appropriate by the Board; however, the system-wide total in new tuition receipts must be at least $27,243,157. The associated reduction in appropriation is shown on page 2.

**UNC SET NONRESIDENT TUITION RATES**

**SECTION 11.18.** Notwithstanding the provisions of S.L. 2013-360, the Board of Governors of The University of North Carolina may set nonresident undergraduate tuition rates for the 2014-2015 fiscal year at any level deemed appropriate by the Board of Governors; however, the systemwide total in new tuition receipts due to these changes must be at least twenty-seven million two hundred forty-three thousand one hundred fifty-seven dollars ($27,243,157) for the 2014-2015 fiscal year.

The rates shown on the following page were approved by the Board at its June 21, 2014 meeting in anticipation of the General Assembly granting flexibility in setting rates. These rate increases
are 11.7% for four campuses, 6% for 10 campuses, and 4% for two campuses, and will generate $27.2 million in tuition revenue.

<table>
<thead>
<tr>
<th>Institution</th>
<th>2013-14 Nonresident Undergraduate Tuition Rate</th>
<th>2014-15 Nonresident Undergraduate Tuition Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASU</td>
<td>$15,980.00</td>
<td>$16,939.00</td>
</tr>
<tr>
<td>ECU</td>
<td>18,072.00</td>
<td>19,156.00</td>
</tr>
<tr>
<td>ECSU</td>
<td>13,632.91</td>
<td>14,450.91</td>
</tr>
<tr>
<td>FSU</td>
<td>13,539.00</td>
<td>14,351.00</td>
</tr>
<tr>
<td>NCA&amp;T</td>
<td>14,351.00</td>
<td>16,030.00</td>
</tr>
<tr>
<td>NCCU</td>
<td>14,028.00</td>
<td>14,870.00</td>
</tr>
<tr>
<td>NCSU</td>
<td>19,493.00</td>
<td>21,293.00</td>
</tr>
<tr>
<td>UNCA</td>
<td>17,488.00</td>
<td>18,537.00</td>
</tr>
<tr>
<td>UNC-CH</td>
<td>28,205.00</td>
<td>31,505.00</td>
</tr>
<tr>
<td>UNCC</td>
<td>16,051.00</td>
<td>16,693.00</td>
</tr>
<tr>
<td>UNCG</td>
<td>17,730.00</td>
<td>18,794.00</td>
</tr>
<tr>
<td>UNCP</td>
<td>12,418.00</td>
<td>13,163.00</td>
</tr>
<tr>
<td>UNCW</td>
<td>16,162.71</td>
<td>18,053.71</td>
</tr>
<tr>
<td>UNCSA</td>
<td>19,015.00</td>
<td>21,240.00</td>
</tr>
<tr>
<td>WCU</td>
<td>13,266.00</td>
<td>14,062.00</td>
</tr>
<tr>
<td>WSSU</td>
<td>11,957.00</td>
<td>12,674.00</td>
</tr>
</tbody>
</table>

* NCSU was excluded from the 2013 legislation (no rate increases were mandated for the undergraduate nonresidents). In February, the Board approved a $1,800 increase for these students. Of that increase, $780 (equivalent to 4%) would be used to meet the reduction and $1,020 would be used as previously authorized.

A tuition-related special provision was also included in the Appropriations Act that mandated the Joint Legislative Education Oversight Committee to study the increasing cost of attendance for resident and nonresident students attending the University of North Carolina.

**STUDY UNIVERSITY TUITION**

**SECTION 11.15.(a)** The Joint Legislative Education Oversight Committee shall study the increasing cost of attendance for resident and nonresident students attending the University of North Carolina. In doing so, the Committee shall consider, at a minimum, all of the following:

1. The tuition and mandatory fees at the constituent institutions of the University of North Carolina.
2. How changes in tuition and fees in recent years have compared to overall economic inflation.
3. The funding available to offset increases in the cost of attendance, which could include non-General Fund revenues and the availability of State- and non-State-funded financial aid.
4. The tuition cost controls or limits that may have been implemented in other states.
5. The desirability of encouraging students seeking an undergraduate degree to enroll first in a community college for college credit and then enroll in a constituent institution to complete the requirements for the undergraduate degree.

**SECTION 11.15.(b)** The Joint Legislative Education Oversight Committee shall report the results of the study required by subsection (a) of this section to the General Assembly prior to the convening of the 2015 General Assembly.

It is recommended that the reductions/adjustments described on the previous pages be allocated as listed on the table on page 2.
Allocations of BOG’s Budget Priorities Funded by the 2014 General Assembly

The 2014-15 Budget Priorities of the Board of Governors and the associated expansion funding made available by the 2014 General Assembly are shown in the following table.

<table>
<thead>
<tr>
<th>2014-15</th>
<th>BOG Budget Priorities</th>
<th>Recommended Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technical Adjustment - Reinvest Enrollment Funding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment Funding Adjustment</td>
<td>($2,000,000)</td>
<td>($1,773,018)</td>
</tr>
<tr>
<td>Support UNC Early &amp; Middle College High School Programs</td>
<td>2,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Key Strategic Plan Investments</strong></td>
<td>30,000,000</td>
<td>R</td>
</tr>
<tr>
<td>Increase Degree Attainment</td>
<td>8,000,000</td>
<td>NR</td>
</tr>
<tr>
<td>a. Charge Military and Veterans Resident Tuition Rate</td>
<td>8,000,000</td>
<td>NR</td>
</tr>
<tr>
<td>b. Support Year-Round Instruction</td>
<td>5,000,000</td>
<td>R</td>
</tr>
<tr>
<td>c. Performance Fund</td>
<td>5,000,000</td>
<td>R</td>
</tr>
<tr>
<td>d. Early Warning System</td>
<td>800,000</td>
<td>R</td>
</tr>
<tr>
<td>Strengthen Academic Quality</td>
<td>2,500,000</td>
<td>R</td>
</tr>
<tr>
<td>a. Career Counseling and Academic Advising Support</td>
<td>3,000,000</td>
<td>R</td>
</tr>
<tr>
<td>b. E-Learning Strategies</td>
<td>1,000,000</td>
<td>R</td>
</tr>
<tr>
<td>Economic Development and Knowledge Creation</td>
<td>3,400,000</td>
<td>R</td>
</tr>
<tr>
<td>a. Game Changing Research - Consortia of Excellence</td>
<td>3,000,000</td>
<td>R</td>
</tr>
<tr>
<td>b. Convert More Discovery into Innovation</td>
<td>5,000,000</td>
<td>R</td>
</tr>
<tr>
<td>c. Faculty Recruitment and Retention Fund</td>
<td>500,000</td>
<td>R</td>
</tr>
<tr>
<td>d. Prepare Job-Ready Students through Experiential Internships</td>
<td>500,000</td>
<td>R</td>
</tr>
<tr>
<td>Community Health Care Needs</td>
<td>500,000</td>
<td>R</td>
</tr>
<tr>
<td>a. Rural Health Collaborative</td>
<td>300,000</td>
<td>R</td>
</tr>
<tr>
<td>Retain Talented Workforce</td>
<td>5,000,000</td>
<td>R</td>
</tr>
<tr>
<td>1. Optional Retirement Plan Contribution</td>
<td>8,000,000</td>
<td>NR</td>
</tr>
<tr>
<td>2. Distinguished Professors</td>
<td>5,000,000</td>
<td>R</td>
</tr>
<tr>
<td>Restore Reductions &amp; Repeal Nonresident Tuition Increase</td>
<td>35,048,459</td>
<td>R</td>
</tr>
<tr>
<td>1. Eliminate Additional Management Flexibility Reduction</td>
<td>7,805,302</td>
<td>R</td>
</tr>
<tr>
<td>2. Repeal Nonresident Tuition Increase</td>
<td>27,243,157</td>
<td>R</td>
</tr>
<tr>
<td>3. Carry-Forward Reform (request increase from 2.5% to 10%)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other Critical Campus Needs</td>
<td>7,600,000</td>
<td>R</td>
</tr>
<tr>
<td>1. ECU Medical School Emergency Appropriation</td>
<td>3,000,000</td>
<td>R</td>
</tr>
<tr>
<td>2. Campus Security</td>
<td>3,100,000</td>
<td>R</td>
</tr>
<tr>
<td>3. CFNC Support</td>
<td>1,000,000</td>
<td>R</td>
</tr>
<tr>
<td>4. Strengthen Audit Functions</td>
<td>500,000</td>
<td>R</td>
</tr>
<tr>
<td>TOTAL RECOMMENDED CAMPUS CHANGES</td>
<td>$93,648,459</td>
<td>$8,863,276</td>
</tr>
</tbody>
</table>

Other Critical UNC System Needs

1. UNC Medical School Appropriation Restoration 15,000,000 R

R = recurring funds / NR = nonrecurring funds
Expansion Budget

Charge Military and Veterans Resident Tuition Rate
In response to the Board’s request of $8,000,000 in nonrecurring funds to charge military and veterans the resident tuition rate, the General Assembly appropriated $4,863,276 in recurring funds that would be used to leverage federal matching funds via the Yellow Ribbon Program. These funds would be used for financial aid for eligible military veterans and dependents attending UNC.

The Yellow Ribbon Program provides a direct match of school funds to offset the cost of the gap for veterans between nonresident tuition rates and the Post 9/11 G.I Bill, which pays only up to the resident tuition rate. Funds provided in 2014-15 are intended for use in academic year 2015-16 but may be awarded and disbursed in spring 2015. These funds were appropriated directly to UNC-GA, Institutional Programs (BOG Reserve). It is recommended that the President be authorized to make further allocations.

TUITION ASSISTANCE TO VETERANS WHO PARTICIPATE IN THE YELLOW RIBBON PROGRAM AND THEIR SPOUSES AND DEPENDENT RELATIVES
SECTION 11.12.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.8. Tuition assistance for certain veterans and their dependents.
(a) The following definitions apply in this section:
(1) Institution of higher education. – Has the same meaning as in G.S. 116-143.1(a)(1).
(b) Either the Board of Governors of The University of North Carolina or one or more constituent institutions shall annually enter into an agreement with the United States Secretary of Veterans Affairs to participate in the Yellow Ribbon Program. The State Board of Community Colleges or one or more community colleges shall annually enter into an agreement with the United States Secretary of Veterans Affairs to participate in the Yellow Ribbon Program. The agreements shall include all of the following terms:
(1) A grant of ninety percent (90%) of the cost of tuition and mandatory fees not otherwise covered shall be provided for every eligible veteran or eligible spouse or dependent relative of a veteran who is enrolled or will be enrolled as an undergraduate student at a constituent institution or as a student at a community college.
(2) To be eligible for grants under the Yellow Ribbon Program, a student must meet all program requirements established by the federal government. In addition, to be eligible for a Yellow Ribbon grant in which the school share of the grant is paid with State appropriation, a student must be enrolled as an undergraduate student at a constituent institution or as a student at a North Carolina community college.
(c) This section is not intended to prohibit constituent institutions from using private funds to provide Yellow Ribbon grants for students enrolled in master’s or doctoral level programs.
(d) The General Assembly encourages private institutions of higher education in North Carolina to participate in the Yellow Ribbon Program."

SECTION 11.12.(b) It is the intent of the General Assembly to establish two reserve funds for the purpose of forward funding tuition assistance to students who participate in the Yellow Ribbon Program. Therefore, the General Assembly establishes the two following reserve funds:
(1) There is established the UNC Yellow Ribbon Reserve to be managed by the Board of Governors of The University of North Carolina. Of the funds appropriated by this act to the Board of Governors, the sum of four million eight hundred sixty-three thousand two hundred seventy-six dollars ($4,863,276) shall be allocated to the UNC Yellow Ribbon Reserve and shall be held in reserve for the 2014-2015 fiscal year. Beginning with the 2015-2016 fiscal
year, the funds in the UNC Yellow Ribbon Reserve shall be used to fund undergraduate tuition assistance to participants in the Yellow Ribbon Program for the 2015-2016 academic year and each subsequent academic year.

(2) There is established the Community College Yellow Ribbon Reserve to be managed by the State Board of Community Colleges. Of the funds appropriated by this act to the Community Colleges System Office, the sum of one million dollars ($1,000,000) shall be allocated to the Community College Yellow Ribbon Reserve and shall be held in reserve for the 2014-2015 fiscal year. Beginning with the 2015-2016 fiscal year, the funds in the Community College Yellow Ribbon Reserve shall be used to fund tuition assistance to participants in the Yellow Ribbon Program for the 2015-2016 academic year and each subsequent academic year.

SECTION 11.12.(c) The Board of Governors and the State Board of Community Colleges shall each report to the Joint Legislative Education Oversight Committee by January 1, 2015, regarding their planned participation in the Yellow Ribbon Program for the 2015-2016 academic year. Each report shall include the following information:

(1) The number and identity of constituent institutions or community colleges that will participate in the Yellow Ribbon Program.

(2) The methodology used by each governing board to select the institutions of higher education that will participate in the Yellow Ribbon Program.

(3) For each institution that will participate, the maximum number of students and the maximum award amount per student.

(4) A list of the institutions of higher education that will not participate in the Yellow Ribbon Program and the reason each institution is not participating.

SECTION 11.12.(d) Subsection (a) of this section applies to the 2015-2016 academic year and each subsequent academic year.

Game-Changing Research – Consortia of Excellence
In response to the Board’s request of $3,400,000 for Game-Changing Research – Consortia of Excellence, the General Assembly appropriated $3,000,000 in recurring funds. In accordance with the Joint Conference Committee Budget, the funds will be focused investments in faculty, research, and scholarship in six priority areas: advanced manufacturing; data sciences; defense, military and security; energy; marine and coastal sciences; and pharmacoengineering. The investment in data sciences shall include data sciences programs at UNC Charlotte. These funds were appropriated to UNC-GA, Institutional Programs (BOG Reserve). It is recommended that the President be authorized to make further allocations.

College Foundation of North Carolina (CFNC) Support
The General Assembly fully funded the Board’s request for $1,000,000 in recurring funds for the CFNC support. These funds mitigate the structural budget gap at CFNC, which formerly was supported largely by receipts from the federal guaranteed student loan program at the College Foundation, Inc. and the State Education Assistance Authority. The 2010 federalization of the student loan program ended any new loan originations through the guaranteed loan program, so those receipts are no longer sufficient to sustain CFNC. These funds were appropriated to UNC-GA, Institutional Programs (BOG Reserve) and will be transferred to State Educational Assistance Authority.

REPORT ON COLLEGE FOUNDATION OF NORTH CAROLINA SUSTAINABILITY
SECTION 11.11. No later than December 1, 2014, the State Education Assistance Authority shall report to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly on its progress toward funding operations of the College Foundation of North Carolina entirely from non-General Fund sources. This report shall include all of the following:

(1) The status of fundraising efforts to date.

(2) A detailed plan and time line for generating additional revenues.
(3) Estimated expenditures and revenues by type for the next four fiscal years.
(4) Potential reduction measures and alternative funding options should General Fund appropriations not be provided in the next biennium.

**Continuation Budget**
The following items were appropriated directly to the continuation budgets of each institution and therefore do not require Board action.

**Building Reserve Adjustments**
The 2013 General Assembly appropriated funds for the biennium for operating new or renovated University facilities. Recurring adjustments for 2014-15 due to a change in completion dates of new or renovated buildings are shown below.

<table>
<thead>
<tr>
<th>Institution/Building</th>
<th>2014-15 Recurring</th>
<th>2014-15 Nonrecurring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>East Carolina University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSLC Spruce Pine</td>
<td>($16,923)</td>
<td>$0</td>
</tr>
<tr>
<td>CSLC Lumberton</td>
<td>(16,923)</td>
<td>0</td>
</tr>
<tr>
<td>CSLC Brunswick</td>
<td>(169,222)</td>
<td>0</td>
</tr>
<tr>
<td>CSLC TBD</td>
<td>(169,222)</td>
<td>(39,569)</td>
</tr>
<tr>
<td>CSLC TBD</td>
<td>(169,222)</td>
<td>(39,569)</td>
</tr>
<tr>
<td><strong>North Carolina State University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Upgrades –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sullivan Substation</td>
<td>(148,436)</td>
<td>0</td>
</tr>
<tr>
<td>Infrastructure Upgrades –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centennial Plant Capacity</td>
<td>(12,379)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Winston-Salem State University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Center for Design Innovation</td>
<td>(220,272)</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(922,599)</td>
<td>(79,138)</td>
</tr>
</tbody>
</table>

**Teacher Preparation Programs through Distance Education**
Recurring funding of $1,801,861 was eliminated for the Teacher Preparation Distance Education Reserve. Funding for distance education teacher preparation was originally provided by the 2001 Appropriations Act (S.L. 2001-424, Sec. 31.7). Since that time, these programs have also been added to the enrollment growth funding formula.
Special Appropriations and Adjustments
Several special appropriations and adjustments for 2014-15 were directed to program areas not included in the Board’s Budget Priorities. No action is required by the Board of Governors for these items.

NC Research Campus at Kannapolis
A special provision included in the Appropriations Act mandated that the Board of Governors use $29 million to support UNC-related activities at the NC Research Campus at Kannapolis. Currently, over $21.5 million has been appropriated for Kannapolis funding to selected campuses. Since no new funding was provided, the following institutions will be directed to identify and expend additional funds at Kannapolis in the amounts shown for 2014-15.

UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS
SECTION 11.2. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the Board of Governors shall use twenty-nine million dollars ($29,000,000) to support UNC-related activities at the North Carolina Research Campus at Kannapolis.

<table>
<thead>
<tr>
<th>Institution</th>
<th>2014-15 Additional Funds to Kannapolis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State University</td>
<td>$ 108,721</td>
</tr>
<tr>
<td>North Carolina A&amp;T State University</td>
<td>635,138</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>313,889</td>
</tr>
<tr>
<td>North Carolina State University</td>
<td>2,253,237</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td>3,006,253</td>
</tr>
<tr>
<td>University of North Carolina at Charlotte</td>
<td>739,616</td>
</tr>
<tr>
<td>University of North Carolina at Greensboro</td>
<td>335,659</td>
</tr>
<tr>
<td>UNC-General Administration</td>
<td>83,753</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7,476,266</strong></td>
</tr>
</tbody>
</table>

Need-Based Financial Aid Funding
The 2013 General Assembly appropriated $19,130,728 in Lottery Funds to the UNC Need-Based Grant Forward Funding Reserve. This would shift the entire need-based program to forward funding beginning in 2015-16. The 2014 General Assembly replaced these lottery funds with Escheat funds but made no change to overall dollars. There will be no change in scholarships to students for 2014-15.

UNC NEED-BASED FINANCIAL AID FORWARD FUNDING RESERVE/ESCHEAT FUNDS
SECTION 11.26 Section 11.2 of S.L. 2013-360 reads as rewritten:
"SECTION 11.2(a) It is the intent of the General Assembly to move the UNC Need-Based Financial Aid Program grant funding into a reserve in the North Carolina Student Loan Fund designated for that purpose so that funds appropriated for grants in a fiscal year are awarded to students for the following academic year. This change will provide additional program stability.

"SECTION 11.2(b) The UNC Need-Based Financial Aid Forward Funding Reserve (Reserve) is established as a reserve in the North Carolina Student Loan Fund. The funds in the UNC Need-Based Financial Aid Forward Funding Reserve shall be held in reserve for the 2013-2014 fiscal year and for the
2014-2015 fiscal year. Beginning with the 2015-2016 fiscal year, the funds in the Reserve shall be used to fund grants from the UNC Need-Based Financial Aid Program for the 2015-2016 program year and each subsequent program year.

"SECTION 11.2.(c) Section 6.11(e) of this act appropriates funds from the Education Lottery Fund in the amount of thirty-two million five hundred thirty thousand three hundred fifty-nine dollars ($32,530,359) for the 2013-2014 fiscal year and in the amount of nineteen million one hundred thirty thousand seven hundred twenty-eight dollars ($19,130,728) for the 2014-2015 fiscal year to the Reserve. The following funds shall also be transferred to the Reserve:

1) The sum of fifty-nine million eight hundred fifty-nine thousand five hundred sixty-two dollars ($59,859,562) shall be transferred from the North Carolina Student Loan Fund to the Reserve.

2) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2013-2015 fiscal biennium, the sum of three million four hundred seventy-five thousand five hundred thirty-eight dollars ($3,475,538) for the 2013-2014 fiscal year and the sum of three million four hundred fifty-four thousand six hundred fifty-six dollars ($3,454,656) for the 2014-2015 fiscal year shall be transferred to the Reserve.

3) Notwithstanding G.S. 115C-296.2, the sum of three million five hundred twenty-five thousand dollars ($3,525,000) shall be transferred from the fund balance of the National Board Certification Loan program to the Reserve.

4) The sum of five hundred thousand dollars ($500,000) shall be transferred from the John B. McLendon Scholarship Fund established in G.S. 116-209.40 to the Reserve.

"SECTION 11.2.(d) G.S. 116-209.40 is repealed.

"SECTION 11.2.(e) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of nineteen million one hundred thirty thousand seven hundred twenty-eight dollars ($19,130,728) for the 2014-2015 fiscal year for the Reserve."

EDUCATION LOTTERY FUNDS

SECTION 5.2.(a) Section 6.11(e) of S.L. 2013-360 reads as rewritten:

"SECTION 6.11.(e) The appropriations made from the Education Lottery Fund for the 2013-2015 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Teachers</td>
<td>$220,643,188</td>
<td>$220,643,188</td>
</tr>
<tr>
<td>Teacher Assistants</td>
<td>113,318,880</td>
<td></td>
</tr>
<tr>
<td>Prekindergarten Program</td>
<td>75,535,709</td>
<td>75,535,709</td>
</tr>
<tr>
<td>Public School Building Capital Fund</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Scholarships for Needy Students</td>
<td>30,450,000</td>
<td>30,450,000</td>
</tr>
<tr>
<td>UNC Need-Based Financial Aid</td>
<td>10,744,733</td>
<td>10,744,733</td>
</tr>
<tr>
<td>UNC Need-Based Financial Aid Forward Funding Reserve</td>
<td>32,530,359</td>
<td>19,130,728</td>
</tr>
<tr>
<td>Digital Learning</td>
<td>11,928,735</td>
<td>11,928,735</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS</strong></td>
<td><strong>481,832,724</strong></td>
<td><strong>$468,432,093</strong></td>
</tr>
</tbody>
</table>

NCSU Next Generation Power Electronics Innovation Institute

In accordance with the Joint Conference Committee Report, $2,000,000 in recurring funds was provided for matching funds for a federal initiative to establish a regional and national Wide Bandgap Institute at NC State University. This Institute will be part of the U.S. Department of Energy's National Network for Manufacturing Innovation for Wide Bandgap Semiconductors for Power Electronic Devices. The state match represents the first installment of a total $10
million state pledge and NCSU shall only use these funds to provide the required state match for the federal grant. The funds were appropriated to NCSU, Academic Affairs.

**NC State Next Generation Power Electronics Innovation Institute State Matching Funds/OSBM to Adjust UNC Base Budget When State Match Pledge Is Fulfilled**

SECTION 11.25 By making the two million dollar ($2,000,000) appropriation in this act to North Carolina State University for the Next Generation Power Electronics Innovation Institute a recurring appropriation, it is the intent of the General Assembly (i) to provide funding of two million dollars ($2,000,000) per year for five years in order to provide a total of ten million dollars ($10,000,000) in State funds that shall be used as a match for federal National Network for Manufacturing Innovation for Wide Bandgap Semiconductors funds and (ii) that thereafter no further funds shall be appropriated for this purpose. Accordingly, the Office of State Budget and Management shall remove this two million dollar ($2,000,000) annual appropriation from the UNC System base budget once this funding pledge has been fulfilled.

**Internships and Career-Based Opportunities for HBCU Students**

In accordance with the Joint Conference Committee Report, $317,500 in recurring funds was appropriated to create a pilot internship program to link 60 students attending Historically Black Colleges and Universities (HBCUs) with North Carolina-based companies. Elizabeth City State University plus three HBCUs selected through a competitive application process will participate in the pilot. Of the three institutions selected, one must be an HBCU constituent institution of the UNC System and two must be private HBCU colleges or universities located in North Carolina. UNC may use up to 5% of these funds to administer the program. These funds were appropriated to UNC-GA, Institutional Programs (BOG Reserve). It is recommended that the President be authorized to make further allocations.

**North Carolina New Teacher Support Program**

In accordance with the Joint Conference Committee Report, $1,200,000 in recurring funds are appropriated for a comprehensive induction program that targets beginning teachers in schools across the state that qualified for Race to the Top services. The program is administered through a central office and four regional anchor sites at East Carolina University, UNC Charlotte, UNC Greensboro, and the UNC Center for School Leadership Development. These funds were appropriated to UNC-GA, Institutional Programs (BOG Reserve). It is recommended that the President be authorized to make further allocations.

**National Guard Tuition Assistance Program**

In accordance with the Joint Conference Committee Report, the General Assembly appropriated $50,000 in recurring funds to increase tuition assistance for active members of the North Carolina Army or Air National Guard by 2.7%. The new state appropriation for the program will be $1,912,815. These funds were appropriated to UNC-GA, Related Educational Programs.

**Aid to Private Institutions**

The 2013 General Assembly appropriated $4,500,000 in nonrecurring funds for need-based scholarships for private institutions of higher education. The 2014 General Assembly shifted the $4,500,000 from nonrecurring to recurring funding. These funds were appropriated directly to Aid to Private Institutions.
In addition, recurring funds of $840,000 were provided to expand Opportunity Scholarship Grants for the Spring 2015 semester. The program provides scholarship grants of up to $2,100 per semester for eligible students to attend nonpublic schools. The additional funds would support 400 semester-long scholarships. Total funding for this program is $10.8 million. These funds are appropriated directly to Aid to Private Institutions.

2014 Session Transfers from Other State Agencies that Impact the University’s Budget

The following intra-agency transfers to NC State University do not require Board action.

NCSU Food Processing Initiative
In accordance with the Joint Conference Committee Report, $250,000 in nonrecurring funds was provided from the Agriculture and Consumer Services budget to NC State University to support the development of the food processing initiative in the College of Agriculture and Life Sciences. UNC may not collect Facilities and Administrative expenses from these funds.

NCSU Plant Science Initiative
In accordance with the Joint Conference Committee Report, $350,000 in nonrecurring funds was provided from the Agriculture and Consumer Services budget to NC State University to support the development of the plant science initiative in the College of Agriculture and Life Sciences. UNC may not collect Facilities and Administrative expenses from these funds.

PLANT SCIENCES RESEARCH AND INNOVATION INITIATIVE

SECTION 13.1(a) The funds appropriated by this act to the Department of Agriculture and Consumer Services for the Plant Sciences Research initiative shall be used by the Commissioner to develop jointly with the College of Agriculture and Life Sciences at North Carolina State University and other stakeholders a formal proposal and economic needs assessment for establishment of a public/private partnership between the University, other academic institutions, private companies in the agribusiness and bioscience sectors, the Department, and other State regulatory agencies for the following amounts and purposes: (i) the sum of three hundred fifty thousand dollars ($350,000) for a partnership to be known as the "Plant Sciences Research and Innovation Initiative" and (ii) the sum of two hundred fifty thousand dollars ($250,000) for a partnership to be known as the "Food Processing Initiative."

SECTION 13.1(b) The Department and North Carolina State University shall jointly submit a copy of the proposal and report on the results of the economic needs assessment to the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, the Agriculture and Forestry Awareness Study Commission, and the Fiscal Research Division by January 1, 2015.
**Significant UNC Budget-Related Special Provisions (not previously cited)**

**PILOT PROGRAM TO IMPROVE BUDGETING OF THE GENERAL FUND**

**SECTION 6.7.(a) Finding.** – The General Assembly finds that State budgeting is more transparent when the enacted budget for any given fiscal year appropriates all State funds intended for expenditure during that fiscal year, including funds encumbered in prior fiscal years, funds carried forward from prior fiscal years pursuant to statutory authority, and unearned revenue earned in a prior fiscal year.

**SECTION 6.7.(b) Review of Current Practices.** – The Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall examine all of the following:

1. How funds in the General Fund are currently accounted for, including practices relating to (i) the reversion of appropriated funds to the General Fund, (ii) the appropriation of funds to pay obligations incurred in prior fiscal years, (iii) the movement of funds into and out of special funds, and (iv) related matters.
2. How the practices examined pursuant to subdivision (1) of this section compare with those of other states.
3. Whether any statutory or administrative changes would improve the transparency and accounting accuracy of the General Fund.
4. Whether the practices examined pursuant to subdivision (1) of this section comply with applicable standards of the Governmental Accounting Standards Board.

**SECTION 6.7.(c) Pilot Program.** – The Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, may establish and operate a pilot program to test measures for improving the extent to which funds that are to be spent in a given fiscal year are properly budgeted in that fiscal year. The pilot program may be subject to the following:

1. The pilot program may include the following programs and funds:
   a. Some or all of the grant programs and special funds within the Department of Environment and Natural Resources.
   b. Some or all of the unexpended appropriations carried forward by The University of North Carolina pursuant to G.S. 116-30.3.
   c. Any other programs and funds that are deemed to be suitable for inclusion in the pilot program.
2. Funds and programs that are included in the pilot program may be subject to the following requirements:
   a. An alternative liquidation period for encumbered funds that do not revert at the end of the 2014-2015 fiscal year under G.S. 143C-1-2(b).
   b. A requirement (i) that The University of North Carolina prepare an estimate of the amount of funds it anticipates will be carried forward into the 2015-2016 fiscal year pursuant to G.S. 116-30.3 and (ii) that this estimate be submitted to the Office of State Budget and Management and to the Fiscal Research Division no later than March 1, 2015.

**SECTION 6.7.(d) Report.** – No later than October 1, 2015, the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall report the results of the review and pilot program required by this section to the chairs of the Senate Appropriations/Base Budget Committee, to the chairs of the House Appropriations Committee, and to the Director of the Budget. The report may include a recommendation to extend the pilot program for an additional fiscal year, if this is deemed desirable.

**SECTION 6.7.(e) Recommendations for an Alternative Pilot Program.** – If the Office of State Budget and Management and the Office of the State Controller, in consultation with the General Assembly's Fiscal Research Division, determine that the pilot program required by this section cannot be implemented, they shall report the reasons for reaching this conclusion, along with any other findings and recommendations for future action, to the chairs of the Senate Appropriations/Base Budget Committee, to the chairs of the House Appropriations Committee, and to the Director of the Budget no later than February 1, 2015. If a report is submitted pursuant to this subsection, then the pilot program required by subsection
(c) of this section shall not be implemented, but the review required by subsection (b) of this section shall nonetheless be performed.

**SECTION 6.7.(f) Expiration of Pilot Program.** – The pilot program required by this section shall expire upon the submission of the report required by subsection (d) of this section or the submission pursuant to subsection (e) of this section stating that the pilot program cannot be implemented.

**SECTION 6.7.(g) Effective Date.** – This section is effective when it becomes law and applies to funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years.

**UNC FACULTY TUITION WAIVER**

**SECTION 11.9.(a) G.S. 116-143(d) reads as rewritten:**

"(d) Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of The University of North Carolina may, in its discretion, provide regulations under which a full-time faculty member of the rank of full-time instructor or above, and any full-time staff member of The University of North Carolina may during the period of normal employment enroll for not more than two-three courses per year in The University of North Carolina free of charge for tuition, tuition and fees, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

**SECTION 11.9.(b)** This section applies to the 2014-2015 fall academic semester and each subsequent academic semester.

**ECSU STUDY**

**SECTION 11.24.(a) The General Assembly finds that Elizabeth City State University had its origins established during the 1891 legislative session and is a key educational and economic resource for northeastern North Carolina. The Joint Legislative Education Oversight Committee shall evaluate and study strategies to address any financial or enrollment concerns.**

**SECTION 11.24.(b) The Joint Legislative Education Oversight Committee shall examine, at a minimum, any plans of The University of North Carolina Board of Governors or of Elizabeth City State University to restore Elizabeth City State University to more financially sustainable conditions, including the strategies described in Elizabeth City State University’s March 2014, document titled, "Rightsizing ECSU: The Need for Financial Stability". Further, the General Assembly urges that, in conducting the study described in subsection (a) of this section, the JLEOC’s work include consultation with the Board of Trustees of Elizabeth City State University and any other appropriate parties.**

**SECTION 11.24.(c) The Joint Legislative Education Oversight Committee shall report the results of the study required by this section to the General Assembly prior to the convening of the 2015 General Assembly. The report shall include recommendations, if any, for actions by the General Assembly to address such financial and enrollment concerns.**
**Other Budget-Related Special Provisions**

In addition to the previously cited special provisions in the 2014 Appropriations Act (S.L. 2014-100), the following are noted for information.

<table>
<thead>
<tr>
<th>Section</th>
<th>Special Provisions in Senate Bill 744 (Appropriations Act)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.7</td>
<td>Community Colleges and UNC Study Bilateral Agreements Regarding Transfer Process</td>
</tr>
<tr>
<td>11.4</td>
<td>Report on Institutional Trust Funds</td>
</tr>
<tr>
<td>11.5</td>
<td>Report on Academic Summer Bridge</td>
</tr>
<tr>
<td>11.7</td>
<td><strong>Operation of 4-H Camps and Use of Various Sites of Defunct 4-H Camps and Transfer 4-H Camp Sertoma/Moore Springs to the State Parks System</strong></td>
</tr>
<tr>
<td>11.8</td>
<td>Study Financial Aid Payment Schedule to Incentivize Thirty Completed Hours per Year and Implement Revised Payment Schedule</td>
</tr>
<tr>
<td>11.10</td>
<td>State Education Assistance Authority to Assume Responsibility for Teaching Fellows Program Scholarship Loans</td>
</tr>
<tr>
<td>11.17</td>
<td>UNC Reversions</td>
</tr>
<tr>
<td>11.19</td>
<td>UNC Strategic Plan Funds</td>
</tr>
<tr>
<td>11.20</td>
<td>Report on Funding of State Medical Schools</td>
</tr>
<tr>
<td>11.21</td>
<td>Study on Establishment of New Optometry Schools</td>
</tr>
<tr>
<td>12H.13A</td>
<td>Cost Settle NC University Hospitals at Same Rate as Other Hospitals</td>
</tr>
<tr>
<td>12I.4</td>
<td>Reinstatement of Hospital Setoff Debt Collection Against Tax Refunds and Lottery Prizes</td>
</tr>
<tr>
<td>14.12</td>
<td>Study Commercial Shellfish Leasing</td>
</tr>
<tr>
<td>15.6</td>
<td>Common Follow-up/Costs Shared by State Agencies and Lead Develop Plan to Transfer Common Follow-up Data and Capabilities to GDAC</td>
</tr>
</tbody>
</table>
2014-15 Allocations – Capital Improvements

While the Board approves and then requests funding or authorization from the General Assembly for major capital improvement projects, funds for Repairs and Renovations projects are appropriated to the Board of Governors for allocation to the institutions. This appropriation is included in “The Current Operations and Capital Improvements Appropriations Act of 2014.”, Senate Bill 744 (S.L. 2014-100). By statute, the Board is directed to allocate such funds in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Repairs and Renovations and in accordance with any specifications in the Appropriations Act. These recommended allocations, as applicable, meet all the directives cited in the Appropriations Act of 2014.

It is recommended that the proposed Allocations for Capital Improvements for 2014-15 be approved. It is also recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

Capital Improvements Appropriations and Authorizations

The General Assembly appropriated $3,000,000 from the General Fund for the following project:

| ASU          | Health Sciences Building – Planning | $ 3,000,000 |

Allocations from the Reserve for Repairs and Renovations

For fiscal year 2014-15, the 2014 General Assembly appropriated $30,000,000 in special indebtedness to the Statewide Reserve for Repairs and Renovations, of which $12,000,000 (40%) was allocated to the Board of Governors, as shown on page 2.
Authorizations, Reductions, or Other Actions by the 2014 General Assembly for which No Board Action is required

Non-General Fund Capital Improvements Project Authorizations

In response to the Board’s request, the 2014 General Assembly authorized capital projects funded from non-general fund sources totaling $376,179,000 in House Bill 1182.

<table>
<thead>
<tr>
<th>Project Authorization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>East Carolina University</strong></td>
<td></td>
</tr>
<tr>
<td>New Student Union, Parking Structure &amp; Health Sciences</td>
<td></td>
</tr>
<tr>
<td>Campus Student Services Building</td>
<td>$156,300,000</td>
</tr>
<tr>
<td><strong>North Carolina State University</strong></td>
<td></td>
</tr>
<tr>
<td>Reynolds Coliseum Renovation</td>
<td>35,000,000</td>
</tr>
<tr>
<td><strong>The University of North Carolina at Asheville</strong></td>
<td></td>
</tr>
<tr>
<td>Completion of Karl Straus Track Building</td>
<td>550,000</td>
</tr>
<tr>
<td>Student Recreation Center Improvements</td>
<td>440,000</td>
</tr>
<tr>
<td><strong>The University of North Carolina at Chapel Hill</strong></td>
<td></td>
</tr>
<tr>
<td>Chilled Water Plant at Manning Drive</td>
<td>32,000,000</td>
</tr>
<tr>
<td><strong>The University of North Carolina at Charlotte</strong></td>
<td></td>
</tr>
<tr>
<td>Campus Infrastructure Development Phase II</td>
<td>46,000,000</td>
</tr>
<tr>
<td>Elm/Maple/Pine (Phase V) Renovation</td>
<td>18,550,000</td>
</tr>
<tr>
<td>Sanford Hall Renovation</td>
<td>19,000,000</td>
</tr>
<tr>
<td>Residence Hall, Phase XIV</td>
<td>45,829,000</td>
</tr>
<tr>
<td><strong>Western Carolina University</strong></td>
<td></td>
</tr>
<tr>
<td>Brown Building Renovation and Addition</td>
<td>22,510,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$376,179,000</td>
</tr>
</tbody>
</table>

In 1994, the Board of Governors adopted a formula for the allocation of repair and renovation appropriations to the campuses. The formula takes into account the institutional mission (number of degree programs and net assignable square footage of lab space), size (gross square footage, net assignable square footage, and campus population), and the condition of campus facilities (current replacement value and facilities deficiencies) in determining institutional allocations, with the principal responsibility for the selection of specific projects resting with the Chancellors. High priority projects that would not otherwise be funded through institutional allocations are deducted from the available funds prior to applying the formula to determine campus allocations. The Board’s formula has been updated and uses the most recent data available.

It is recommended that the following allocations be made from the Reserve for Repairs and Renovations. It is also recommended that Chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and present those projects to the President who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

It is recommended that allocations may be transferred as needed among projects within an institution upon request through existing approval processes. It is also recommended that the President be authorized to make further allocations from the reserve.

Allocations:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State University</td>
<td>$ 519,300</td>
</tr>
<tr>
<td>East Carolina University</td>
<td>1,084,100</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>316,800</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>316,800</td>
</tr>
<tr>
<td>North Carolina A&amp;T State University</td>
<td>452,700</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>337,500</td>
</tr>
<tr>
<td><strong>North Carolina State University</strong></td>
<td>2,115,200</td>
</tr>
<tr>
<td>The University of North Carolina at Asheville</td>
<td>316,800</td>
</tr>
<tr>
<td>The University of North Carolina at Chapel Hill</td>
<td>2,392,000</td>
</tr>
<tr>
<td>The University of North Carolina at Charlotte</td>
<td>775,800</td>
</tr>
<tr>
<td>The University of North Carolina at Greensboro</td>
<td>739,600</td>
</tr>
<tr>
<td>The University of North Carolina at Pembroke</td>
<td>316,800</td>
</tr>
<tr>
<td>The University of North Carolina at Wilmington</td>
<td>476,000</td>
</tr>
<tr>
<td>The University of North Carolina School of the Arts</td>
<td>316,800</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>410,100</td>
</tr>
<tr>
<td>Winston-Salem State University</td>
<td>316,800</td>
</tr>
<tr>
<td>North Carolina School of Science and Mathematics</td>
<td>316,800</td>
</tr>
<tr>
<td>Reserve for UNC Affiliates and Contingencies</td>
<td>480,100</td>
</tr>
</tbody>
</table>

**TOTAL ALLOCATIONS** $12,000,000
# The University of North Carolina - Capital Improvements

## General Assembly Funding - Ten Year History

### Institutional Appropriations

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>ASU</td>
<td>$3,132,800</td>
<td>$6,367,700</td>
<td>$3,296,700</td>
<td>$34,000,000</td>
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<td>-</td>
<td>$1,366,700</td>
<td>-</td>
<td>$1,453,900</td>
<td>$506,200</td>
<td>$4,982,626</td>
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<tr>
<td>ECU</td>
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<td>9,297,700</td>
<td>31,565,400</td>
<td>-</td>
<td>-</td>
<td>$1,366,700</td>
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<td>$506,200</td>
<td>$4,982,626</td>
<td>$3,519,300</td>
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<tr>
<td>ECSU</td>
<td>1,375,800</td>
<td>4,185,800</td>
<td>4,106,000</td>
<td>-</td>
<td>-</td>
<td>$1,366,700</td>
<td>-</td>
<td>$1,453,900</td>
<td>$506,200</td>
<td>$4,982,626</td>
<td>$3,519,300</td>
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<tr>
<td>FSU</td>
<td>2,075,800</td>
<td>3,295,800</td>
<td>1,806,000</td>
<td>20,399,216</td>
<td>-</td>
<td>-</td>
<td>$1,366,700</td>
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<td>$1,453,900</td>
<td>$506,200</td>
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<tr>
<td>NCA&amp;T</td>
<td>3,941,100</td>
<td>5,522,500</td>
<td>13,338,800</td>
<td>24,837,147</td>
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<td>-</td>
<td>$1,366,700</td>
<td>-</td>
<td>$1,453,900</td>
<td>$506,200</td>
<td>$4,982,626</td>
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<tr>
<td>NCCU</td>
<td>1,715,300</td>
<td>9,102,000</td>
<td>4,538,700</td>
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<td>-</td>
<td>$1,366,700</td>
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<td>$506,200</td>
<td>$4,982,626</td>
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<tr>
<td>NDSU</td>
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<td>78,862,900</td>
<td>30,564,500</td>
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<td>-</td>
<td>-</td>
<td>$1,366,700</td>
<td>-</td>
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<td>$4,982,626</td>
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<tr>
<td>UNCA</td>
<td>1,375,800</td>
<td>2,701,800</td>
<td>1,696,000</td>
<td>8,449,786</td>
<td>-</td>
<td>-</td>
<td>$1,366,700</td>
<td>-</td>
<td>$1,453,900</td>
<td>$506,200</td>
<td>$4,982,626</td>
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<td>UNC-Chapel Hill</td>
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<td>48,301,575</td>
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<td>264,599,309</td>
<td>6,296,600</td>
<td>6,585,200</td>
<td>2,284,200</td>
<td>5,913,200</td>
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<td>UNCG</td>
<td>15,114,000</td>
<td>50,177,500</td>
<td>22,419,000</td>
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<td>$4,982,626</td>
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<td>UNC</td>
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<tr>
<td>UNCW</td>
<td>4,297,400</td>
<td>20,753,400</td>
<td>1,959,700</td>
<td>32,959,699</td>
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<td>UNCSA</td>
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<td>23,039,860</td>
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<td>$1,366,700</td>
<td>-</td>
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<td>WCU</td>
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<td>5,451,800</td>
<td>4,360,400</td>
<td>37,987,800</td>
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<td>-</td>
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<tr>
<td>WSSU</td>
<td>2,125,800</td>
<td>3,054,025</td>
<td>4,918,000</td>
<td>18,707,000</td>
<td>-</td>
<td>-</td>
<td>$1,366,700</td>
<td>-</td>
<td>$1,453,900</td>
<td>$506,200</td>
<td>$4,982,626</td>
</tr>
<tr>
<td>NCSSM</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$1,366,700</td>
<td>-</td>
<td>$1,453,900</td>
<td>$506,200</td>
<td>$4,982,626</td>
</tr>
<tr>
<td>Subtotal</td>
<td>72,307,500</td>
<td>271,371,000</td>
<td>184,887,500</td>
<td>424,181,164</td>
<td>12,500,000</td>
<td>671,227,888</td>
<td>29,759,900</td>
<td>31,752,000</td>
<td>11,123,300</td>
<td>61,599,900</td>
<td>14,519,000</td>
</tr>
</tbody>
</table>

### Non-Institutional Appropriations

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>N.C. Arboretum</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td>UNC Health Care</td>
<td>3,000,000</td>
<td>-</td>
</tr>
<tr>
<td>UNC-TV, NCSEA, HRS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps, Equipment</td>
<td>3,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal</td>
<td>3,200,000</td>
<td>-</td>
</tr>
</tbody>
</table>

### Total Appropriations

- **Total Less: Repairs and Renovations:** 10,000,000
- **Total:** 15,000,000

### Notes:
1. This amount includes $45,482,400 from 2006 COPs.
2. The 2009 General Assembly reduced selected, previously approved 2007 and 2008 bond funded projects to reflect lower estimated levels of inflation.
3. The 2008 General Assembly appropriated $90,672,926 for capital projects and $32.1 million for repairs and renovations to the Board. All but $12.5 million were later reverted to the General Fund to help balance the 2008-09 State Budget.
4. The 2009 General Assembly funded repairs and renovations with a combination of federal stimulus funds ($12 million) and bonds to be repaid by the State ($50 million) of which 50% ($21 million) was allocated to the Board.
5. UNC-Chapel Hill's Biomedical Research Imaging Center was previously scheduled to be funded from the General Fund in 2009-10 and 2010-11. BRIC will now be funded from bonds at $22.3 million.
6. The 2010 General Assembly provided UNC with special indebtedness funding of $40 million for repairing and renovating facilities and infrastructure and $22 million for acquiring equipment for teaching and research in the fields of health, science, engineering and technology and completing related capital improvements. These authorizations were repealed by S.L. 2011-66.
7. The 2012 General Assembly provided UNC with special indebtedness funding of $25 million for system wide land acquisitions. This authorization was reduced to $10 million by S.L. 2011-66.
8. Prior to distribution, S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to $114,000,000 of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. On November 15, 2012, $33,074,722 was allocated to the University for 2011 Repairs and Renovations.
9. Due to other available funds, UNC-Chapel Hill has been reduced by 50%.
10. The 2014 General Assembly provided UNC with special indebtedness funding of $12 million for repairing and renovating facilities and infrastructure and ASU $3 million for planning the Health Sciences Building.
Other Actions by the 2014 General Assembly

In addition, the following capital improvements-related special provisions from the Appropriations Act of 2014 (S.L. 2014-100) are noted for information.

<table>
<thead>
<tr>
<th>Section</th>
<th>Special Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.5</td>
<td>Use of Certain Funds Carried Forward by UNC for Capital Projects</td>
</tr>
<tr>
<td>36.6</td>
<td>Repeal UNC Chancellor’s Authority to Approve Certain Maintenance Projects</td>
</tr>
<tr>
<td>36.7</td>
<td>Expand UNC Leasing Authority</td>
</tr>
<tr>
<td>36.8</td>
<td>Increase National Guard Flexibility with respect to Certain Capital Projects</td>
</tr>
<tr>
<td>36.12</td>
<td>Two-Thirds Bonds Act of 2014</td>
</tr>
<tr>
<td>36.16</td>
<td>Report on Appalachian State University Health Sciences Building</td>
</tr>
</tbody>
</table>

Additional Information

The table on the following page, General Assembly Funding – Ten Year History, a summary by institution of capital improvements appropriations from 2005 through 2014, is provided as supplementary information.
MARKET COMMENTARY

The second quarter of calendar 2014 produced strong investment performance overall for the major benchmark indices and asset classes. The Global Equities asset class was up 5.04% for the quarter and 22.95% for the one-year period. In a continuation of performance from the prior quarter. Domestic Equities achieved a 24.61% return compared with International Equities at 21.75%. Public Real Estate was the best performing among the various asset classes as low interest rates continued to drive up valuations in this sector. Emerging Markets also rebounded this past quarter with a strong 6.71% return. Within Fixed Income, High Yield assets continued to outperform Government/Credit for the quarter and the year, as the one-year return for High Yield was 11.73%. Overall, interest rates remained exceptionally low, and the economy continued to show signs of economic growth.

The NCSIF is invested with several managers in a wide variety of asset classes. Our largest investment manager, UNCMC, invests 88% of the assets of the total fund. UNCMC’s Fund, UNC Investment Fund (UNCIF) produced a 15.6% return for the 12 months ended June 30, 2014. The Fund employs additional private equity managers for another 5% of the portfolio, and the one-year return on that portion of the portfolio was 17.2%. The Fund’s Liquid Policy Portfolio (LPP), managed by Blackrock, was the remainder, or 7% of the portfolio, and returned 17.2% for the one year period. Like most large endowments, the overall fund is comprised of various diverse asset classes.

In summary, we believe the Fund’s return for the year was both competitive and favorable, and overall performance continues to meet our objectives.

PERFORMANCE

<table>
<thead>
<tr>
<th>June 30, 2014</th>
<th>$598 million</th>
<th>Participants: 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>QTD</td>
<td>CYTD</td>
</tr>
<tr>
<td>Fund</td>
<td>3.8%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Policy Index (1)</td>
<td>3.3%</td>
<td>6.1%</td>
</tr>
<tr>
<td>UNCIF</td>
<td>3.7%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Global Index (2)</td>
<td>4.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>BNY E&amp;F Median (3)</td>
<td>3.6%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Note 1: Policy Index= UNCIF’s Strategic Investment Policy Index (SIPP). For the 10 year period, Policy Index = Blended Historical Benchmark.
Note 2: Global Index= 70% ACWI; 30% Barclay’s Aggregate
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.

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 30 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 and implementing investment decisions approved by Chapel Hill Investment Fund’s (CHIF) Executive Committee. The Operations Team performs all administrative, legal, accounting, and performance reporting duties.

### Risk Profile

<table>
<thead>
<tr>
<th></th>
<th>Net Performance</th>
<th>Standard Deviation</th>
<th>Sharpe Ratio (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>9.9%</td>
<td>4.2%</td>
<td>2.4</td>
</tr>
<tr>
<td>UNCIF</td>
<td>9.8%</td>
<td>4.6%</td>
<td>2.1</td>
</tr>
<tr>
<td>Policy Index</td>
<td>10.0%</td>
<td>5.6%</td>
<td>1.8</td>
</tr>
<tr>
<td>Global Index</td>
<td>8.5%</td>
<td>9.8%</td>
<td>0.9</td>
</tr>
</tbody>
</table>

### Allocation by Manager

- **UNCMC**: 87.9%
- **NC State Treasurer’s STIF**: 6.9%
- **Blackrock LPP**: 2.7%
- **Blackrock**: 1.3%
- **JP Morgan**: 1.0%

**Note 1**: Sharpe Ratio: Excess return per unit of risk
The University of North Carolina

GENERAL ADMINISTRATION
POST OFFICE BOX 2688, CHAPEL HILL, NC 27515-2688

Thomas C. Shanahan, Vice President and General Counsel
Jonathan C. Pruitt, Senior Associate Vice President for Finance
Telephone: (919) 962-1000

March 31, 2014

MEMORANDUM

TO: President Tom Ross

FROM: Tom Shanahan

SUBJECT: NC State University’s Request for Delegated Investment Authority for Institutional Trust Funds

Pursuant to Section 600.2.4.1 of the UNC Policy Manual (the “Policy”), North Carolina State University has requested delegation of authority to deposit, invest, and administer institutional trust funds.

We have reviewed the self-assessment (requirement of the policy) provided by NC State and conclude that the institution should be granted delegated authority. NCSU has a dedicated treasury office that performs broad-based financial analysis. With this expanded authority, NCSU will add resources in liquidity and cash planning. In addition, NCSU will contract with external managers who have expertise in fixed income investments and short to intermediate-duration fixed income strategies. The university’s AA1/AA bond ratings provide external validation that NCSU possesses both the management and financial capacity to successfully execute this delegated authority.

Section IV of the policy requires UNC General Administration to review ongoing compliance with this policy. We further recommend that NC State and UNC-Chapel Hill, the only other institution with delegated investment authority, be required to submit annual reports on their ongoing operation and performance under delegated investment authority. This additional requirement will allow UNC General Administration to meet its responsibility.

Please let us know if we can provide additional information to assist in making your decision concerning NCSU’s request for delegated authority and the reporting requirement.

cc: Charles Perusse
Ms. Julie A. Schwindt, CPA  
Director,  
Office of Contracts and Grants  
North Carolina State University  
Campus Box 7214  
251 Administrative Services Center III  
2701 Sullivan Drive  
Raleigh, NC 27695-7214

April 28, 2014

Dear Ms. Schwindt:

GMG Management Consulting, Inc. completed a limited scope review of the North Carolina State University's (NCSU) administrative and financial management systems for managing Environmental Protection Agency (EPA) grant funds. The review was requested by EPA and conducted on March 20, 2014.

The review examined NCSU’s financial records pertaining to EPA grants, its written policies and procedures, most recent financial statements and audits, as well as the completed EPA Administrative and Financial Review Questionnaire.

Per the review, the North Carolina State University has proper administrative and financial systems in place to manage EPA grants, as no material weaknesses or deficiencies were identified.

A response to this report is not required; however, you may respond in writing if you have any additional comments or information you would like to have included in the report.

Please submit your response to Mr. Oliver Heyn at the GMG Management Consulting, Inc. address as listed below by May 23, 2014. You may also send a copy of the response to my attention at the address shown below.

GMG Management Consulting, Inc.  
8808 Centre Park Drive, Ste. 303  
Columbia, MD 21045  
Attn: Oliver Heyn  
email: oheyn@gmg-mgt.com

U.S. Environmental Protection Agency  
1200 Pennsylvania Ave, NW, MC 3903R  
Washington, DC 20460  
Attn: Kysha Carter Holliday  
email: holliday.kysha@epa.gov
We would like to thank you for effectively managing your EPA grant and appreciate the assistance received from all of your staff members during the on-site review.

Sincerely,

Kysha Carter Holliday,
Deputy Director, NPTCD
U.S. Environmental Protection Agency
1200 Pennsylvania Ave, NW, MC 3903R
Washington, DC 20460
Environmental Protection Agency
Office of Grants and Debarment
Limited Scope Administrative and Financial Management System
Review of
North Carolina State University
Raleigh, NC

Draft Report

April 2014

TABLE OF CONTENTS

Background .................................................................................................................. 1
Objectives, Scope & Methodology ............................................................................... 2 - 3
Results of Testing ........................................................................................................ 3
Procedures & Results ................................................................................................. 3 - 4
Background

GMG Management Consulting, Inc. completed a limited scope review of the North Carolina State University’s (NCSU) administrative and financial management systems. The review was made at the request of the U.S. Environmental Protection Agency (EPA), Office of Grants and Debarment, to assist the office in its oversight of EPA grant funds.

Established in 1887 as a land-grant college, North Carolina State University has a long history of focusing on practical education, without sacrificing classical education. Since its establishment, the university has since become a sea- and space-grant college as well, focusing studies not only on subjects such as agriculture, science, and engineering, but also on marine studies and aeronautics. The university forms one of the corners of the Research Triangle together with Duke University and The University of North Carolina at Chapel Hill. These research universities provide an educated workforce with the Triangle, which has historically served as a major attraction for businesses in the region. Home to more than 130 corporate and government research partners, North Carolina State’s Centennial Campus is a unique community of collaboration, conducting cutting-edge research within its state-of-the-art facilities. With research expenditures exceeding $325 million annually, nearly 70 percent of faculty engaged in sponsored research, and 2,500 graduate students supported by research grants, NC State is ranked third among all public universities in industry-sponsored research expenditures.

At the time of our review, the North Carolina State University had four active EPA assistance agreements totaling $1,319,099 from which draw-downs were made during our review period of January 1, 2012 through December 31, 2013.

- EPA Award RD-83426401-1 was awarded to NCSU under the Science to Achieve Results (STAR) Program. Funds are to be used to assist researchers who will provide tools and models to identify factors leading to fat, oil and grease formation in sewer collection systems, and devise mitigation strategies to reduce the formation which may lead to environmentally detrimental sewer overflows (SSO’s).

- EPA Award AZ-00D05912-0 was awarded to NCSU under the southeastern U.S. regional targeted watershed initiative. Funds are to be used for the installation and use of a permeable pavement in the Triassic Basin soils in Durham, NC.

- EPA Award RD-83342002-5 was awarded to NCSU under the Science to Achieve Results (STAR) Program. Funds are to be used to establish a total facility estrogen budget based upon composite measurements of natural estrogenic compounds throughout a swine farrowing Concentrated Animal Feeding Operation (CAFO). The outcome of this project will be information and tools intended to manage risks of hormones from swine CAFO’s.

- EPA Award PE-00D07513-0 was awarded to NCSU to conduct and implement a reduced-risk management program on fruiting vegetables. The project will refine and implement an insect management program that relies heavily on reduced-risk insecticides, application methods that eliminate pesticide drift and associated runoff into water sources, and reduces farm worker exposure to high-risk insecticide residues on crops.
Objectives, Scope & Methodology

The review objectives were to assess the effectiveness of the NCSU’s internal controls, and to determine if its administrative and financial management systems met the requirements outlined in the applicable Code of Federal Regulations (CFR), Office of Management and Budget (OMB) cost principles, and the terms and conditions of the EPA assistance agreement. The review included an evaluation of the NCSU’s administrative and financial reporting procedures, and testing of selected transactions during our review period January 1, 2012 through December 31, 2013, as they relate to the EPA assistance agreements identified in the table below.

<table>
<thead>
<tr>
<th>Agreement Number</th>
<th>Project Period</th>
<th>Amount of Award</th>
<th>Drawdowns (01/01/2012 - 12/31/2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RD-83426401-1</td>
<td>08/01/2009 - 07/31/2014</td>
<td>$569,568</td>
<td>$229,728</td>
</tr>
<tr>
<td>AZ-00D05912-0</td>
<td>05/01/2012 - 09/30/2014</td>
<td>$36,000</td>
<td>$12,927</td>
</tr>
<tr>
<td>RD-83342002-5</td>
<td>02/01/2008 - 01/31/2014</td>
<td>$663,532</td>
<td>$119,319</td>
</tr>
<tr>
<td>PE-00D07513-0</td>
<td>06/01/2013 - 05/30/2015</td>
<td>$49,999</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$1,319,099</strong></td>
<td><strong>$361,974</strong></td>
</tr>
</tbody>
</table>

We reviewed the documentation provided and interviewed NCSU personnel to obtain an understanding of the accounting system, operating procedures, and internal controls over funds received, funds disbursed and financial reporting. We reviewed the NCSU’s administrative and financial reports submitted to the EPA to determine if they were completed accurately and timely. We also reviewed the most recent financial statements and audit report to identify any significant issues affecting EPA funding that required further review.

Total drawdowns of $361,974 occurred on the EPA Award’s selected for testing during our review period of January 1, 2012 through December 31, 2013. We selected 20 transactions from multiple drawdowns on the four EPA Awards during our review period, totaling $87,995 for detailed testing.

- seven transactions from multiple drawdowns on EPA Award RD-83426401-1 totaling $55,075
- three transactions from multiple drawdowns on EPA Award AZ-00D05912-0 totaling $2,901
- five transactions from multiple drawdowns on EPA Award RD-83342002-5 totaling $22,617
- five transactions from multiple drawdowns on EPA Award PE-00D07513-0 totaling $7,402

Testing included tracing cash disbursement transactions to source documents and determining whether the transactions were properly authorized and allowable.

The primary criteria used for the review were: 40 CFR, Part 30, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations;" 2 CFR, Part 220, "Cost Principles for Educational Institutions;" and the relevant terms and conditions of the EPA assistance agreements. The review was conducted on March 20, 2014.

The North Carolina State University has adequate administrative and financial management systems and related procedures to effectively manage and administer the EPA assistance agreement we reviewed. We noted no deficiencies in the design or operating effectiveness of internal controls. We did not identify any
questioned costs or areas that need to be improved to more fully comply with federal requirements or the terms of the EPA assistance agreement.

North Carolina State University
Results of Testing

<table>
<thead>
<tr>
<th>Agreement Number</th>
<th>Drawdowns (01/01/2012 - 12/31/2013)</th>
<th>Transactions Tested</th>
<th>Questioned Costs</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>RD-83426401-1</td>
<td>$ 229,728</td>
<td>$ 55,075</td>
<td>$ 0</td>
<td>None</td>
</tr>
<tr>
<td>AZ-00D05912-0</td>
<td>$ 12,927</td>
<td>$ 2,901</td>
<td>$ 0</td>
<td>None</td>
</tr>
<tr>
<td>RD-83342002-5</td>
<td>$ 119,319</td>
<td>$ 22,617</td>
<td>$ 0</td>
<td>None</td>
</tr>
<tr>
<td>PE-00D07513-0</td>
<td>$ 0</td>
<td>$ 7,402</td>
<td>$ 0</td>
<td>A</td>
</tr>
<tr>
<td>Total</td>
<td>$ 361,974</td>
<td>$ 87,995</td>
<td>$ 0</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
A. For EPA Award PE-00D07513-0, we were able to test five transactions from expenditures incurred, but not billed as of the end of our review period (12-31-2013).

Our detailed procedures and results are noted below.

Procedures & Results

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• We received and reviewed a completed EPA Onsite Post Award Protocol from the recipient under review for completeness and existence.</td>
<td>No Exceptions</td>
</tr>
<tr>
<td>• We received and reviewed grant award, financial and related documents directly from the EPA - Tested for accuracy of amounts.</td>
<td>No Exceptions</td>
</tr>
<tr>
<td>• We used these documents as well as the regulations and cost principles applicable to the particular type of recipient being reviewed to form the basis for substantive tests, examinations and internal control reviews that were performed. Process level controls were:</td>
<td>No Exceptions</td>
</tr>
<tr>
<td>• Management Review</td>
<td></td>
</tr>
<tr>
<td>• Authorization</td>
<td></td>
</tr>
<tr>
<td>• Approvals</td>
<td></td>
</tr>
<tr>
<td>• Reconciliations</td>
<td></td>
</tr>
<tr>
<td>• Edit Checks</td>
<td></td>
</tr>
<tr>
<td>• Interfaces</td>
<td></td>
</tr>
<tr>
<td>• Data mapping</td>
<td></td>
</tr>
<tr>
<td>Agenda</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td></td>
</tr>
</tbody>
</table>
| - IT configuration  
- Segregation of duties  
- We documented existing or missing controls and performed a walkthrough of controls. Procedures included inquiry, observation, examination, inspection, recalculation, and reperformance. |
| - We conducted a limited scope administrative and financial management system review at the recipient's location which required: a series of interviews, a review of administrative policies and procedures, a review of the recipient's financial management system, and testing of financial transactions using the completed Advanced Post Award On-Site Protocol as a guide. |
| No Exceptions |
| - We determined if the grantee's administrative and financial management systems meet the requirements outlined in: (a) 40 CFR Part 30, 31 and sections of 35; and (b) the appropriate Cost Principles as promulgated in 2 CFR Part 215 through 230, as applicable to the recipient's type of business. |
| No Exceptions |
| - We determined if the recipient is in compliance with the terms and conditions (T&C) of their EPA assistance agreement(s). |
| No Exceptions |
| - We assessed the effectiveness of the recipient's internal controls: See Entity Level Controls Questionnaire, IT General Controls document, and Example Process level controls noted above. |
| No Exceptions |
| - We reviewed the recipient's Federal Financial reports for EPA grants and their most recent A-133 single audit/financial statement for findings and corrective actions. |
| No Exceptions |
July 23, 2014

North Carolina Space Grant
Attn: Mr. Christopher Brown,
North Carolina Space Grant Director
North Carolina State University –
Engineering Building III, Rm. 3002
911 Oval Drive
Raleigh, North Carolina 27606

SUBJECT: Audit of Grant Awarded to North Carolina State University
(Report No. IG-14-027; Assignment No. A-14-005-00)

Dear Mr. Brown:

NASA awards approximately $846 million in grants and cooperative agreements annually and faces the ongoing challenge of ensuring the Agency administers these awards appropriately and recipients accomplish the stated goals and objectives. In September 2011, the NASA Office of Inspector General (OIG) reported that NASA did not have an adequate system of controls in place to ensure proper administration and management of the Agency’s grant program, and as a result, some grant funds had not been used for their intended purposes. Following publication of that report, we began a series of audits examining specific NASA grants and cooperative agreements. In this letter, we present the results of our audit of the National Space Grant College and Fellowship Program (Space Grant) award to North Carolina State University (NC State).

Background
In response to the need for a coordinated effort to help maintain America’s preeminence in aerospace science and technology, the NASA Authorization Act of 1988 established Space Grant. The Program creates a national network of universities with interests and capabilities in aeronautics, space, and related fields, and encourages cooperative programs among universities, the aerospace industry, and Federal, state, and local governments. Additionally, the Program fosters interdisciplinary training, research, and informal education programs related to aerospace; promotes recruiting and training

professionals for careers in aerospace science, technology, engineering, and mathematics with an emphasis on women, minorities and persons with disabilities; and endorses strong science, mathematics, and technology education from elementary through university levels.

To achieve these objectives, Space Grant provides funding to 52 consortia – one in each state, the District of Columbia, and Puerto Rico – of colleges and universities, associations, government agencies, industries, and informal education organizations involved in aerospace activities. Each consortium funds fellowships and scholarships for students pursuing careers in science, mathematics, engineering, and technology (STEM), as well as curriculum enhancement and faculty development in those fields. Member colleges and universities also administer pre-college and public service education projects in their states. Lead institutions within each consortium provide additional support for program objectives in their states and nationally by interacting with other universities to broaden joint activities with NASA and aerospace-related industries. In addition, these lead institutions are supposed to initiate activities to enhance their own research, training, and education capabilities in aerospace-related fields or conduct activities to expand the aerospace presence in their jurisdictions.

The North Carolina Space Grant Consortium (Consortium) consists of 13 member institutions and 7 industry, government, and nonprofit partners. NC State is the lead institution for the Consortium. Since its founding in 1991, the Consortium has managed nearly $12 million in support to North Carolina citizens.

On January 29, 2010, NC State, as lead institution for the Consortium, applied for a five year training grant under the Space Grant program and listed the following goals in its proposal:

1. Deliver a competitive fellowship and scholarship program that provides research and education opportunities to students in STEM disciplines at Consortium affiliate institutions.

2. Strengthen North Carolina’s aerospace-related research infrastructure and capabilities.

3. Provide groups of students with opportunities to engage in NASA-mission and STEM-based academic research and coursework.

4. Deliver activities that facilitate the Space Grant’s focus on involving women, underrepresented groups, and persons with disabilities in all higher education program areas.

5. Equip North Carolina pre-service and in-service educators with tools to inspire the future STEM workforce to pursue education and careers in aerospace-related fields.

6. Increase interest in and understanding of NASA-mission and STEM activities by inspiring and engaging individuals of all ages throughout North Carolina.

7. Expand the geographic diversity and awareness of the Consortium.
In April 2010, NASA awarded a 5-year, $2.87 million grant to NC State for the Consortium. The grant period is April 2010 to April 2015, and NC State receives $575,000 each year. Under the terms of the grant, NC State is required to match NASA’s funds with cash equivalents of $2.12 million over the 5-year period.

The objective of our audit was to determine whether NC State used award funds for their intended purpose and whether costs claimed were allowable and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant award. We reviewed internal controls as they related to the management of the award. Specifically, we reviewed the grantees (1) program performance and accomplishments, (2) accounting and internal control environment, (3) budget management and control, and (4) reporting. We also reviewed NASA’s administration of the grant.

To accomplish our audit, we conducted interviews with NASA grant and technical officers. We also spoke with NC State and Consortium personnel responsible for the administration and management of the grant and visited NC State offices in Raleigh, North Carolina, to document accounting, procurement, and project management processes and internal controls. In addition, we reviewed laws, regulations, and documentation pertinent to our audit. Additional details of the audit scope and methodology, our review of internal controls, and prior audit coverage can be found in Appendix A.

Results

We found that NC State managed the grant in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award. Specifically, we found that the NC State had a strong system of accounting and internal controls, adequately accounted for expenditures, properly managed its grant budget, and was on track to meet the majority of Program goals.

NC State is Meeting Timelines for Achieving Program Goals. The grant agreement requires NC State to submit annual reports to NASA summarizing progress toward meeting the goals set forth in the Consortium’s proposal. Each progress report is reviewed by a NASA subject matter expert, a technical officer, a grants specialist, and the NASA Grant Officer. In addition, NASA personnel review the reports for trends and contributions to Agency performance goals. NASA maintains the statistical data in the Agency’s Office of Education Performance Management database.

We reviewed NC State’s annual progress reports for fiscal years 2010 through 2013, and discussed them with the NASA Technical Officer. We found that NC State is meeting its goals in accordance with established timelines.

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Cost Sharing Requirements Met. The grant requires both NASA and NC State to contribute funds to advance agreement goals. According to NC State’s proposal, it would provide matching funds for direct labor, supplies and materials, other current services, travel, and program funds. We found that NC State had matched funds in accordance with the agreement. In addition, we selected a judgmental sample of 10 cost sharing transactions and traced them through the University’s accounting system to supporting documentation to ensure they were recorded in accordance with the agreement. We did not identify any exceptions. We also determined that NC State used grant funds for their intended purpose and did not identify any unallowable costs or claims. Finally, we noted NASA properly administered the award of the grant and appropriately monitored grant performance.

We appreciate the cooperation provided during this review. If you have questions or require additional information, please contact Laurence Hawkins, Audit Operations and Quality Assurance Director, Office of Audits, at 202-358-1543 or laurence.b.hawkins@nasa.gov.

Sincerely,

Paul K. Martin
Inspector General

Enclosure

cc: Dr. Lennell Allen
    Director, Aerospace Research and Career Development Program

    Jim Stofan
    Deputy Associate Administrator for Education Integration

    Bill McNally
    Assistant Administrator for Procurement
Scope and Methodology

We performed this audit from January 2014 through July 2014, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our overall objective was to determine whether NC State used awarded funds for their intended purpose and whether costs claimed were allowable and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. We also reviewed internal controls as they related to the management of the award.

Grant Selection. We judgmentally selected this grant based on the length of the remaining performance period and the number of modifications.

Grant Award File Documentation. We reviewed grant award documentation, including proposal, budget, technical review reports, and summary financial reporting documentation. We worked with the NC State Compliance Specialist to obtain documents and conduct detail testing of selected expenditure transactions. To validate whether NASA grant funds were used for their intended purpose while also assessing the sufficiency of grantee performance, we performed substantive transaction testing. We obtained and reviewed relevant documents, including

1. background information on the projects funded with NASA grant agreement funds;
2. NASA’s process for managing NC State’s grant performance;
3. official grant agreement budgets approved by NASA;
4. detailed accounting records for expenditures charged to the grant agreement;
5. quarterly financial status reports and drawdown requests; and,
Grantee Site Visits. In February 2014, we met in Raleigh, North Carolina, with staff from N.C. State and the Consortium. We also interviewed NASA technical and procurement personnel responsible for the grant. In addition, we interviewed the Space Grant Principal Investigator concerning his role and to gain an understanding of the Space Grant Program.

Testing Conducted. We tested compliance with what we considered the most important conditions of the grant. The criteria we audited against included Federal requirements, the Grant Handbook, and the terms and conditions of the grant. In conducting our audit, we used a random number generator to select transactions for testing. This non-statistical sampling design does not allow projection of the test results to the universe from which the samples were selected. We selected 50 transactions through September 30, 2013, with an absolute value of $30,049 for detailed review and evaluated whether they were properly recorded and allowable under the laws and terms of the cooperative agreement. Our review included tracing the transactions through N.C. State’s accounting records to the supporting source documents.

We tested the following:

- **Program performance and accomplishments** to determine whether the grantee met grant objectives and collected data and developed performance measures to assess accomplishment of the intended objectives.

- **Budget management and control** to determine the amounts budgeted and the actual costs for each approved cost category, and to determine whether the grantee deviated from the approved budget and, if so, whether the grantee received the necessary approval.

- **Accounting and internal controls** to determine whether the grantee had sufficient accounting and internal controls to identify and report expenditures and reimbursements. This included testing
  - *grant drawdowns* to determine whether they were adequately supported and whether the grantee was managing receipts in accordance with Federal requirements;
  - *grant expenditures* to determine whether they were allowable under the terms and conditions of the grant award; properly authorized, classified, and supported; and allocable to the grant;
  - *grant reporting* to determine whether required reports were submitted on time and accurately reflected grant activity; and,
  - *grant cost sharing funds* to determine whether the grantee met cost sharing requirements.

We also determined, through limited testing, that the grantee did not generate or receive program income or have any property or equipment reportable to NASA.
Federal Laws, Regulations, Policies, and Requirements. We identified and reviewed relevant public laws, Office of Management and Budget (OMB) Circulars, NASA policy, and applicable NC State policy and guidance. Specifically, we reviewed:

- OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” January 10, 2010
- OMB Circular A-21, “Cost Principles for Educational Institutions” (including the Cost Accounting Standards), May 10, 2004
- Grant Information Circular (GIC) 12-03, July 12, 2012
Agenda

- North Carolina State University, “REG 10.05.01 – Budgeting,” April 5, 2013, http://policies.ncsu.edu/regulation/reg-10-05-01 (June 18, 2014)


Use of Computer-Processed Data. We used computer-processed data from the Department of Health and Human Services Payment Management System to obtain grant drawdown and expenditure data. Additionally, we used computer-processed data extracted from NC State’s accounting system to determine the expenditure transactions charged to the grant. Although we did not independently verify the reliability of all this information, we compared it with other available supporting documents to determine data consistency and reasonableness. From these efforts, we believe the information we obtained was sufficiently reliable for our purposes.

Review of Internal Controls

We reviewed the internal controls for the grantee’s administration and management of grants. We also interviewed officials responsible for directing NC State’s contracts and grants program. We learned about established policies and processes pertaining to the effectiveness and efficiency of operations, the payroll and timekeeping system, and the monitoring of grant performance.

Prior Coverage

During the last 5 years, the NASA OIG and the Government Accountability Office (GAO) have issued eight reports of particular relevance to the subject of this report. Unrestricted reports can be accessed over the Internet at http://oig.nasa.gov/audits/reports/FY14/index (NASA OIG) and http://www.gao.gov (GAO).

NASA OIG

“Audit of NASA Grant Awarded to Hudson Alpha Institute for Biotechnology” (IG-12-019, August 3, 2012)

“Audit of NASA Grants Awarded to the Philadelphia College Opportunity Resources for Education” (IG-12-018, July 26, 2012)

“Audit of NASA Grants Awarded to the Alabama Space Science Exhibit Commission’s U.S. Space and Rocket Center” (IG-12-016, June 22, 2012)

“NASA’s Use of Research Announcement Awards for Aeronautics Research” (IG-12-011, April 30, 2012)

“NASA’s Grant Administration and Management” (IG-11-026, September 12, 2011)
GAO


## North Carolina State University
### Selected Financial Information
#### FY2009 - 2013

**NC State University Annual Ratios**

### Operations

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total headcount enrollment</td>
<td>33,819</td>
<td>34,376</td>
<td>34,403</td>
<td>34,340</td>
<td>34,009</td>
</tr>
<tr>
<td>Full time equivalent enrollment (FTE)</td>
<td>29,912</td>
<td>30,436</td>
<td>30,453</td>
<td>28,924</td>
<td>28,327</td>
</tr>
</tbody>
</table>

**Total operating revenues ($ thousands)**

1,104,152

1,144,229

1,216,300

1,247,268

1,303,168

**State operating appropriations ($ thousands)**

463,006

491,931

499,075

466,082

484,022

**As % of total operating revenues**

41.9%

43.0%

41.0%

37.4%

37.1%

**State operating appropriations per FTE**

15,478.94

16,162.80

16,388.37

16,114.02

17,086.95

**Net tuition revenue ($ thousands)**

156,418

150,764

175,499

198,453

217,868

**As % of total operating revenues**

14.2%

13.2%

14.4%

15.9%

16.7%

**Grants and contracts ($ thousands)**

217,498

246,183

269,903

268,885

269,324

**As % of total operating revenues**

19.7%

21.5%

22.2%

23.0%

22.2%

**Total annual operating expenses ($ thousands)**

1,103,853

1,042,336

1,153,771

1,162,372

1,245,894

**Operating gain/loss ($ thousands)**

299

101,893

62,529

84,896

57,274

**Operating cash flow**

68,294

167,119

130,157

154,228

141,145

### Assets

**Total cash and investments ($ thousands)**

533,900

660,810

662,000

687,901

696,607

**Property, Plant and Equipment, Net ($ thousands)**

1,385,632

1,451,693

1,587,196

1,713,820

1,857,583

**Unrestricted Net Assets ($ thousands)**

147,485

166,348

177,833

214,419

230,803

**Expendable, but restricted Net Assets ($ thousands)**

108,457

116,907

140,829

147,406

285,752

**Total net assets ($ thousands)**

1,428,962

1,514,253

1,629,802

1,744,907

1,824,012

### Endowment

**Noncurrent Endowment Investments ($ thousands)**

129,619

143,112

161,402

161,385

177,402

**Related Foundation Endowment**

334,281

359,988

456,198

473,941

591,998

**Endowment Market Value (Total) ($ thousands)**

463,900

503,100

617,600

635,326

769,400

**Total Assets Managed by NCSIF ($ thousands)**

257,212

313,800

378,260

397,192

484,244

**Endowment Return**

-14.70%

9.10%

12.35%

2.03%

12.23%

### Debt

**Total debt ($ millions)**

332.62

387.77

438.59

432.07

594.70

**Commercial paper outstanding ($ millions)**

20.0

-10.0

50.0

-594.70

### Ratios

**Debt service to operations (%)**

1.74

2.29

1.27

2.66

2.31

**Age of plant (# in years)**

10.0

11.1

11.5

11.2

10.6

**Cash and investments to annual operating expenses**

0.48

0.63

0.57

0.59

0.56

**Expendable net assets to annual operating expenses**

0.23

0.27

0.28

0.31

0.41

**Unrestricted net assets to annual operating expenses**

0.13

0.16

0.15

0.18

0.19

**Unrestricted net assets to current total debt**

0.44

0.43

0.41

0.50

0.39

* Source: Moody's Investor Services - Analyst adjusted data

This information is prepared annually for Board of Governors using audited financial statements.
BOARD OF TRUSTEES  
NORTH CAROLINA STATE UNIVERSITY  

Buildings and Property Committee  
Time: 2:45 – 4:15 p.m., September 18, 2014  
Primrose Hall Conference Room  
Ramsey, Chair  
Members: Clark, Lanier, Mattocks, Murphy, Sall  

AGENDA  

CALL TO ORDER  
Reading of the State Government Ethics Act  

1. 2014-2015 COMMITTEE PLAN OF WORK  
   Randy Ramsey, Chair, Buildings and Property Committee  
   • Review Plan of Work for Academic Year  
   TAB 1  
   5.1.A  

2. COMMITTEE RESPONSIBILITIES AND PROCEDURES  
   Steve Arndt, Associate Vice Chancellor for Facilities  
   • Review of Committee Responsibilities and Procedures  
   TAB 2  
   5.2.A  

3. CONSENT AGENDA  
   Randy Ramsey, Chair, Buildings and Property Committee  
   • Approval of April 24, 2014 meeting minutes  
   TAB 3  
   5.3.A  

Property Matters  
   Ralph Recchie, Real Estate Director  
   ✓ Acquisition by Lease: +6,343 square feet of office space in Venture Center IV on Centennial Campus from Venture Center, LLC, for the Center for Integrated Pest Management for a term of 5 years  
   5.3.B.1  
   ✓ Disposition by Easement: Up to one half acre on Centennial Campus to the Board of Trustees of the Endowment Fund from North Carolina State University for a storm water retention pond to service the proposed Textiles Innovation Center Building at Main Campus Drive and Research Drive  
   5.3.B.2  

Designer Selections  
   Steve Arndt, Associate Vice Chancellor for Facilities  
   • Biltmore First Floor Labs – North Campus Precinct  
   5.3.C.1  
   • Winston Hall HVAC Renovations – North Campus Precinct  
   1(5.3.C.2)  

✓ Requires full board approval  
1 Materials will be distributed to committee members at the meeting
• McKimmon Center Conference and Training Center Roof Replacement – South Campus Precinct 5.3.C.3
• CVM Main Building Anatomy Lab Renovation – Centennial Biomedical Campus 5.3.C.4
• 3501 Avent Ferry Renovation 5.3.C.5
• Approval of Designer Selections Less Than $500,000 5.3.C.6

Developer Selection
*Steve Arndt, Associate Vice Chancellor for Facilities*
• Textiles Innovation Center – Centennial Campus Precinct 5.3.D

Acceptance of Completed Buildings and Projects
*Steve Arndt, Associate Vice Chancellor for 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 April 24, 2014 meeting.

***END OF CONSENT AGENDA ITEMS***

4. PROPERTY MATTERS (Received after Full Board Mailing) TAB 4
✓ Acquisition by Lease: ±22,000 square feet of office space in Alliance Center on Centennial Campus from SM Alliance, LLC, for the Institute of Advanced Analytics for a term of 10 years 1(5.4.A)

5. SITE REVIEW & APPROVAL TAB 5
*Lisa Johnson, University Architect*
• Textiles Innovation Center – Centennial Campus Precinct 5.5.A

6. PLAN APPROVAL TAB 6
*Lisa Johnson, University Architect*
• Approval of Plans and Specifications of Formal Projects less than $2 million 5.6.A

7. INFORMATIONAL REPORTS TAB 7
• Capital Projects Update *(Steve Arndt)* 5.7.A.1
• Bell View Hotel Update *(Ralph Recchie)* 1(5.7.A.2)
• Status of Projects in Planning *(Lisa Johnson)* 5.7.A.3

ADJOURN

✓ Requires full board approval
1 Materials will be distributed to committee members at the meeting
September
- Accept Completed Buildings and Projects (NC State Pol 01.05.1, App 1.II.a.vi) [Acceptance]
- Acquisition and Disposition of Interests in Real Property (UNC Pol. Ch. 100.1, App.1 (VI)), (NC State Pol 01.05.1, App 1.II.a.vii) (Consider and approve property matters in a timely fashion to avoid adverse impact to the business of the University.)
- Architect Selection (NC State Pol 01.05.1, App 1, II.ii) and Construction Managers at Risk Selection (NC State Pol 01.05.1, App 1, II.iii) (Participate in designer and CMR selection interviews and approve selections in a timely manner to avoid impacts to project schedules.)
- Building Site, Plan and Specification Approval (NC State Pol 01.05.1, App 1, III.iv.v) (Review of project design plans for responsiveness to the vision of the physical master plan. Review and approve design projects in a timely manner to avoid impact to project design and construction schedule.)
- Capital Projects Update (UNC Pol. Ch. 100.1, App.1 (VI)) (Receive periodic updates and comment as warranted.)
- Projects in Planning Status (Receive periodic updates and comment as warranted.)
- Review Committee Responsibilities [Annually]

November
- Accept Completed Buildings and Projects (NC State Pol 01.05.1, App 1.II.vi) [Acceptance]
- Acquisition and Disposition of Interests in Real Property (UNC Pol. Ch. 100.1, App.1 (VI)), (NC State Pol 01.05.1, App 1.II.vi) (Consider and approve property matters in a timely fashion to avoid adverse impact to the business of the University.)
- Architect Selection (NC State Pol 01.05.1, App 1, II.ii) and Construction Managers at Risk Selection (NC State Pol 01.05.1, App 1, II.iii) (Participate in designer and CMR selection interviews and approve selections in a timely manner to avoid impacts to project schedules.)
- Building Site, Plan and Specification Approval (NC State Pol 01.05.1, App 1, III.iv.v) (Review of project design plans for responsiveness to the vision of the physical master plan. Review and approve design projects in a timely manner to avoid impact to project design and construction schedule.)
- Capital Projects (UNC Pol, Ch. 100.1, App.1 (VI) and Centennial Campus Update) (Receive periodic updates and comment as warranted.)
- Projects in Planning Status (Receive periodic updates and comment as warranted.)

Desired outcomes and measures of success are highlighted
February
- Accept Completed Buildings and Projects (NC State Pol 01.05.1, App 1.II.vi) (Acceptance)
- Acquisition and Disposition of Interests in Real Property (Policy Manual, Ch. 100.1, App.1 (VI)), (NC State Pol 01.05.1, App 1.II.vi) (Consider and approve property matters in a timely fashion to avoid adverse impact to the business of the University.)
- Architect Selection (NC State Pol 01.05.1, App 1, II.ii) and Construction Managers at Risk Selection (NC State Pol 01.05.1, App 1, II.iii) (Participate in designer and CMR selection interviews and approve selections in a timely manner to avoid impacts to project schedules.)
- Building Site, Plan and Specification Approval (NC State Pol 01.05.1, App 1, III.iv.v) (Review of project design plans for responsiveness to the vision of the physical master plan. Review and approve design projects in a timely manner to avoid impact to project design and construction schedule.)
- Capital Projects Update (Policy Manual, Ch. 100.1, App.1 (VI)) (Receive periodic updates and comment as warranted.)
- Projects in Planning Status (Receive periodic updates and comment as warranted.)

April
- Accept Completed Buildings and Projects (NC State Pol 01.05.1, App 1.II.vi) (Acceptance)
- Acquisition and Disposition of Interests in Real Property (Policy Manual, Ch. 100.1, App.1 (VI)), (NC State Pol 01.05.1, App 1.II.vi) (Consider and approve property matters in a timely fashion to avoid adverse impact to the business of the University.)
- Architect Selection (NC State Pol 01.05.1, App 1, II.ii) and Construction Managers at Risk Selection (NC State Pol 01.05.1, App 1, II.iii) (Participate in designer and CMR selection interviews and approve selections in a timely manner to avoid impacts to project schedules.)
- Building Site, Plan and Specification Approval (NC State Pol 01.05.1, App 1, III.iv.v) (Review of project design plans for responsiveness to the vision of the physical master plan. Review and approve design projects in a timely manner to avoid impact to project design and construction schedule.)
- Capital Projects Update (Policy Manual, Ch. 100.1, App.1 (VI)) and Centennial Campus Update (Receive periodic updates and comment as warranted.)
- Parking and Transportation Ordinances (NC State Pol 07.60.01), (NCGS §116-44.4, §20-137.7) (Approval)
- Physical Master Plan Update (UNC Pol. Ch. 100.1, App 1 (VI)), (NC State Pol. 01.05.1, App 1, II.a.i) (Receive annual update and comment as warranted.)

Desired outcomes and measures of success are highlighted
• Projects in Planning Status (Receive periodic updates and comment as warranted.)

Possible Site and Building Plan Approvals
• Centennial Campus Conference Center and Hotel
• Textiles Innovation Center
• Research Storage at Lake Wheeler

Desired outcomes and measures of success are highlighted
01.05 BUILDINGS AND PROPERTY COMMITTEE

The Buildings and Property Committee has the following delegated authority:

1. **Buildings and Real Property.**
   
   1.1 To maintain a master plan for the physical development of North Carolina State University.
   
   1.2 To select architects or engineers for buildings and improvements requiring such professional services.
   
   1.3 To select Construction Managers-at-Risk for buildings and improvements requiring such professional services.
   
   1.4 To approve building sites.
   
   1.5 To approve plans and specifications.
   
   1.6 To accept all completed buildings and projects.
   
   1.7 To approve all proposals involving acquisition or disposition of any interest in real property and for which authority has not been delegated to the Chancellor, provided that if the proposal involves an interest in real property valued at $50,000 or more, the matter shall be recommended by the Committee to the full Board of Trustees for its approval and forwarding to the Board of Governors.

2. **Policy Development**

   2.1 **Buildings and Property.** Upon the recommendation of the Chancellor, to recommend to the Board of Trustees the adoption of policies applicable to the control, operation and supervision of campus buildings and property pursuant to applicable provisions of State law and policies of the Board of Governors.

   2.2 **Traffic and Parking Regulations.** To review campus parking and traffic regulations and policies and on recommendation of the Chancellor to recommend changes to the Board of Trustees.
Agenda Item / Issue: Consent Agenda

Requested / Required Action: Approval of the items contained in the Consent Agenda to include committee meeting minutes for April 24, 2014, property matters, designer and developer selections, and acceptance of completed buildings and projects.

Suggested Motion: Move approval of the Consent Agenda.

Responsible University Unit: Office of Finance & Business
University Presenter/Contact: Steven A. Arndt, Associate Vice Chancellor for Facilities
Agenda

BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY

Buildings and Property Committee

Meeting Date: April 24, 2014

Minutes

Meeting No.: 13-14: 4

Location: Talley Student Union, Room 3285

Time: 3:03 – 4:16 p.m.

Committee Members Present:
Ms. Gayle Lanier, Chair
Mr. Jimmy Clark
Mr. Robert Mattocks
Mr. Wendell Murphy
Mr. Randall Ramsey
Mr. John Sall

Present from the University:
Mr. Charles Leffler, Vice Chancellor, Finance and Business
Dr. Marc Hoit, Vice Chancellor, Information Technology
Mr. Kevin Howell, Assistant to Chancellor, External Affairs (for part of the meeting)
Dr. Daniel Solomon, Dean, College of Sciences
Mr. Marvin Malecha, Dean, College of Design
Mr. Michael Poterala, Deputy General Counsel, Office of General Counsel
Ms. Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer
Mr. David Rainer, Associate Vice Chancellor, Environmental Health and Safety (for part of the meeting)
Mr. Michael Harwood, Associate Vice Chancellor, Centennial Campus Development
Mr. Steven Arndt, Associate Vice Chancellor, Facilities
Ms. Cecile Hinson, Director/SAAO, Internal Audit Division
Mr. Michael Lipitz, Senior Associate Athletics Director (for part of the meeting)
Mr. Brent McConkey, Assistant General Counsel, Office of General Counsel
Ms. Lisa Johnson, University Architect
Ms. Catherine Reeve, Director, Transportation
Mr. Ralph Recchie, Director, Real Estate
Ms. Tabitha Groelle, Executive Assistant, Treasurer’s Office
Ms. Lynn Burris, Executive Assistant, Facilities Division
Mr. Ron Grote, University Program Specialist, Facilities Division

Buildings and Property Committee April 24, 2014 Minutes
Page 1
Others Present:
Mr. Jay Price, Reporter, News & Observer

STATE GOVERNMENT ETHICS ACT
At the beginning of the meeting, Chair Lanier 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 with respect to any matters coming before the Buildings and Property Committee at this meeting. Mr. Ramsey said he would recuse himself from the matter of the Athletic Indoor Practice Facility. The other committee members had no conflicts of interest or appearances thereof.

APPROVAL OF SECRETARY APPOINTMENT
Mr. Leffler introduced Steven Arndt, the new Associate Vice Chancellor for Facilities. He requested that the committee to appoint Mr. Arndt as Secretary to the Buildings and Property Committee. Chair Lanier asked whether there were any questions or comments about the appointment. There being none, Lanier called for a motion to approve the appointment. Mr. Sall made the motion, which was seconded by Mr. Ramsey and carried.

CONSENT AGENDA
Chair Lanier asked whether there were any questions or comments about the February 25, 2014 meeting minutes. There being none, Lanier called for a motion to approve the minutes. Mr. Matlock made the motion, which was seconded by Mr. Ramsey and carried.

Chair Lanier asked Mr. Recchie to present the property matters. Recchie said that the first seven property matters require full board approval. They were:

- Acquisition by Deed of approximately 2,105 square feet of surplus right of way area located at the intersection of Trailwood Drive and Main Campus Drive from the North Carolina Department of Transportation to the State of North Carolina on behalf of the North Carolina State University
- Land Exchange of approximately 2.64 acres between the Endowment Fund and the State of North Carolina for the Centennial Biomedical Campus Flex Lab Building on Centennial Biomedical Campus. The land being exchanged will be of equal value.
- Disposition by Lease of approximately 2.64 acres of State land on Centennial Biomedical Campus for the CBC Flex Lab Building in accordance with UNC Policy 600.1.3.1 [R]
- Land Exchange of approximately 4 acres between the Endowment Fund and the State of North Carolina for the proposed College of Textiles, Non-Woven research building on Centennial Campus. The land being exchanged will be of equal value.
- Disposition by Lease of approximately 4 acres of State land on Centennial Campus for the proposed College of Textiles, Non-Woven research building in accordance with UNC Policy 600.1.3.1 [R]

Recchie noted that the University is pursuing the authority for the two land exchanges above concurrently with authority for ground leases to allow maximum flexibility in determining the most beneficial method of delivery.
- Disposition by Lease of approximately 28,575 square feet of office and high bay space in
Poulton Innovation Center on Centennial Campus to ABB, Inc. for continuation of its power transmission and smart grid R&D center. while

- Disposition by Deed of approximately 1 acre at Lake Wheeler Road Field Lab to the North Carolina Department of Transportation for roadway improvements on Lake Wheeler Road

The last two property matters require committee approval only. They were:

- Acquisition by Lease of approximately 9,400 square feet of office space on Centennial Campus for the Next Generation Power Electronics National Manufacturing Innovation Institute. Recchie said that the Institute requires a Centennial Campus address. Although the actual address is to be determined by bid, Venture Center Complex is the only bidder.

- Disposition by Severance of Seven Greek Houses to be demolished over the next one to five years to accommodate future phasing of the Greek Village Master Plan

Chair Lanier asked whether there were any questions or comments about the property matters. There being none, Lanier called for a motion to approve the nine property matters. Mr. Sall made the motion, which was seconded by Mr. Murphy and carried.

Chair Lanier asked Mr. Arndt to discuss the other consent agenda items. Arndt presented the 2014-2016 Open-Ended Service Agreement Designer Selections and 12 other Designer selections. Chair Lanier asked how many were small business or women owned business. Ms. Johnson said she could provide that information after the meeting, and added there is a good representation of all types of businesses. (After the meeting, Ms. Johnson emailed the following to the chair, "At the Trustees' Buildings & Property Committee meeting last week you had a question that we couldn't answer so here is the response: Of the 46 design firms selected as Open-Ended Service Agreement Designers, 30 firms are small businesses.") Mr. Sall asked the reason for the selections and whether the companies are kept on retainer. Johnson said the reason is to speed up the selection process for small projects. The companies are not on retainer. Chair Lanier called for a motion to approve the list. Mr. Ramsey made the motion, which was seconded by Mr. Sall and carried.

Mr. Arndt presented designer selection for storm water design of Dan Allen Trunk and Study of Jensen Drive for approval. Chair Lanier called for a motion to approve the designer list in the order presented. Mr. Ramsey made the motion, which was seconded by Mr. Sall and carried.

Mr. Arndt presented designer selection for North and Central Campus precincts electrical distribution master plan for approval. Chair Lanier called for a motion to approve the designer list in the order presented. Mr. Murphy made the motion, which was seconded by Mr. Ramsey and carried.

Mr. Arndt presented the list of 10 designer selections for projects less than $500,000. Chair Lanier called for a motion to approve the selections. Mr. Murphy made the motion, which was seconded by Mr. Sall and carried.

Mr. Arndt presented the 13 completed projects with a combined value of $78.4 million for
acceptance. He pointed out that the list included acceptance of Wolf Ridge Innovation Hall for $17 million, Talley Student Union Phase I Turnover for $47.7 million, Talley Student Union Phase I 2B for $2 million, and Poulton Innovation Center Laboratory for Analytical Sciences for $4.7 million. Chair Lanier called for a motion to accept the projects. Mr. Murphy made the motion, which was seconded by Mr. Clark and carried.

Chair Lanier asked Ms. Reeve to present the Proposed Revision to Policy 7.60.1 Parking and Transportation for 2014-2015. Reeve said the proposed changes are mostly clarifications. There will be a three percent increase in parking fees. In response to a question from Chair Lanier, fees were increased the last two years by three percent each year. Chair Lanier called for a motion to approve the revision for 2014-2015. Mr. Sall made the motion, which was seconded by Mr. Murphy and carried.

Turning attention to the Wolfline, Mr. Rainer said that ridership continues to grow. This year the Wolfline has had 17,000 passengers per day. The increase is mostly due to the growth on Centennial Campus. Reeve said that six new buses will be added this fall to support that growth.

**SITE AND PLAN APPROVAL**

Ms. Johnson presented the Delta Gamma Sorority House for site and design plan approval. The Campus Design Review Panel (CDRP) recommended approval. The house is planned for lot 4 at Greek Village. It will be two stories with a walkout basement and will have 40 beds. The 20,400 gross square foot house is estimated to cost $3.5 million. All of the houses in Greek Village will face in towards a large campus green/community space. Johnson showed the floor plans and said the building will have buff-colored brick.

When Mr. Sall asked whether it will be LEED certified, she said it would not be since LEED was not specified in the ground lease documents. However, LEED will be considered in future ground leases. Mr. Clark asked whether we would monitor construction. Johnson said if construction is not going properly, the University can intervene. Mr. Sall asked whether all fire and safety systems would be included in construction. Johnson replied affirmatively.

Chair Lanier called for a motion to approve the site and design plan. Mr. Murphy made the motion, which was seconded by Mr. Ramsey and carried.

**PLAN APPROVAL**

Ms. Johnson presented the Reynolds Coliseum Renovation for design plan approval. The project will go out for bid February 2015 with scheduled completion of fall 2016. The CDRP recommended approval. The renovation will provide a new Athletics Walk of Fame and History exhibit within the northern third of the existing building. The playing court will be shifted to the south. A glass wall will separate the Walk of Fame from the court.

It will have the same building occupants – women’s basketball, volleyball, wrestling, gymnastics, and ROTC. Basketball and volleyball offices as well as ROTC offices will be renovated. Office corridors will be widened from four feet to eight feet. Arena level improvements include modifications to the court and new telescopic courtside seating. For
sporting events, there will be 5200 seats. For auditorium style events, seating expands to 6000. The major interior change will be the addition of air conditioning.

Since Reynolds is one of nine hallowed places, special attention was given to any exterior changes. Those changes include window and door replacements and low profile roof top mechanical equipment on the south side. North side will be made accessible and include pairs of three feet wide wood and glass doors. Aluminum doors will be installed on the east, south, and west sides along with new overhead doors.

The total project cost will be $35 million. Mr. Murphy questioned the expense. Mr. Leffler replied that one third of the cost is for air conditioning.

Chair Lanier called for a motion to approve the design plan. Mr. Mattocks made the motion, which was seconded by Mr. Sall and carried.

Ms. Johnson presented the Indoor Practice Facility for design plan approval. The 440’ x 240’ open structure will provide indoor space for multiple intercollegiate varsity sports. It will be built at a cost of $14 million with ground breaking in June and completion in March 2015. The CDRP recommended approval.

It will be located between Murphy Center, Carter-Finley Stadium, and the football practice facility. The exterior materials and detailing will blend with these other facilities. It will have a barrel vault roof and a simple ventilation system. Glass overhead doors and upper translucent windows will allow for natural lighting. The training surface will be the same as the outdoor practice facility. The front entrance will be wrapped in brick to better demarcate it. Although 350 parking spaces will be lost, there will be a net gain in parking when completed.

Mr. Murphy asked how the facility compares with other ACC facilities. Mr. Lipitz said it was the best of all such facilities. Ms. Johnson added that the cost is lower since sports medicine facilities did not need to be included because such facilities are already housed at the Murphy Center.

Chair Lanier called for a motion to approve. Mr. Murphy made the motion, which was seconded by Mr. Clark and carried.

Ms. Johnson presented the list of plans and specifications of formal projects that cost less than $2 million for approval. Chair Lanier called for a motion to approve. Mr. Mattocks made the motion, which was seconded by Mr. Clark and carried.

**INFORMATIONAL REPORTS**

Mr. Harwood provided the Centennial Campus building report.

- The Greens at Centennial: The first renters have moved in. Fifty of the 291 units have been leased, which is ahead of Pro Forma. Third and final building will be completed this summer.
- Alliance One: Steel is complete along with foundations for the parking deck. ABB will occupy three of the five floors.
- North Shore Residential: Executing ground lease and development agreement with White Oak. The existing HOA documents have been revised and the master HOA organization has been created. Site plan approved by the City. Multiple construction phases.
- Conference Center: Design kickoff meeting will take place next month. Will build on branding.
- Town Center: Selection process to begin in mid-2014

Ms. Johnson provided a preview of the 6-year Capital Plan. The capital project priorities are Engineering Building Oval, Science Commons Building, Broughton Hall Addition and Renovation, Dabney Hall Renovation, Page Hall Renovation, and Mann Hall Renovation.

The committee received brief updates about the Status of Projects in Planning, Property Matters approved under the New Delegation Authority, and Capital Projects. In response to a question about the status of the Gregg Museum project, Mr. Leffler said that the University is awaiting response from Wake County on request for $2 million to help fund the project.

There being no additional business, the meeting adjourned at 4:16 p.m.

Respectfully submitted,

Steven A. Arndt
Secretary to the Committee

cc: Charles Leffler, Vice Chancellor, Finance & Business
    P.J. Teal, Assistant Secretary of the Trustees

Approved: ____________________________________________

                          Committee Chair              Date

Buildings and Property Committee April 24, 2014 Minutes
## Acquisition of Real Property

**Lease**

<table>
<thead>
<tr>
<th>LESSEE:</th>
<th>State of North Carolina for North Carolina State University</th>
</tr>
</thead>
<tbody>
<tr>
<td>LESSOR:</td>
<td>Venture Center, LLC</td>
</tr>
<tr>
<td>LOCATION:</td>
<td>Venture Center Bldg. IV, Suite 110, 1730 Varsity Drive, Raleigh, NC</td>
</tr>
<tr>
<td>SIZE:</td>
<td>±6,343 square feet (usable)</td>
</tr>
<tr>
<td>RATE:</td>
<td>$32.85 per usable sq. ft. (avg.), 3% annual increases (proposed)</td>
</tr>
<tr>
<td>TERM:</td>
<td>Five (5) years – November 1, 2014 – October 31, 2019</td>
</tr>
<tr>
<td>USE:</td>
<td>Office space for the NSF Center for Integrated Pest Management. This space is proximate to space occupied by USDA-PPQ Center for Plant Health, Science and Technology (CHST) and the Plant Epidemiology Risk Assessment Laboratory (PERAL). The co-location is critical to continued collaboration and cooperative research.</td>
</tr>
</tbody>
</table>
STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH

* ACQUISITION OF REAL PROPERTY

Institution or Agency: North Carolina State University  Date:  August 6, 2014

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: (attach additional sheets if necessary) Office space for the NSF Center for Integrated Pest Management / CALS

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

Description of Property: (attach additional sheets if necessary) ±6,343 sq. ft. of office space (usable), 1st floor, Venture Center Building IV, Suite 110, 1730 Varsity Drive, Raleigh, NC. This space is proximate to space occupied by USDA-PPQ Center for Plant Health, Science and Technology (CPHST) and the Plant Epidemiology Risk Assessment Laboratory (PERAL). The co-location is critical to continued collaboration and cooperative research.

Term:  Five (5) years – November 1, 2014 – October 31, 2019

Rental price (if applicable)  $32.85 per usable sq. ft. (avg.), 3% annual increases (proposed)

Funds for the acquisition of this property are available in our budget under Code project 660189-06874

Item:  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. None

Action, recommending the above request, was taken by the Board of Trustees’ Buildings and Property Committee and is recorded in the minutes thereof on _____________ (Date).

Signature  __________________________________
Chancellor

* The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)
DISPOSITION OF REAL PROPERTY

DISPOSITION BY EASEMENT

GRANTEE: The Board of Trustees of the Endowment Fund of North Carolina State University


LOCATION: South side of Research Drive between Main Campus Drive and Capability Drive, Raleigh, North Carolina 27607.

SIZE: 4,010+/- square feet

RATE: For the benefit of the State of North Carolina

TERM: Permanent

USE: This storm water easement is located to the immediate southwest of the proposed Textiles Innovation Center which will be constructed and owned by Keystone Corporation who will install the storm retention feature.
STATE OF NORTH CAROLINA  
Department of Administration  
*DISPOSITION OF REAL PROPERTY

Institution or Agency: North Carolina State University        Date:

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by (sale), (lease), (rental), or (other specify): Easement

The disposition is recommended for the following reasons: This storm water easement is to be granted to the Board of Trustees of the Endowment Fund of North Carolina State University and is located to the immediate southwest of the proposed Textiles Innovation Center which will be constructed and owned by Keystone Corporation who will install the storm retention feature.

Description of Property: 4,010+/- square feet for storm water easement as described on the attached exhibits.

Term: Permanent

Estimated value: N/A

Where deed is filed, if known: Wake County, NC

If deed is in the name of agency other than applicant, state the name. N/A

Income, if applicable, and suggested terms: For the benefit of the State of NC

Funds from the disposal of this property are recommended for the following use: N/A

Action recommending this transaction was taken by the Board of Trustees at its meeting held on ______________.

Signature: Original Signature on File  
Chancellor

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)
**Biltmore First Floor Labs**
Total Project Scope $1.8M – Design Fund $170,000 (F&A)

- **03/10/14** Advertised in NC Purchase Directory
- **04/04/14** Closing date for submittals (10 proposals received)
- **04/04/14** Appointment of Selection Committee
  By Steven Arndt, Secretary – Buildings and Property Committee
- **04/21/14** Short list recommendation by Selection Committee:
  Baxter Hodell Donnelly Preston, Inc. (BHDP) – Raleigh, NC
  HH Architecture – Raleigh, NC
  Roughton Nickelson DeLuca Architects – Durham, NC
- **04/21/14** Short list approved by Gayle Lanier
- **04/24/14** Pre-interview briefing of design firms
- **05/16/14** Firms interviewed. Recommendation in priority order:
  Baxter Hodell Donnelly Preston, Inc. (BHDP) – Raleigh, NC
  Roughton Nickelson DeLuca Architects – Durham, NC
  HH Architecture – Raleigh, NC
McKimmon Conference and Training Center Roof Replacement
Total Project Scope $1,060,000 (R&R AP)

02/11/14 Advertised in NC Purchase Directory

03/11/14 Closing date for submittals
(6 proposals received)

03/31/14 Appointment of Selection Committee
By Steven Arndt, Secretary – Buildings and Property Committee

03/31/14- Selection Committee review:
04/18/14 Gayle Lanier, Trustee
Lisa Johnson, University Architect
Greg Selzer, Project Manager, Design & Construction Services
Lisa Maune, Associate Director, Design & Construction Services
Ryan Lawrence, Bldg Environmental Spvsr, McKimmon Conf. & Training Center
Others who assisted in review and short listing process
Tom Skolnicki, University Landscape Architect
Henry Hardy, Program Manager, Capital Project Management
Willy Yamamoto, Assistant Director, Design & Construction Services

03/19/14 Short list recommendation by Selection Committee:
Atlas Engineering Inc. – Raleigh, NC
Rooftop Systems Engineers, P.C. – Raleigh, NC
Stafford Consulting Engineers – Raleigh, NC

03/20/14 Short list approved by Gayle Lanier

03/31/14 Pre-interview briefing of design firms

04/18/14 Firms interviewed. Recommendation in priority order:
Atlas Engineering Inc. – Raleigh, NC
Stafford Consulting Engineers – Raleigh, NC
Rooftop Systems Engineers, P.C. – Raleigh, NC
CVM Main Building Lab Renovation
Total Project Scope $1.8M (Trust Funds)

06/23/14 Advertised in NC Purchase Directory

07/17/14 Closing date for submittals
(10 proposals received)

07/24/14 Appointment of Selection Committee
By Steven Arndt, Secretary – Buildings and Property Committee

07/24/14- Selection Committee review:
08/08/14 Randall Ramsey, Trustee
Lisa Johnson, University Architect
Angkana Bode, Design & Construction Services
Lisa Maune, Design & Construction Services
Michael Davidson, College of Veterinary Medicine
Ken Satterwhite, College of Veterinary Medicine
Others who assisted in review and short listing process
Sumayya Jones-Humienny, Office of the University Architect

07/24/14 Short list recommendation by Selection Committee:
BBH Design – Raleigh, NC
Little Diversified Architectural Consultants – Durham, NC
RND, Roughton Nickelson De Luca Architects – Durham, NC

07/24/14 Short list approved by Randall Ramsey

07/31/14 Pre-interview briefing of design firms

08/08/14 Firms interviewed. Recommendation in priority order:
BBH Design – Raleigh, NC
Little Diversified Architectural Consultants – Durham, NC
RND, Roughton Nickelson De Luca Architects – Durham, NC
5.3.C.5

3501 Avent Ferry Renovations
Total Project Scope $1,300,392 (Carry Forward)

03/05/14 Advertised in NC Purchase Directory

04/01/14 Closing date for submittals
(21 proposals received)

04/15/14 Appointment of Selection Committee
By Steven Arndt, Secretary – Buildings and Property Committee

04/17/14 Selection Committee review:
05/14/14 Gayle Lanier, Trustee
Lisa Johnson, University Architect
Bill Davis, Project Manager, Capital Project Management
Cameron Smith, Director, Capital Project Management
Taylor Jeffreys, Director of Finance and Administration Management
Jill Tasaico, Senior Director, Foundations Accounting and Investments
Others who assisted in review and short listing process
Kushal Dasgupta, Senior Director, Advancement Services
Liz Moore, Facility Planner, Office of the University Architect
Carolyn Axtman, Associate Director Design, Capital Project Management
Charlie Marshall, Associate Director Construction, Capital Project Management

04/17/14 Short list recommendation by Selection Committee:
05/14/14 310 Architecture & Interiors, PA/Dewberry Engineers Inc. – Raleigh, NC
Oakley Collier Architects – Rocky Mount, NC
Roughton Nickelson DeLuca Architects – Durham, NC

04/21/14 Short list approved by Gayle Lanier

04/29/14 Pre-interview briefing of design firms

05/14/14 Firms interviewed. Recommendation in priority order:
Oakley Collier Architects – Rocky Mount, NC
310 Architecture & Interiors, PA/Dewberry Engineers Inc. – Raleigh, NC
Roughton Nickelson DeLuca Architects – Durham, NC
**5.3.C.6**

**Approval of Designer Selections Less than $500,000**

**Note:** The projects below are submitted to the Trustees’ Buildings and Property Committee for formal approval of designer selections for projects less than $500,000 that are not on the OESAD list. This listing represents designers selected since April 2014.

<table>
<thead>
<tr>
<th>Project</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anaerobic Digester Feasibility Study</strong></td>
<td>$48,500</td>
</tr>
<tr>
<td>Designer: Cavanaugh &amp; Associates, Winston-Salem, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
<td></td>
</tr>
<tr>
<td><strong>Brooks Hall 203 Renovation</strong></td>
<td>$22,000</td>
</tr>
<tr>
<td>Designer: Cannon Architecture, Raleigh, NC</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td><strong>DH Hill Makerspace Renovation</strong></td>
<td>$41,900</td>
</tr>
<tr>
<td>Designer: Roughton Nickelson DeLuca, Durham, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
<td></td>
</tr>
<tr>
<td><strong>McKimmon Courtyard – Phase 1A</strong></td>
<td>$22,000</td>
</tr>
<tr>
<td>Designer: OBS Landscape Architects, Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
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</tr>
<tr>
<td><strong>Phytotron Roof Replacement</strong></td>
<td>$14,530</td>
</tr>
<tr>
<td>Designer: BBH Design, Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Capital Improvement</td>
<td></td>
</tr>
<tr>
<td><strong>PNC Players Lounge Renovation</strong></td>
<td>$15,000</td>
</tr>
<tr>
<td>Designer: Davis Kane Architects, PA, Raleigh, NC</td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td><strong>Polk Hall Fire Alarm Expansion</strong></td>
<td>$24,260</td>
</tr>
<tr>
<td>Designer: Engineered Designs Inc. (EDI)</td>
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</tr>
<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td><strong>SCADA Phase II</strong></td>
<td>$25,000</td>
</tr>
<tr>
<td>Designer: Jacobs Engineering, Cary, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
<td></td>
</tr>
<tr>
<td>Project Description</td>
<td>Cost</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Centennial Campus Substation Expansion, GEO, CMT, SIS</td>
<td>$70,000</td>
</tr>
<tr>
<td>Firm: Falcon Engineering, Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Repair &amp; Renovations</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurs’ Garage Expanded Study</td>
<td>$27,800</td>
</tr>
<tr>
<td>Firm: LS3P, Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td>Joyner Visitor Center Rotunda Study</td>
<td>$28,000</td>
</tr>
<tr>
<td>Firm: 1A Interior Architects, Raleigh, NC</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td>Plant Sciences Building Study</td>
<td>$49,600</td>
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<tr>
<td>Firm: Kling Stubbins Architects, Raleigh, NC</td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td>CAFM Software &amp; Services Application Enhancements</td>
<td>$16,000</td>
</tr>
<tr>
<td>Firm: Little Diversified Architectural Consulting, Charlotte, NC</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td>CVM Anatomy Lab Master Plan Study</td>
<td>$37,150</td>
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<tr>
<td>Firm: BBH Design</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
<td></td>
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<tr>
<td>Ricks Hall Third Floor-Commissioning Agent</td>
<td>$70,000</td>
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<tr>
<td>Firm: Hanson Professional Services, Inc.</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
<td></td>
</tr>
<tr>
<td>Ricks SE Corner Water Intrusion Study</td>
<td>$13,743</td>
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<tr>
<td>Firm: CH Engineering</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td>Recreational Sports Master Plan Financial Analysis</td>
<td>$24,258</td>
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<tr>
<td>Firm: Brailsford &amp; Dunlavey</td>
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<tr>
<td>Fund Source: Departmental</td>
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<tr>
<td>FM Interact Application Enhancement “The Wizard”</td>
<td>$10,000</td>
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<tr>
<td>Firm: Little Diversified Architectural Consulting</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
<td></td>
</tr>
</tbody>
</table>
Textiles Innovation Center
Total Project Scope – The Development Feasibility Study will determine budget

03/27/14 Advertised in NC Purchase Directory

04/23/14 Closing date for submittals
(5 proposals received)

05/08/14 Appointment of Selection Committee
By Steven Arndt, Secretary – Buildings and Property Committee

05/08/14-06/19/14 Selection Committee review:
John Sall, Trustee
Lisa Johnson, University Architect
Michael Harwood, Associate Vice Chancellor, Centennial Campus Development Office
Dr. Behnam Pourdeyhimi, Associate Dean, College of Textiles
Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business
Others who assisted in review and short listing process
Harlan Stafford, Director, Centennial Campus Real Estate
Lori Johnson, Director, Strategic Debt Management, University Treasurer Office
Leah Burton, Director of Partnership Development, Centennial Campus Partnership-Research

05/08/14 Short list recommendation by Selection Committee:
Gilbane Development Company – Vienna, VA
Keystone Corporation – Raleigh, NC
Long Fellow Real Estate Partners - Durham

05/13/14 Short list approved by Gayle Lanier

06/03/14 Pre-interview briefing of Developers

06/19/14 Developers interviewed. Recommendation in priority order:
Keystone Corporation – Raleigh, NC
Gilbane Development Company – Vienna, VA
Long Fellow Real Estate Partners - Durham
## Acceptance of Completed Buildings and Projects

<table>
<thead>
<tr>
<th>Code/Item</th>
<th>Project#</th>
<th>Location</th>
<th>Title</th>
<th>Project Cost</th>
<th>University Acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA / NA</td>
<td>201311015</td>
<td>Doak Field at Dail Park</td>
<td>Installation of New Batter’s Eye</td>
<td>$273,242</td>
<td>8/8/2014</td>
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<tr>
<td>41224 / 309</td>
<td>201111086</td>
<td>McKimmon Center Corner Café</td>
<td>Kitchen / Café Renovation Study</td>
<td>$528,978</td>
<td>8/22/2013</td>
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<tr>
<td>NA / NA</td>
<td>201311073</td>
<td>Bostian Hall</td>
<td>CFEP Genetics Teaching Lab Renovation Room 4705A</td>
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<td>1/6/2014</td>
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<td>NA / NA</td>
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<td>DH Hill Old Bookstacks</td>
<td>RENCI Old Bookstacks South, 2nd Floor</td>
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<td>1/27/2014</td>
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<td>NA / NA</td>
<td>201211055</td>
<td>Near Talley Student Union</td>
<td>Site Work Adjacent to Talley</td>
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<td>4/2/2014</td>
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<td>NA / NA</td>
<td>201311099</td>
<td>Terry Center</td>
<td>Isolation Areas Renovations</td>
<td>$138,570</td>
<td>4/11/2014</td>
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<tr>
<td>41124 / 356</td>
<td>201220015</td>
<td>PRV Station in Mechanical Rooms of Williams, Gardner, and Thomas Halls</td>
<td>Steam Phase VIII</td>
<td>$989,000</td>
<td>4/30/2014</td>
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<tr>
<td>40824 / 314</td>
<td>200920008</td>
<td>Grove Hall</td>
<td>Centennial Campus Student Housing</td>
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<td>5/5/2014</td>
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<tr>
<td>NA / NA</td>
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<td>Southern Main Distribution Frame, Building #065</td>
<td>Dan Allen SMDF</td>
<td>$530,366</td>
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<td>40824 / 314</td>
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<td>Valley Hall</td>
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<td>41224 / 305</td>
<td>201211061</td>
<td>Western Manor Apartments</td>
<td>Exterior Upgrades</td>
<td>$722,000</td>
<td>6/5/2014</td>
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<tr>
<td>NA / NA</td>
<td>201311026</td>
<td>Daniels 327 and Winston 132</td>
<td>Renovation of DELTA Spaces</td>
<td>$210,603</td>
<td>6/12/2014</td>
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<td>41124 / 304</td>
<td>201020025</td>
<td>Jordan, Robertson, Biltmore, Pulp &amp; Paper</td>
<td>HVAC Supply and Return Chilled Water Piping Connecting to the Campus Loop</td>
<td>$1,164,416</td>
<td>7/16/2014</td>
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<td>NA / NA</td>
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<td>Carmichael Gym</td>
<td>Sole Source Flooring Building 2311X Carmichael</td>
<td>$132,305</td>
<td>7/22/2014</td>
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<tr>
<td>41224 / 316</td>
<td>201320002</td>
<td>Watauga Residence Hall</td>
<td>HVAC and Chiller Replacement</td>
<td>$2,002,000</td>
<td>7/30/2014</td>
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<tr>
<td>NA / NA</td>
<td>201412059</td>
<td>Doak Field at Dail Park</td>
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<td>7/31/2014</td>
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<tr>
<td>NA / NA</td>
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<td>Dail Softball Stadium</td>
<td>Net Refurbishment</td>
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<td>41224 / 303</td>
<td>201220010</td>
<td>College of Textiles</td>
<td>2nd Floor Renovation</td>
<td>$1,952,667</td>
<td>8/4/2014</td>
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<td>NA / NA</td>
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<td>Brickyard</td>
<td>Water Line Replacement</td>
<td>$170,693</td>
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<td>NA / NA</td>
<td>201412067</td>
<td>Reynolds Coliseum</td>
<td>Modifications to Women’s Softball Locker Room; B05A and B05B</td>
<td>$154,151</td>
<td>8/7/2014</td>
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<tr>
<td>NA / NA</td>
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<td>Brooks Hall</td>
<td>Room 203 Renovation</td>
<td>$218,675</td>
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<td><strong>TOTAL</strong></td>
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<td></td>
<td><strong>$38,741,124</strong></td>
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</table>
### ACQUISITION OF REAL PROPERTY

**SPACE LEASE**

<table>
<thead>
<tr>
<th><strong>LESSEE</strong></th>
<th>State of North Carolina, North Carolina State University</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LESSOR</strong></td>
<td>SM Alliance LLC</td>
</tr>
<tr>
<td><strong>LOCATION</strong></td>
<td>Alliance Center, 901 Main Campus Dr., Centennial Campus, Raleigh, NC</td>
</tr>
<tr>
<td><strong>SIZE</strong></td>
<td>±22,000 square feet</td>
</tr>
<tr>
<td><strong>RATE</strong></td>
<td>To be negotiated but not to exceed market rate</td>
</tr>
<tr>
<td><strong>TERM</strong></td>
<td>Ten years</td>
</tr>
<tr>
<td><strong>USE</strong></td>
<td>This lease of an expanded office and instructional space will allow the Institute for Advanced Analytics to grow from two cohorts totaling 86 students to a projected enrollment of four cohorts of approximately 180 students.</td>
</tr>
</tbody>
</table>
Acquisition of Real Property

Institution or Agency: North Carolina State University  Date: September 11, 2014

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: Acquisition by Lease for ± 22,000 s.f. of office and instruction space for the Institute for Advanced Analytics in Alliance Center on Centennial Campus.

Name and Address of Present Owner: SM Alliance Center LLC, 940 NW Cary Parkway Suite 101, Cary, NC 27513

Description of Property: The Institute requires a Centennial Campus location sufficient to accommodate an expanded enrollment projection of 180 students.

Term: Ten years

Rental price (if applicable): To be negotiated and not to exceed market rate.

Funds for the acquisition of this property are available in our budget under Code

Item: OUC 020301 Acct. 201020  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 _____________ (Date).

Signature  Original Signature on File

Chancellor

* The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)
Agenda Item / Issue: 5.5.A  Textiles Innovation Center – Centennial Campus  
Requested / Required Action: Site Review & Approval

Functions: Phase I of this project is a Development Feasibility Study (DFS) which will determine the project budget. The proposed facility is located on approximately 2.56 acres at the southwest corner of Main Campus Drive and Research Drive. The proposed 102,370 GSF building includes 41,880 GSF of space for the Nonwoven Innovation Pilot Facility and 60,490 GSF of private market rate office space for lease. The project includes structured parking sufficient for the new building and the relocation of the existing parking.

Project Scope: The Development Feasibility Study will determine budget.

Design Team: Keystone Corporation – Developer
Hager Smith Design Architecture

Master Plan Summary: The building architecture will blend with the campus neighborhood. The entrance shall be located on Main Campus Drive and shall be human scale and easily identifiable. The project shall address/improve the surrounding sidewalks along Main Campus Drive and Research Drive. A safe pedestrian connection shall be provided from the College of Textiles north exterior stair, through the site, to Research Drive.


Suggested Motion: Move approval of site plans for the Textiles Innovation Center

Funding Source: Private Funds

Responsible University unit Office of Finance and Business, Facilities Division
University Presenter/Contact: Lisa Johnson, University Architect
EXISTING CONDITIONS
Approval of Plans and Specifications of Formal Projects  
Less than $2,000,000

**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 April 24, 2014 meeting.

<table>
<thead>
<tr>
<th>Project</th>
<th>Construction Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biltmore Hall</strong></td>
<td>$ 1,495,894</td>
</tr>
<tr>
<td>HVAC Renovations, Central Chilled Water Ext/Connections</td>
<td></td>
</tr>
<tr>
<td>Designer: Sigma Engineered Solutions</td>
<td></td>
</tr>
<tr>
<td>Morrisville, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Repair and Renovation</td>
<td></td>
</tr>
<tr>
<td><strong>Centennial Campus</strong></td>
<td>$ 998,359</td>
</tr>
<tr>
<td>Farmer’s Market Park and Ride Lot</td>
<td></td>
</tr>
<tr>
<td>Designer: Stantec</td>
<td></td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Capital Improvements</td>
<td></td>
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<tr>
<td><strong>Centennial Campus</strong></td>
<td>$ 945,084</td>
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<tr>
<td>Re-Use Water Distribution, Water Line Extension</td>
<td></td>
</tr>
<tr>
<td>Designer: McKim &amp; Creed</td>
<td></td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Facilities</td>
<td></td>
</tr>
<tr>
<td><strong>DH Hill Library</strong></td>
<td>$ 700,000</td>
</tr>
<tr>
<td>Fire Alarm System Upgrade</td>
<td></td>
</tr>
<tr>
<td>Designer: Edmondson Engineers P.A.</td>
<td></td>
</tr>
<tr>
<td>Durham, NC</td>
<td></td>
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<tr>
<td>Fund Source: Capital Improvements</td>
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<tr>
<td><strong>Polk Hall</strong></td>
<td>$ 460,000</td>
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<tr>
<td>Fire Protection Sprinkler System Expansion</td>
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<tr>
<td>Designer: Engineered Designs, Inc.</td>
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<tr>
<td>Raleigh, NC</td>
<td></td>
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<tr>
<td>Fund Source: Facilities</td>
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<tr>
<td><strong>Campus-Intersection of Morrill &amp; Western Blvd</strong></td>
<td>$ 400,000</td>
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<tr>
<td>Entrance and Safety Improvements</td>
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<tr>
<td>Designer: Sears Design Group</td>
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<tr>
<td>Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
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</table>

Office of the University Architect  
September 18, 2014
Approval of Plans and Specifications of Formal Projects
Less than $2,000,000

Biltmore Hall $342,255
Fire Alarm System Replacement
Designer: Sigma Engineered Solutions Morrisville, NC
Fund Source: Repair and Renovation

Toxicology Building $333,976
CFEP First Floor Renovations
Designer: In Situ Studio Raleigh, NC
Fund Source: University Strategic Funds

Pullen Hall $329,976
Career Center Renovations
Designer: 310 Architecture & Interiors Raleigh, NC
Fund Source: Departmental

Carmichael Recreation Center $300,000
LED Lighting Upgrades at Pools
Designer: Edmondson Engineers, PA Durham, NC
Fund Source: Departmental

CVM Main Building $221,652
Student Services & Development Office Suite Studies
Designer: Edmondson Engineers, PA Durham, NC
Fund Source: Departmental

Brooks Hall $203,300
Room 203 Renovation
Designer: Cannon Architecture Raleigh, NC
Fund Source: Departmental

University Plaza $200,278
Brickyard Water Line Replacement
Designer: A. Morton Thomas and Associates Raleigh, NC
Fund Source: Facilities

Campus $200,000
SCADA Phase II
Designer: Jacobs Engineering Cary, NC
Fund Source: Facilities

Office of the University Architect
September 18, 2014
## Approval of Plans and Specifications of Formal Projects
### Less than $2,000,000

<table>
<thead>
<tr>
<th>Project Location</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monteith Engineering Research Center</strong></td>
<td>$200,000</td>
</tr>
<tr>
<td>- Renovate Rm 454 and Adjoining</td>
<td></td>
</tr>
<tr>
<td>- Designer: In Situ Studio</td>
<td></td>
</tr>
<tr>
<td>- Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>- Fund Source: Departmental</td>
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<tr>
<td><strong>Phytotron</strong></td>
<td>$190,317</td>
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<tr>
<td>- Hydraulic Freight Elevator Modernization</td>
<td></td>
</tr>
<tr>
<td>- Designer: The Wooten Company</td>
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<tr>
<td>- Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>- Fund Source: Capital Improvements</td>
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<tr>
<td><strong>University Plaza</strong></td>
<td>$185,000</td>
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<tr>
<td>- Brickyard East ADA Path</td>
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<tr>
<td>- Designer: Swanson and Associates</td>
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<tr>
<td>- Carrboro, NC</td>
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<tr>
<td>- Fund Source: Facilities</td>
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<tr>
<td><strong>McKimmon Extension Education Center</strong></td>
<td>$184,600</td>
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<tr>
<td>- Courtyard Phase 1A</td>
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<tr>
<td>- Designer: OBS Landscape Architects</td>
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<td>- Raleigh, NC</td>
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<td>- Fund Source: Departmental</td>
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<tr>
<td><strong>DH Hill</strong></td>
<td>$180,000</td>
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<tr>
<td>- Makerspace for Rooms 1222, 1222A &amp; 1228</td>
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<tr>
<td>- Designer: Roughton Nickelson DeLuca</td>
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<td>- Durham, NC</td>
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<td>- Fund Source: Departmental</td>
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<td><strong>Mann Hall</strong></td>
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<td>- Renovation Classroom 307</td>
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<td>- Designer: AECOM Services of NC</td>
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<td>- Raleigh, NC</td>
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<td>- Fund Source: Departmental</td>
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<tr>
<td><strong>Monteith Engineering Research Center</strong></td>
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<tr>
<td>- Modular Clean Room</td>
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<td>- Designer: Edmondson Engineers PA</td>
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<td>- Durham, NC</td>
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</tr>
<tr>
<td>- Fund Source: Departmental</td>
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Office of the University Architect  
September 18, 2014
<table>
<thead>
<tr>
<th>Code/Item</th>
<th>Project Name</th>
<th>Bid</th>
<th>Expected Acceptance</th>
<th>Total Project Budget</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
<td>41324 354</td>
<td>DH Hill Fire Alarm Upgrades</td>
<td>Design</td>
<td>9/19/14</td>
<td>4/23/15</td>
<td>$922K CD Review Underway</td>
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<tr>
<td>41324 356</td>
<td>Ricks Hall</td>
<td>Design</td>
<td>10/30/14</td>
<td>7/31/15</td>
<td>$3.64M CD Review Underway</td>
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<tr>
<td>41324 353</td>
<td>Park Alumni Center HVAC</td>
<td>Design</td>
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<td>6/1/15</td>
<td>$976K CD Production Underway</td>
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<td>41324 350</td>
<td>McKinnon Center Roof Replacement</td>
<td>Design</td>
<td>11/13/14</td>
<td>5/25/15</td>
<td>$1.06M CD Production Underway</td>
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<td>41224 319</td>
<td>Farmers Market Park &amp; Ride Lot</td>
<td>Design</td>
<td>11/26/14</td>
<td>4/28/15</td>
<td>$998K CD Review Underway</td>
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<td>41324 302</td>
<td>Re-Use Water Line Extension</td>
<td>Design</td>
<td>1/14/15</td>
<td>8/7/15</td>
<td>$1.2M CD Production Underway</td>
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<td>40824 313</td>
<td>Gregg Museum</td>
<td>Design</td>
<td>1/16/15</td>
<td>8/30/16</td>
<td>$9.6M CD Production Underway</td>
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<td>41224 311</td>
<td>Reynolds Coliseum Renovation</td>
<td>Design</td>
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<td>8/10/16</td>
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<td>Research II HVAC</td>
<td>Design</td>
<td>3/31/15</td>
<td>12/3/15</td>
<td>$2M SD/DD Review Underway</td>
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<tr>
<td>41324 301</td>
<td>Carmichael Gym Locker Rooms</td>
<td>Design</td>
<td>4/3/15</td>
<td>1/27/16</td>
<td>$7.6M SD/DD Production Underway</td>
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<tr>
<td>41324 307</td>
<td>3501 Avent Ferry Road Renovation</td>
<td>Design</td>
<td>5/5/15</td>
<td>1/12/16</td>
<td>$1.3M SD/DD Production Underway</td>
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<tr>
<td>41224 352</td>
<td>Centennial Campus Substation Expansion</td>
<td>Design</td>
<td>6/9/15</td>
<td>3/22/16</td>
<td>$3.56M Design Amendment Underway</td>
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<td>41224 370</td>
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<td>Design</td>
<td>10/12/15</td>
<td>11/1/16</td>
<td>$10M Management Review Underway</td>
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<td>41324 305</td>
<td>Sullivan Stairwell Upgrade</td>
<td>Construction</td>
<td>8/29/14</td>
<td>$666K 97% Construction Complete</td>
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<td>41224 308</td>
<td>Golden Leaf Biofuels Pilot Plant</td>
<td>Construction</td>
<td>8/29/14</td>
<td>$426K 91% Construction Complete</td>
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<td>41224 301</td>
<td>Phytotron Performance Contract</td>
<td>Construction</td>
<td>9/3/14</td>
<td>$6.0M 75% Construction Complete</td>
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<td>41224 304</td>
<td>Data Center II</td>
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<td>9/22/14</td>
<td>$1.3M 80% Construction Complete</td>
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<td>41224 302</td>
<td>CVM 3rd Floor Lab Module C Renov.</td>
<td>Construction</td>
<td>10/8/14</td>
<td>$2.75M 50% Construction Complete</td>
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<tr>
<td>41224 310</td>
<td>Centennial Campus - Gateway at Trailwood</td>
<td>Construction</td>
<td>10/19/14</td>
<td>$1.5M 65% Construction Complete</td>
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<tr>
<td>41224 306</td>
<td>CCUP Capacity Expansion</td>
<td>Construction</td>
<td>10/30/14</td>
<td>$3.49M 70% Construction Complete</td>
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<tr>
<td>41024 315</td>
<td>HB 1292 Utility Savings</td>
<td>Construction</td>
<td>1/1/15</td>
<td>$1.1M 90% Construction Complete</td>
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<tr>
<td>40824 304</td>
<td>Partners I - HVAC</td>
<td>Construction</td>
<td>2/10/15</td>
<td>$5.0M Notice to Proceed 7/15/14</td>
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<tr>
<td>40824 313</td>
<td>Talley Student Center Addition and Renovation</td>
<td>Construction</td>
<td>2/27/15</td>
<td>$122M 81% Construction Complete</td>
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<td>41024 314</td>
<td>Facilities Operations Support - CBC</td>
<td>Design</td>
<td>6/15/15</td>
<td>$2.1M Bid Date 7/31/14</td>
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<tr>
<td>41124 304</td>
<td>Robertson, Biltmore, Pulp &amp; Paper &amp; Jordan Hall - HVAC Renovation</td>
<td>Complete</td>
<td>7/16/14</td>
<td>$1.7M Accepted 7/16/14</td>
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<tr>
<td>41224 303</td>
<td>College of Textiles - Classroom &amp; Graduate School</td>
<td>Complete</td>
<td>7/29/14</td>
<td>$1.95M Accepted 7/29/14</td>
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<tr>
<td>41224 316</td>
<td>Watauga HVAC &amp; Chiller Replacement</td>
<td>Complete</td>
<td>7/30/14</td>
<td>$2M Accepted 7/30/14</td>
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<tr>
<td>41024 306</td>
<td>Broughton Hall</td>
<td>On Hold</td>
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<td>SD approved; Project On Hold</td>
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<tr>
<td></td>
<td>Engineering Building Oval</td>
<td>On Hold</td>
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<td>Designer Selected; On Hold</td>
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<tr>
<td>40924 307</td>
<td>Greek Village Townhomes</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>AP SCO on 1/7/11; Project On Hold</td>
</tr>
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CALL TO ORDER - Chair Owens reads State Government Ethics Act

1. REVIEW COMMITTEE RESPONSIBILITIES Tab 6.1
   A. Review Work Plan for FY’15
      Brian Sischo, Vice Chancellor, University Advancement

2. CONSENT AGENDA Tab 6.2
   A. Approval of August 13, 2014 Teleconference Minutes*

3. INFORMATIONAL REPORTS Tab 6.3
   A. FY’14 University Advancement Report

4. TOPICS FOR DISCUSSION Tab 6.4
   A. Campaign Review and Update

5. CLOSED SESSION Tab 6.5
   A. Approval of April 24, 2014 Minutes*
   B. Request approval for Naming Specific University Facilities and Programs √

RECONVENE OPEN SESSION

ADJOURN
* Committee Approval
√ Full Board Approval
NC STATE BOARD OF TRUSTEES
UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE
2013-2014 PLAN OF WORK

September
- Fund Raising Reports (NC State Pol. 01.05.01, App IV.a)
- Review Campaign Update (NC State Pol.01.05.01, App IV.a.iii) (Approval)
- Naming Specific University Facilities and Programs (NC State Pol. 01.05.01) (Approval)
- University Advancement FY’14 Report
- Review Committee Responsibilities and Work Plan (Annually)

November
- Fund Raising Reports (NC State Pol. 01.05.01, App IV.a)
- Fund Raising Naming Plans (NC State Pol. 01.05.01, App IV.a.i.,a.iii) (Approval)
- Alumni Engagement Update (NC State Pol.01.05.01, App IV.a.vii)
- Campaign Update (NC State Pol.01.05.01, App IV.a.iii)
- Watauga Medal Nominations (NC State Pol.01.05.01, App IV.a.vi) (Approval)
- Naming Specific University Facilities and Programs (NC State Pol.01.05.01, App IV.a.iv) (Approval)

February
- Fund Raising Reports (NC State Pol. 01.05.01, App IV.a)
- Fund Raising Naming Plan (NC State Pol. 01.05.01, App IV.a.i,a.iii) (Approval)
- Campaign Update (NC State Pol.01.05.01, App IV.a.iii)
- University Communications/Brand Update (NC State Pol.01.05.01, App IV.a.vii)
- Naming Specific University Facilities and Programs (NC State Pol.01.05.01, App IV.a.iv) (Approval)

April
- Fund Raising Reports (NC State Pol. 01.05.01, App IV.a)
- Fund Raising Naming Plans (NC State Pol. 01.05.01, App IV.a.i,a.iii) (Approval)
- Campaign Update (NC State Pol.01.05.01, App IV.a.iii)
- External Affairs Update (NC State Pol. 01.05.01, App IV.b.iii)
- Naming Specific University Facilities and Programs (NC State Pol. 01.05.01, App IV.a.iv) (Approval)
Consent Agenda Minutes
The University Advancement and External Affairs Committee of the Board of Trustees of North Carolina State University met in Open Session at 3:00 p.m. by teleconference that originated in the Chancellor’s Conference Room. All members participated by telephone conference call except Wendell Murphy.

Members Present: Jim Owens, Chair
Gayle Lanier
Bob Mattocks
Ron Prestage
Randy Ramsey
W. Randolph Woodson, Chancellor

Others Present: Brian Campbell, Executive Director of Development
Eileen Goldgeier, Office of General Counsel
Louis Martin-Vega, Dean, College of Engineering
Laurie Reinhardt-Plotnik, Associate Vice Chancellor, University Development
Hilda Renfrow, Executive Assistant, University Advancement
Brian Sischo, Vice Chancellor, University Advancement
P.J. Teal, University Secretary

Chair Jim Owens called the session to order, asked for a roll call, and read the State of North Carolina’s Government Ethics Act.

Gayle Lanier made a motion to approve the April 24, 2014 minutes, seconded by Bob Mattocks, and the motion carried.

Chancellor Woodson provided an overview of the College of Engineering Oval project being proposed for Centennial Campus. The project cost is estimated at approximately $150 million with anticipation of a public private partnership to finance its construction. The University is expecting to contribute roughly $15 million toward infrastructure costs through performance contracts. The University is anticipating making a request to the NC State Legislature in the next long session for 50% of the project cost or $75 million. The balance of $60 million would be sought through private contributions. Having a large percentage of the private contributions in hand will be a critical component to receive consideration from the State.
It is expected that the Engineering Oval will be occupied by the dean’s office, the Department of Civil, Construction and Environmental Engineering and Industrial Engineering. Dean Martin-Vega provided remarks about the importance of this new facility and indicated one donor has committed an eight figure challenge gift. He also noted that the University will solicit naming opportunities for Engineering Buildings I, II, and III to cover all areas of Engineering around the Oval Court.

Brian Campbell shared the naming schedule with opportunities to name the Oval building at $30 million along with an atrium, North and South wings, teaching and research labs and the Oval Court at $5 million each. He presented opportunities of the Marquee Lecture Hall and Education Center at $1.5 million with the dean’s suite for $2 million. In addition to the Oval building schedule, principal naming opportunities for each of the Engineering Buildings around the Oval Court were revealed to leverage a broader list for potential donors.

Chair Owens inquired if there were any further questions about the fund raising schedule for the College of Engineering. Ron Prestage made a motion to approve the fundraising plan, seconded by Bob Mattocks. With no further discussion, the vote carried.

With no further business, the meeting adjourned at 3:20 p.m.

Respectfully submitted,

James W. Owens
Chair
FY’14 University Advancement Report
Dear Board of Trustees:

Please accept my sincere appreciation for your ongoing leadership and support of University Advancement and NC State. In collaboration with you, we are elevating this great university to new levels of notoriety and success.

Our combined accomplishments over the last fiscal year, the first full year of the nucleus phase of the NC State’s most ambitious comprehensive fundraising campaign, demonstrate Advancement’s impact and potential as we look toward the public launch of the campaign about two short years from now.

Looking ahead, University Advancement, working with our tremendous partners across campus, is in a great position to help NC State achieve all its strategic goals. Together, we have the ability to drive a successful campaign and position NC State rightfully as the preeminent research enterprise.

I am proud to be part of the NC State family, and I am pleased to provide the following FY14 University Advancement annual review.

**Continued growth in fundraising outcomes for key priorities**

Fiscal year 2014 represented an outstanding year for development and another excellent year of raising funds for NC State.

- Gifts and new commitments totaled $187.1 million, the second highest total in NC State history.

- Total commitments to the endowment reached $98.5 million, more than half of all new gifts and commitments. That figure, combined with another year of strong investment performance, elevated our endowment to approximately $900 million.

- Gift receipts totaled $117.5 million, driving the third straight year of $100-million-plus gift receipts.

- Annual Giving raised a record $2.45 million, breaking the $2 million mark for the first time. This reflects a 25% increase over last year and a 175% increase over the past 5 years.

- Most colleges and many units posted impressive rates of growth over last year, and NC State fundraisers secured an impressive 27 transformational seven- and eight-figure gifts to support key priorities across the university.

As a result of a strong, dedicated development team, these philanthropic dollars are already making a huge difference in the life of the NC State community.

**Engaging “the Pack”**

Alumni are the foundation of NC State’s broad support and ongoing success. Fortunately, the Alumni Association experienced the strongest all-around year in its history, meeting or exceeding every goal.

- Total Association membership hit a record high of 24,997. As part of this impressive number, the Student Alumni Association grew 32% to more than 2,500 members.
• Annual membership revenue reached a record of $648,000, a 4.5% increase over the previous year’s record.

• Strategic Pack Strong and Young Alumni membership campaigns resulted in 770 new members, with 350 of those under the age of 30.

• NC State’s Alumni Association is recognized as having one of the top performing social media portfolios among its peers nationwide.
  o Fifth in the nation among alumni associations with 42,500 Facebook fans, an increase of more than 14,000 in the last year.
  o More than 9,750 Twitter followers (more than any other ACC alumni association) and 8,000 LinkedIn members. Tripled number of Instagram followers.

• NC State Magazine and the Red & White for Life blog won seven District III CASE awards.

The Alumni Association’s efforts are ensuring a broad range of support that will continue to benefit all aspects of NC State now and well into the future.

**Elevating the NC State Brand**

University Communications continued to elevate awareness of NC State’s excellence and promote a strong NC State brand to key audiences locally, nationally and across the globe.

• UComm led the creation and implementation of the new NC State Brand, the foundation for consistent, coordinated university-wide communications. The collaborative effort and resulting Brand Site (digital toolkit) are quickly becoming recognized as best practices.

• Set new marks for media placements, surpassing 24,800 tracked media clips across the nation and around the world over the year; a 400% increase in the last three years.

• NC State’s Home Page garnered more than 12 million visitors, with nearly 40% new visitors.

• Grew an engaged Facebook following by nearly 20%, to more than 100,000 fans and nearly doubled the central Twitter following while establishing NC State on Flickr, Pinterest and Instagram.

• Managed more than 80 successful events, from private dinners at The Point to pregame events to signature Advancement events including Founder’s Day and the Chancellor’s Circle.

• Executed a strategic, coordinated marketing plan driving more than 25 million views/impressions across targeted print and digital outlets.

• Earned more than 20 national and regional awards for communications efforts, including three CASE National Circle of Excellence awards, 12 CASE District 3 awards and several industry awards.

As good as this year has been, I believe we’ve only just begun to tap our potential at NC State. I am confident that we -- together -- will be successful not only in realizing a successful campaign but also in enabling NC State to reach its full potential.

Thank you for all you do for NC State, and Go Pack!
Topics for Discussion

Campaign Review and Update
Presented during the meeting
BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA

University Affairs Committee
2:45 p.m. – 4:15 p.m. September 18, 2014
Winslow Hall Conference Room

Susan Ward, Chair
Members: Tom Cabaniss, Rusty Mau, Barbara Mulkey, Jim Owens, and Ron Prestage

CALL TO ORDER
Susan Ward, Committee Chair

ROLL CALL

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

1. AGENDA
   A. Approval of July 10, 2014 University Affairs Committee Minutes

2. DISCUSSION ITEMS
   A. Review of Committee Responsibilities and 2014-2015 Plan of Work
      Presenters: Warwick A. Arden, Provost and Executive Vice Chancellor and
      Susan P. Ward, University Affairs Committee Chair
   B. Fall 2014 Enrollment Report
      Presenter: Louis D. Hunt, Senior Vice Provost, Enrollment Management & Services

3. REQUESTED ACTION
   A. Request for Authorization to Continue the Center for Integrated Fungal
      Research (CIFR)
      Presenter: Terri Lomax, Vice Chancellor for Research, Innovation & Economic Development
   B. Request for Authorization to Continue the Institute for Transportation
      Research and Education (ITRE)
      Presenter: Terri Lomax, Vice Chancellor for Research, Innovation & Economic Development

4. INFORMATIONAL REPORTS
   A. Student Body President Report
      Presenter: Rusty Mau, Student Body President
B. Provost Update 7.4B
   Presenter: Warwick A. Arden, Provost and Executive Vice Chancellor 7.4B.a.
   a. Notification of Undergraduate and Graduate Certificate Programs
      • New Graduate Certificate in Statistics Education
      • New Graduate Certificate in Applied Statistics and Data Management
      • New Undergraduate Certificate in Leadership in the Public Sector
   c. Chancellor’s Faculty Excellence Program
   d. University Faculty Scholars Program
   e. Strategic Plan Update
   f. Leadership and Program Review Update

5. CLOSED SESSION (Personnel Matters) TAB 7.5

6. RECONVENE OPEN SESSION

7. ADJOURN
The University Affairs Committee of the Board of Trustees of North Carolina State University met July 10, 2014 at 9:45 a.m. in Classroom 202 of the Carol Johnson Poole Clubhouse.

Members Present: Susan Ward, Committee Chair
Tom Cabaniss
Rusty Mau
Barbara Mulkey
Jim Owens
Ron Prestage
Ben Jenkins, Board Chair

Other Trustees Present: Jimmy Clark
Gayle Lanier

Others Present: Randy Woodson
Warwick Arden
Betsy Brown
Eileen Goldgeier
Jon Horowitz
Amy Jinnette
Sarah Lannom
Duane Larick
Michael Liptiz
Terri Lomax
PJ Teal
Shawn Troxler

Chair Ward called the meeting to order. A quorum was present.

She 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 University Affairs Committee at this meeting. Hearing none, Chair Ward proceeded with the Committee agenda.

Chair Ward asked if there were corrections to the April 24, 2014 open and closed session committee minutes. Hearing none, Chair Ward declared the minutes stand approved as drafted.

Dr. Duane Larick, Senior Vice Provost for Academic Strategy and Resource Management, presented a Request for Authorization to Consolidate Bachelor's Degrees in Foreign Languages. Dr. Larick explained the request would consolidate the department’s five separate majors into one single major plan called Foreign Languages and Literatures under which there would be several subplans or major concentrations. The consolidation will allow the student much more curricular flexibility and will reduce administrative requirements. Individuals currently in these degree programs will be allowed to complete their degrees under the current structure. Dr. Owens made a motion, seconded by Ms. Mulkey, to recommend the degree consolidation request to the full board for approval. The motion carried.
Dr. Larick next presented a Request for Authorization to Change Degree Program Titles. The College of Education is requesting two graduate degree programs, M.Ed. and M.S. in Instructional Technology, change to M.Ed. and M.S. in Digital Learning and Teaching. These title changes will bring the programs and degrees in line with current trends and afford better alignment with the university’s new research cluster in Digital Transformation of Education. A motion was made by Dr. Prestage to recommend the degree title changes to the full board for approval. Mr. Mau seconded the motion. The motion carried.

Dr. Larick discussed the Request to Approve the establishment of a new Early College High School between Bertie County Schools and NC State University to be located in Bertie County. The intent of the agreement is to leverage secondary school innovation to graduate all students prepared for success in college, careers and life while advancing economic development in Bertie County. The Bertie Early College High School will accelerate students’ high school experience through a blended approach to high school and college in which NC State will provide selected (primarily in the College of Agriculture and Life Sciences) university level courses delivered through distance education, taught by NC State faculty. The agreement is effective for three years, until June 30, 2017, unless terminated earlier. Representatives from NC State and Bertie County Schools will meet annually to review and discuss progress and plans for BECHS and renew this agreement, with revisions if necessary. Chancellor Woodson, Provost Arden and Dr. Larick responded to committee members’ questions about the agreement. Following discussion, a motion was made by Mr. Cabaniss to recommend to the full board the Request to Approve the establishment of a new Early College High School between Bertie County Schools and NC State University to be located in Bertie County. Ms. Mulkey seconded the motion. The motion carried.

Vice Chancellor Terri Lomax presented requests for two Center continuations: The North Carolina Clean Energy Technology Center (NCCETC), formerly the North Carolina Solar Center (NCSC), and the Center for Family and Community Engagement (CFACE). Dr. Owens made a motion to approve the Requests for Authorization to continue the North Carolina Clean Energy Technology Center, formerly the North Carolina Solar Center, and the Center for Family and Community Engagement. Mr. Mau seconded the motion. The motion carried.

Mr. Michael Lipitz, Senior Associate Athletics Director, presented the Department of Athletics Bonus Guidelines for Swimming and Diving. Ms. Mulkey made a motion, seconded by Dr. Owens, to approve the bonus guidelines. The motion carried.

In the Provost’s Update report, Dr. Larick informed the committee of a new graduate certificate in Digital Humanities and Provost Arden provided an update on the College of Textiles Dean search.

A motion was made by Ms. Ward to go into closed session to establish or instruct the staff or agent concerning the negotiations of the amount of compensation or other terms of an employment contract, to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee, and to prevent the premature disclosure of an honorary award or scholarship. Dr. Owens seconded the motion. The motion carried.

After coming out of closed session, Ms. Ward announced the meeting in open session.

Dr. Prestage made a motion, seconded by Ms. Mulkey, to approve the personnel actions discussed in Closed Session related to two employment agreements, a non-salary compensation request, and conferral of tenure to three new faculty members. The motion carried.

With no further business, Chair Ward announced the meeting adjourned at 10:45 a.m.

Susan P. Ward, Chair
Board of Trustees - University Affairs Committee

Delegated Authority and Assignments
Based on Board of Trustees Bylaws - POL 01.05.01, Appendix 1, Section V

EPA Personnel

Non-salary compensation (ex. temporary housing expenses, club memberships)

Salary issues
• Establish salary ranges, based on available relevant market data, for deans and other senior academic and administrative officers that are not established by UNC General Administration.
• Recommend EPA salary increases for Board of Governors’ approval that exceed established salary range or result in a salary that is at least 15% and at least $10,000 above previous June 30th salary

Administrative separation and retreat rights

Conferral of permanent tenure
• New faculty hires (usually tenured at a previous institution)
• Faculty candidates reviewed through annual reappointment, promotion, and tenure process

Designation of particular Distinguished Professorships as time limited

Conferral of Emeritus status to SAAO Tier I employees

Appoint or extend the contract of the Athletic Director and Head Coaches

Employee Appeals

Hear appeals of discharged or suspended employees

Hear and render a decision on appeals from the disposition of grievances

Academic Programs

Review and recommend academic degree proposals to Board of Trustees

Receive notification of other academic program proposals (ex. certificates, concentrations, and minors)

Student Affairs

Review and recommend campus initiated tuition increases and student fees

Honorary Degrees, Awards and Distinctions

Honorary Degrees and Holladay Medals
• Receive and review nominations
• Recommend nominees to Board of Trustees for approval

Provide advice in Chancellor’s selection of a commencement speaker
**Planning**

Review and recommend changes in the university’s mission statement

Advise chancellor on development of plans to carry out the university’s mission

Review and approve establishment and continuation of Centers and Institutes

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**Policy Development**

Recommend policies to Board of Trustees for approval related to:

- Personnel
- Collection of tuition, fees and other monies from students
- Acceptance of cash obligations in lieu of cash from students in payment of tuition and fees
- Administration of scholarships and other financial aid to students
- Provision of student services activities, including government and intercollegiate athletics
- Centers and Institutes

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**Reports**

Receive and hear reports from the Chair of the Faculty, Chair of Staff Senate, and Student Body President
NC STATE BOARD OF TRUSTEES
UNIVERSITY AFFAIRS COMMITTEE
2014-2015 PLAN OF WORK

September
- Centers and Institutes Requests (UNC Pol. 400.5 (R) (NC State Pol. 01.05.01 App. 1, V.f.iii) (as needed)
  Review and approve the establishment and continuation of Centers and Institutes.
- Commencement Speaker – December (NC State Pol. 01.05.01 App. 1, V.e.ii)
  Provide advice in Chancellor’s selection of Commencement Speaker.
- Committee Responsibilities and Plan of Work (Annually)
  Review committee’s delegated authority and assignments and develop plan of work for the year.
- Degree Programs (new)- Intent to Plan/Authorization to Establish (as needed) (NC State Pol. 01.05.01, App.1, V.c.i.)
  Review and recommend approval to the BOT.
- Fall Enrollment Report / Progress Toward Enrollment Planning (NC State Pol. 01.05.1, App 1, V.f.ii)
  Receive report and comment as warranted.
- Honorary Degree Recommendations (UNC Pol. Ch. 100.1, Appendix 1 (IV) (NC State Pol. 01.05.01, App.1, V.e.i)
  Receive and review nominations as needed. Recommend nominees for approval to the BOT.
- Personnel Requests (NC State Pol 01.05.01, App 1.V.ai.ii.iii.iv.vi.vii.viii.ix.b.i.ii) (as needed)
  Approve or recommend approval to the BOG.
- Salary Ranges for Faculty (Annually)
  The Chancellor has delegated authority for faculty salary ranges. Upon the Chancellor’s approval, these ranges are shared with the committee.
- Student Body President Report (NC State Pol. 01.05.01 App.1, V.h.i.)
  Receive report and comment as warranted.

November
- Campus Initiated Tuition Increase and Student Fees (UNC Pol. 100.11, II, 3.A. iii) (NC State Pol. 01.05.01, App. 1, V.d.i)
  Review and recommend approval to the BOT.
- Centers and Institutes Requests (UNC Pol. 400.5 (R) (NC State Pol. 01.05.1 App. 1, V.f.iii) (as needed)
  Review and approve the establishment and continuation of Centers and Institutes.
- Degree Programs (new)- Intent to Plan/Authorization to Establish (as needed) (NC State Pol. 01.05.01, App.1, V.c.i)
  Review and recommend approval to the BOT.
- Distinguished Professorship Update
  Receive information about recently awarded professorships of distinction as applicable
NC STATE BOARD OF TRUSTEES
UNIVERSITY AFFAIRS COMMITTEE
2014-2015 PLAN OF WORK

- Faculty Retention Report
  *Receive report and comment as warranted.*
- Faculty Senate Report (NC State Pol 01.05.01 App.1, V.h.i.)
  *Receive report and comment as warranted.*
- Honorary Degree Recommendations (UNC Pol. Ch. 100.1, Appendix 1 (IV) (NC State Pol 01.05.01, App.1, V.e.i)
  *Receive and review nominations as needed. Recommend nominees for approval to the BOT.*
- Management Flexibility Annual Report (UNC policy 600.3.4)
  *Receive and review report prior to submission to UNC-GA.*
- Personnel Requests (NC State Pol 01.05.1, App 1.V.a.i.ii.iii.iv.vi.vii.viii.ix.b.i.ii)) (as needed)
  *Approve or recommend approval to the BOG.*
- Staff Senate Report (NC State Pol 01.05.01 App.1, V.h.i.)
  *Receive report and comment as warranted.*

February

- Centers and Institutes Overview (Informational report provided every 2 years.)
  *Receive report and comment as warranted.*
- Centers and Institutes Requests (UNC Pol. 400.5 (R) (NC State Pol 01.05.01 App. 1, V.f.iii)) (as needed)
  *Review and approve the establishment and continuation of Centers and Institutes.*
- Commencement Speaker – May (NC State Pol 01.05.01 App. 1, v.e.ii)
  *Provide advice in Chancellor’s selection of Commencement Speaker.*
- Degree Programs (new)- Intent to Plan/Authorization to Establish (as needed) (NC State Pol. 01.05.01, App.1, v.c.i)
  *Review and recommend approval to the BOT.*
- Fall Graduation Report
  *Receive report and comment as warranted.*
- Holladay Medal Recommendations (NC State Pol 01.05.01, App.1, V.e.i)
  *Receive and review nominations. Recommend nominees for approval to the BOT.*
- Honorary Degree Recommendations (UNC Pol. Ch. 100.1, Appendix 1 (IV) (NC State Pol 01.05.01, App.1, V.e.i)
  *Receive and review nominations as needed. Recommend nominees for approval to the BOT.*
- Personnel Requests (NC State Pol 01.05.1, App 1.V.a.i.ii.iii.iv.vi.vii.viii.ix.b.i.ii) (as needed)
  *Approve or recommend approval to the BOG.*
NC STATE BOARD OF TRUSTEES
UNIVERSITY AFFAIRS COMMITTEE
2014-2015 PLAN OF WORK

- Reappointment, Promotion and Tenure Process
  Receive report and comment as warranted.
- Student Body President Report (NC State Pol 01.05.01 App.1, V.h.i.)
  Receive report and comment as warranted.

April
- Athletics Annual Report (UNC Policy Manual 1100.1, sections 13 & 14) and Academic Integrity and Required Course-Clustering Analysis of Student-Athletes (UNC Policy Manual 700.6.1[G])
- Centers and Institutes Requests (UNC Pol. 400.5 (R) (NC State Pol 01.05.1 App. 1, V.f.iii) (as needed)
  Review and approve the establishment and continuation of Centers and Institutes.
- Degree Programs (new)- Intent to Plan/Authorization to Establish (as needed) (NC State Pol. 01.05.1, APP1, v.c.i.i)
  Review and recommend approval to the BOT.
- Distinguished Professorship Update
  Receive information about recently awarded professorships of distinction as applicable
- Faculty Senate Report (NC State Pol 01.05.01 App.1, V.h.i.)
  Receive report and comment as warranted.
- Honorary Degree Recommendations (UNC Pol. Ch. 100.1, Appendix 1 (IV) (NC State Pol 01.05.01, App.1, V.e.i)
  Receive and review nominations as needed. Recommend nominees for approval to the BOT.
- Nepotism Report (UNC Pol. 300.4.2)
  Receive annual report on university’s compliance with UNC Policy 300.4.2.
- Personnel Requests (NC State Pol 01.05.1, App 1.V.a.i.ii.iii.iv.v.vi.vii.viii.ix.b.i.ii) (as needed)
  Approval or recommend approval to the BOG.
- Residency for Full Scholarship Undergraduate Students (§ 116-143.6) (NC State Reg 02.70.03)
  Receive report and comment as warranted.
- Staff Senate Report (NC State Pol 01.05.01 App.1, V.h.i.)
  Receive report and comment as warranted.
- Students Requiring Special Consideration (NC State Reg 02.10.04)
  Receive report and comment as warranted.
- Salary Ranges for Senior Academic and Administrative Officers (SAAO) (NC State Pol 01.05.01, App. 1, V.a.ii)
  Review and approve recommended ranges.
Special Meetings (called as needed)
- There may be items that need the committee’s approval in between the regularly scheduled meetings. In these cases, a special meeting of the committee will be held.

Additional Topics for Discussion
- Topics associated with implementation of the strategic plan
- Updates from the Provost

Desired Outcomes
- To comply with delegated authority and assignments as prescribed by N.C. General Statutes, UNC Board of Governors Policies and NC State University Policies.
- To keep the Board fully informed of major issues and policies associated with the governance of the university.
- To solicit the Board’s input on policy, strategy and goal-setting for the university.
Fall 2014 Enrollment

Louis Hunt
Senior Vice Provost and University Registrar
Enrollment Management and Services
The Applicants

NC State University received more than **20,000** undergraduate applications for the fall semester. Applications were received from **every county in North Carolina, all 50 states and 106 countries**. With over 4,000 different high schools represented in the applicant pool, NC State University continues to attract students not only from North Carolina, but internationally as well.

Top 5 Countries Outside the U.S.

- **579** People’s Republic of China
- **118** India
- **53** Saudi Arabia
- **47** South Korea
- **38** United Arab Emirates
Top 10 States Outside of North Carolina by Applications

<table>
<thead>
<tr>
<th>State</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>896</td>
</tr>
<tr>
<td>Maryland</td>
<td>624</td>
</tr>
<tr>
<td>New Jersey</td>
<td>537</td>
</tr>
<tr>
<td>New York</td>
<td>426</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>411</td>
</tr>
<tr>
<td>Florida</td>
<td>406</td>
</tr>
<tr>
<td>South Carolina</td>
<td>321</td>
</tr>
<tr>
<td>Georgia</td>
<td>261</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>230</td>
</tr>
<tr>
<td>Connecticut</td>
<td>185</td>
</tr>
</tbody>
</table>
Top Counties in North Carolina by Applications

Wake   2,941
Mecklenburg  1,553
Guilford   959
Union      509
Forsyth    497
Orange     348
Durham     340
New Hanover 332
Cumberland 317
Cabarrus   296
### Fall 2014 Freshman Class

<table>
<thead>
<tr>
<th>Count</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>270</td>
<td>Valedictorians and Salutatorians</td>
</tr>
<tr>
<td>4.41</td>
<td>Weighted High School GPA</td>
</tr>
<tr>
<td>49</td>
<td>Perfect Score on the SAT (Math)</td>
</tr>
<tr>
<td>34</td>
<td>Perfect Score on the SAT (Critical Reading)</td>
</tr>
<tr>
<td>666</td>
<td>Children of Alumni</td>
</tr>
<tr>
<td>137</td>
<td>International Students</td>
</tr>
</tbody>
</table>

- **45%** Females
- **55%** Males
**Fall 2014 Freshman Class**  
**Top 10 Majors of Incoming Enrolled Students**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,480</td>
<td>Engineering</td>
</tr>
<tr>
<td>820</td>
<td>First Year College</td>
</tr>
<tr>
<td>363</td>
<td>Life Sciences</td>
</tr>
<tr>
<td>344</td>
<td>Management</td>
</tr>
<tr>
<td>156</td>
<td>Animal Science</td>
</tr>
<tr>
<td>103</td>
<td>Psychology</td>
</tr>
<tr>
<td>79</td>
<td>Political Science</td>
</tr>
<tr>
<td>77</td>
<td>Fashion and Textile Management</td>
</tr>
<tr>
<td>63</td>
<td>Sport Management</td>
</tr>
<tr>
<td>55</td>
<td>Communication</td>
</tr>
</tbody>
</table>
Academic Achievement of Enrolling Students

NC State's freshman class is the highest achieving class in our history. With an overwhelming majority (78%) of our incoming students ranked in the top 20% of their class, there is no question that these 4,387 freshmen are highly prepared for life at NC State. The freshman class represents 98 of North Carolina's 100 counties, 44 of the 50 states and 33 countries.
# Middle 50% Ranges of High School Academics

<table>
<thead>
<tr>
<th></th>
<th>Fall 2014</th>
<th></th>
<th>Fall 2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mid 50% Range</td>
<td>Average</td>
<td>Mid 50% Range</td>
<td>Average</td>
</tr>
<tr>
<td>Weighted GPA</td>
<td>4.20 - 4.64</td>
<td>4.41</td>
<td>4.22 - 4.67</td>
<td>4.43</td>
</tr>
<tr>
<td>Unweighted GPA</td>
<td>3.50 - 3.87</td>
<td>3.66</td>
<td>3.50 - 3.88</td>
<td>3.68</td>
</tr>
<tr>
<td>Rank in Class</td>
<td>Top 4% to Top 19%</td>
<td>13%</td>
<td>Top 5% to Top 19%</td>
<td>13%</td>
</tr>
<tr>
<td>SAT Critical Reading</td>
<td>1180 - 1320</td>
<td>1248</td>
<td>1180 - 1310</td>
<td>1243</td>
</tr>
<tr>
<td>Math and Writing</td>
<td>1730 - 1930</td>
<td>1832</td>
<td>1730 - 1920</td>
<td>1828</td>
</tr>
<tr>
<td>ACT Composite</td>
<td>26 - 31</td>
<td>28</td>
<td>26 - 30</td>
<td>28</td>
</tr>
</tbody>
</table>
Dual Enrollment

High school students lead busy lives inside and outside of the classroom, yet many students find time to enroll at local community colleges and universities while still enrolled in high school. For 2014, 800 incoming freshmen indicated that they took college courses during high school. On average they took 21.2 college credit hours.
Advanced Placement Exams

As Advanced Placement (AP) courses become more evenly distributed amongst the high schools nationwide, NC State continues to see an increase in the number of AP exam scores submitted each year.

16,142 scores submitted.

72% (3,167) of first year students that intend to enroll submitted AP scores with an average of 5.1 AP exams per student.

3,243 AP scores of 5 were submitted.

<table>
<thead>
<tr>
<th>Exam with over 100 scores</th>
<th>Fall 2014</th>
<th>Fall 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biology</td>
<td>777</td>
<td>740</td>
</tr>
<tr>
<td>Calculus AB</td>
<td>1226</td>
<td>1175</td>
</tr>
<tr>
<td>Calculus AB Sub-Score</td>
<td>892</td>
<td>837</td>
</tr>
<tr>
<td>Calculus BC</td>
<td>892</td>
<td>838</td>
</tr>
<tr>
<td>Chemistry</td>
<td>688</td>
<td>582</td>
</tr>
<tr>
<td>Computer Science A</td>
<td>163</td>
<td>109</td>
</tr>
<tr>
<td>Economics: Macroeconomics</td>
<td>146</td>
<td>123</td>
</tr>
<tr>
<td>English Language and Comp</td>
<td>1573</td>
<td>1380</td>
</tr>
<tr>
<td>English Literature and Comp</td>
<td>1172</td>
<td>1049</td>
</tr>
<tr>
<td>Environmental Science</td>
<td>1204</td>
<td>1068</td>
</tr>
<tr>
<td>European History</td>
<td>359</td>
<td>307</td>
</tr>
<tr>
<td>Government &amp; Politics: USA</td>
<td>805</td>
<td>705</td>
</tr>
<tr>
<td>Human Geography</td>
<td>301</td>
<td>292</td>
</tr>
<tr>
<td>Physics B</td>
<td>419</td>
<td>418</td>
</tr>
<tr>
<td>Physics C - Mechanics</td>
<td>167</td>
<td>113</td>
</tr>
<tr>
<td>Psychology</td>
<td>1164</td>
<td>1066</td>
</tr>
<tr>
<td>Spanish Language</td>
<td>140</td>
<td>113</td>
</tr>
<tr>
<td>Statistics</td>
<td>1125</td>
<td>1016</td>
</tr>
<tr>
<td>United States History</td>
<td>1717</td>
<td>1466</td>
</tr>
<tr>
<td>World History</td>
<td>486</td>
<td>394</td>
</tr>
</tbody>
</table>
New Freshmen Applications

OIRP Report: Current Admissions Status Report, Fall 2014 (as of August 18th, 2014)
OIRP Freshman Profile, 10-year Trend, Fall Semester First-Time-In-College Bachelor's Degree Students
New Freshmen Enrollment
Total SAT compared to NFR Cohort Size

OIRP Report: Current Admissions Status Report, Fall 2014 (as of August 18th, 2014)
OIRP Freshman Profile, 10-year Trend, Fall Semester First-Time-In-College Bachelor's Degree Students
10 Year Trend, SAT and ACT, Highest Scores Submitted

10 Year Trend, SAT
Highest Score and ACT Highest Score

- Total SAT High
- Total ACT High

<table>
<thead>
<tr>
<th>Year</th>
<th>Total SAT</th>
<th>ACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1192</td>
<td>24.9</td>
</tr>
<tr>
<td>2005</td>
<td>1183</td>
<td>25.7</td>
</tr>
<tr>
<td>2006</td>
<td>1178</td>
<td>25.0</td>
</tr>
<tr>
<td>2007</td>
<td>171</td>
<td>26.0</td>
</tr>
<tr>
<td>2008</td>
<td>26.0</td>
<td>26.0</td>
</tr>
<tr>
<td>2009</td>
<td>26.3</td>
<td>26.7</td>
</tr>
<tr>
<td>2010</td>
<td>183</td>
<td>27.1</td>
</tr>
<tr>
<td>2011</td>
<td>28.2</td>
<td>27.5</td>
</tr>
<tr>
<td>2012</td>
<td>1218</td>
<td>1218</td>
</tr>
<tr>
<td>2013</td>
<td>1242</td>
<td>1242</td>
</tr>
<tr>
<td>2014</td>
<td>1248</td>
<td>1248</td>
</tr>
</tbody>
</table>
Five Year Change in SAT Profile

- Fall 2010
- Fall 2014

- 1000 and below: 6% (Fall 2010) vs. 2% (Fall 2014)
- 1110 to 1200: 31% (Fall 2010) vs. 38% (Fall 2014)
- 1210 to 1300: 27% (Fall 2010) vs. 36% (Fall 2014)
- 1310 to 1400: 19% (Fall 2010) vs. 19% (Fall 2014)
- 1410 and above: 5% (Fall 2010) vs. 9% (Fall 2014)
New Undergraduate Enrollment

Percentage of Out of State/International

- 2004: 10%
- 2005: 9.3%
- 2006: 8.8%
- 2007: 8.6%
- 2008: 9.7%
- 2009: 11.7%
- 2010: 10.8%
- 2011: 12.4%
- 2012: 15.6%
- 2013: 16.1%
- 2014*: 17.0%

OIRP Report T1: University Totals by Degree Level, Classification, and Status
OIRP REPORT: Fall Semester 2014, Enrollment on Day 4 of classes
Total New Student Enrollment

- **New Freshmen**
  - 2009: 4,697
  - 2010: 4,558
  - 2011: 4,564
  - 2012: 4,225
  - 2013: 4,165
  - 2014*: 4,387

- **New Transfer**
  - 2009: 1,097
  - 2010: 1,141
  - 2011: 1,027
  - 2012: 1,209
  - 2013: 1,215
  - 2014*: 1,258

- **New Graduate/Doctorate**
  - 2009: 2,362
  - 2010: 2,514
  - 2011: 2,613
  - 2012: 2,595
  - 2013: 2,604
  - 2014*: 2,807

---

OIRP Report T1: University Totals by Degree Level, Classification, and Status
OIRP REPORT: Fall Semester 2014, Enrollment on Day = 4 of classes
Master’s Degree Applications

- Total Applied
- Percent Accepted

OIRP Report: Current Admissions Status Report, Fall 2014 (as of August 18th, 2014)
Doctoral Degree Applications

- **Total Applied**
- **Percent Accepted**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Applied</th>
<th>Percent Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2,950</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>3,255</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>3,473</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>3,383</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>4,005</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>4,329</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>4,471</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>4,456</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>4,070</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4,127</td>
<td></td>
</tr>
</tbody>
</table>

OIRP Report: Current Admissions Status Report, Fall 2014 (as of August 18th, 2014)
Total Graduate/Doctorate Enrollment

- Masters
- Doctorate

Years:
- 2009: 4,397
- 2010: 4,860
- 2011: 5,082
- 2012: 5,029
- 2013: 4,994
- 2014*: 5,019

OIRP Report T1: University Totals by Degree Level, Classification, and Status
OIRP REPORT: Fall Semester 2014, Enrollment on Day 4 of classes
Total University Enrollment

- 2009: 33,819
- 2010: 34,376
- 2011: 34,767
- 2012: 34,340
- 2013: 34,009
- 2014: 33,787

OIRP Report T3: University Totals by Degree Level, Classification, and Status
OIRP REPORT: Fall Semester 2014, Enrollment on Day = 4 of classes
QUESTIONS?
July 17, 2014

MEMORANDUM

TO: Terri L. Lomax  
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

In response to your Memorandum dated July 17, 2014, 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: Jeff Cheek, Associate Vice Chancellor, Research Administration  
Jonathan Horowitz, Assistant Vice Chancellor, Research Development  
Larisa Slark, Coordinator, Centers and Institutes, SPARCS
MEMORANDUM

TO: W. Randolph Woodson
    Chancellor
    NC State University

FROM: Terri L. Lomax
      Vice Chancellor for Research, Innovation and Economic Development
      NC State University

RE: Recommendation to continue the Center for Integrated Fungal Research (CIFR) under Regulation 10.10.04

In accordance with Article 5.2.2 of 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 2006-2011 (5 years).

The Report presented by the Review Committee concluded that the Center was an early player in the area of fungal genomics, has been productive and well-funded throughout its history, has promoted and "branded" its research efforts successfully, and via these efforts brings great value to NC State. The Review Committee concluded that the Center should be continued but at the same time acknowledged that the Center was at a critical transition period. Given the pervasiveness of genomics approaches in all realms of biological research, the Committee recommended that the Center broaden its research focus and increase the inter-disciplinarity of its membership. Indeed, the Committee recommended that the Center undergo a strategic planning process, that included a re-consideration of its organization and leadership. The recommendations of the Review Committee were accepted by the College of Agriculture and Life Sciences (CALS), the Center's Responsible Administrator, and the Center was instructed to complete a rigorous strategic planning process. This process resulted in the re-organization of the Center, the selection of a new Director, and a broadening of the Center's research focus and membership.

Following a careful review of the Center's strategic plan, CALS requested the continuance of the Center and will provide three years of support in collaboration with the College of Sciences. After this period the Center's progress will be re-evaluated. 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 with the provision that it undergo a formal periodic evaluation at the end of three years.

I recommend continuation of the Center and formal review of its progress after three years, and request your approval of this recommendation.

TLL/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
    Jonathan Horowitz, Assistant Vice Chancellor for Research Development
    Larisa Slatkin, Coordinator - Centers and Institutes, SPARCS
July 17, 2014

MEMORANDUM

TO: Terri L. Lomax  
   Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson  
   Chancellor

SUBJECT: Recommendation to continue the Institute for Transportation Research and Education (ITRE) under Regulation 10.10.4

In response to your Memorandum dated July 17, 2014, authorization is hereby granted to forward the request to continue the Institute for Transportation Research and Education (ITRE) to the Board of Trustees for approval.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration  
    Jonathan Horowitz, Assistant Vice Chancellor, Research Development  
    Larisa Slark, Coordinator, Centers and Institutes, SPARCS
July 17, 2014

MEMORANDUM

TO: W. Randolph Woodson  
Chancellor  
NC State University

FROM: Terri L. Lomax  
Vice Chancellor for Research, Innovation and Economic Development  
NC State University

RE: Recommendation to continue the Institute for Transportation Research and Education (ITRE) under Regulation 10.10.04

In accordance with Article 5.2.2 of Regulation 10.10.04, the Office of Research, Innovation and Economic Development completed a Periodic review of the Institute for Transportation Research and Education (ITRE) for the period 2008-2013 (5 years).

The Report presented by the Review Committee strongly supports the mission and direction of ITRE and shows that the Institute and its leadership are meeting NC State and Institute goals. The Office of Research, Innovation and Economic Development and the Provost endorse the conclusion of the Reviewers that ITRE should continue as a university Institute as sanctioned by the Board of Trustees.

I recommend continuation of the Institute and request your approval of this recommendation.

TLL/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration  
Jonathan Horowitz, Assistant Vice Chancellor for Research Development  
Larisa Slark, Coordinator – Centers and Institutes, SPARCS
STUDENT BODY PRESIDENT REPORT
SBP REPORT TO THE BOARD OF TRUSTEES
University Affairs Committee
September 18, 2014

"It is amazing what you can accomplish if you do not care who gets the credit."
-Harry Truman

National Initiatives

National Campus Leadership Council
NC State Student Government is partnering with the National Campus Leadership Council (NCLC) on various initiatives throughout the year. Student Body President Rusty Mau participated in the 2014 NCLC Summit, held at the White House in June. The NCLC provides a venue for student body presidents and their teams to come together and confront exigent issues facing our generation. NCLC works with a broad network of more than 600 current and former student body presidents to share best practices, identify innovative solutions, and generate expertise to ensure young leaders are effective stakeholders and spokespeople on campus and beyond. [http://www.nationalcampusleaders.org/about/](http://www.nationalcampusleaders.org/about/)

Sexual Assault Prevention and Awareness
In conjunction with the NCLC and student body presidents from across the country, NC State Student Government will be working with the White House on a campaign to prevent sexual assault and raise awareness on college campuses. The campaign will launch in September, leading to nationwide efforts in October and November. Students, faculty, and staff will be encouraged to take a pledge to be part of the solution to end sexual assault on campus.

Local, State, and National Governance
Student Government has partnered with NCPIRG to conduct nonpartisan voter registration efforts throughout the 2014 election cycle. The efforts utilize an online voter registration tool, simplifying the process for students to register to vote. Additionally, Student Government is scheduling meetings with local, state, and federal officials to advocate for students, higher education, and the campus community. Student Government has partnered with Senior Class President Molly Basdeo and the Senior Class Council to establish a student task force that assists Live it up on Hillsborough Street in policy decisions and student feedback.
Student Life and Campus Events

Wolfpack Welcome Week
Students descended on campus to participate in over 100 events throughout Wolfpack Welcome Week. These included the Union Activities Board Late Night Target Run, University Recreation's RecFest, the Panhellenic Association's Ice Cream Social, Campus Connections, Convocation, and more. Student Government hosted Respect the Pack and Wear Red Friday.

Respect the Pack
Student Government hosted the 3rd annual Respect the Pack, in partnership with the GLBT Center, Office of Institutional Equity and Diversity, Multicultural Student Affairs Center, and Student Leadership and Engagement. The event allows students to demonstrate their commitment to enhancing the diversity at NC State by placing their handprint in the Free Expression Tunnel. Chancellor Randy Woodson and Student Body President Rusty Mau spoke at the event and initiated the handprint process.

Packapalooza
Wolfpack Welcome Week culminated on August 23rd with the 3rd annual Packapalooza. The event welcomed NC State students, faculty, staff, and members of the surrounding community to Hillsborough Street as they engaged in the greatest street festival in all the land. Over 250 vendors participated in the event, consisting of student organizations, campus departments, colleges, and community partners. Chancellor Randy Woodson completed his ALS Ice Bucket Challenge during the day. At the end of the night, NC State student Scotty McCreery performed a full concert adjacent to the NC State Memorial Belltower.

Primetime with the Pack and Campout
On October 17th, Student Government and the Wolfpack Men's Basketball team will host Primetime with the Pack and Campout at historic Reynolds Coliseum. In the final year before the Reynolds renovation, students and fans will relive the memories of "The House that Case Built." Students will then camp out to receive a basketball loyalty point incentive, which helps them obtain tickets to Wolfpack Men's Basketball games.

Wear Red Fridays
Student Government is preparing for weekly Wear Red Fridays, where the NC State community is encouraged to wear red. On certain weeks, Student Government will distribute prizes to students who wear red and spirit citations to those who fail to show their Wolfpack pride. We will work with the Alumni Association to extend the impact of Wear Red Fridays to Wolfpack fans worldwide.
Student Government Initiatives

Student Ticket Policy - Football and Basketball
Student Government worked with the Student Ticketing Advisory Committee to make significant changes to student ticket policies. The committee established mobile ticketing for students and extended student parking pass distribution opportunities. New parking pass distribution schedules include additional locations, times, and days, and a presence on Centennial Campus.

Tailgate Policy
Alongside the Student Ticket Advisory Committee and the Interfraternity Council, Student Government established policies to create a more safe tailgate environment for students. Changes include reserved spaces for IFC chapters, additional incentives to encourage appropriate behavior, and increased transportation for Greek students. All students are still able to obtain parking passes through the traditional process, thereby ensuring a fair method of parking pass distribution that ensures an equal opportunity for all students. Student Government will evaluate these changes and make recommendations to maintain a family friendly tailgate and Carter-Finley experience.

Web Development
Student Government recently launched its new website, ncsu.edu/sg. We are focused on maintaining a professional web presence and effectively branding the organization. The domain has changed to reflect university communications strategy. The site features an interactive calendar, a student concern submission form, and links to various campus resources.

Wolfpack Pick Up
Student Government, in partnership with the Division of Academic and Student Affairs, is pleased to launch Wolfpack Pick Up, a mobility impairment transportation service. The program was initiated in Spring 2014 by Student Government and is now a university owned and operated service. DASA owns two golf carts, one of which is wheelchair accessible, for Wolfpack Pick Up to transport students to and from class.

Thank you for your continued service to the NC State Wolfpack. In the spirit and pride of the Pack,

Rusty Mau
Student Body President, 2014-2015

350 Harrelson Hall | Campus Box 7295
Raleigh, NC 27695-7318
ncsu.edu/sg | 828.399.1097 [c]
sbp@ncsu.edu | @Rusty_Mau
PROVOST UPDATE
Proposal for 
Graduate Certificate in Statistics Education

Program Justification
The Department of Statistics at North Carolina State University wishes to establish a Graduate Certificate Program (GCP) in the area of Statistics Education. Most introductory statistics courses are taught by instructors with little to no training in the field. Instructors completing the Graduate Certificate in Statistics Education will develop a deeper understanding of the subject and better pedagogical methods for teaching it. By providing this training to instructors, the proposed program will also improve the quality of statistics education for many students nationwide.

This certificate will serve individuals who want increased skills in statistics but are not able to attend classes because of job commitments. Thus, this initiative is consistent with university’s land grant mission to reach all kinds of students. In addition, the industry contacts from this certificate program will lead our faculty to more PhD level research projects that are cosponsored with industry.

Program Objectives
1. In this certificate program, students will learn about statistical concepts and methods and about pedagogical techniques for teaching such statistical topics at the college level using technology.
2. The certificate program will provide an educational experience that satisfies the expectations of its graduates.

Graduate Catalog Description
The Statistics Education Graduate Certificate Program provides training in statistical methods and in the pedagogical techniques required to teach these methods at the college level. The program has an emphasis on teaching statistics with technology.

Projected Enrollment
On campus  Yr 1   5   Yr 2 5   Yr 3 5   Yr 4 5
Distance Education*  Yr 1 20   Yr 2 50   Yr 3 50   Yr 4 50
*These projections are based partly on the market analysis commissioned by DELTA and on the past experience of the Online Program Director at a peer institution with a similar program that has been highly successful. All of these numbers reflect new enrollments of students not in the Statistics Department.

Admission Requirements
Applicants must meet one of the 3 following requirements:
- Be a graduate of an accredited four-year college or university, and have a GPA of at least 3.0 on a 4-point scale in their last 60 credit hours of undergraduate study
- Be a degree student in good standing in a NC State University graduate program
- Have a Master’s degree (not in Statistics)

Provisional Admission
Applicants who do not meet the GPA requirements may be admitted provisionally based on relevant work experience. Students who are admitted provisionally must complete two of the courses required
for the GCP with a grade of B or higher in each course in order obtain full admission into the certificate program.

**Program of Study**
The graduate certificate requires a minimum of 12 hours, and includes the following courses:

ST507 - Statistics for the Behavioral Sci. I
ST508 - Statistics for the Behavioral Sci. II
ST519 - Teaching and Learning of Statistical Thinking
ST557 - Teaching Statistics with Technology

**Notes:**
i) If entering students have already completed a course similar to the initial course of the statistical methods sequences (ST507/508), and complete the second course in the sequence successfully (at least B), then they can substitute an elective 500 level or higher statistics course for the initial course. Note that students involved in an online GCP may have more limited options for electives, as only a subset of these electives will be taught in the online environment.

**Academic Performance**
1. Award of a Graduate Certificate requires a minimum overall GPA of 3.0.
2. None of the required 12 hours may be taken for S/U or "credit only".
3. No transfer credits from other institutions are allowed for the certificate.
4. All students must be registered through NC State University.
5. All Graduate Certificate requirements must be completed within the first four (4) calendar years beginning with the date the student begins the course work for the certificate.
6. All Graduate Certificate students are expected to maintain continuous enrollment every semester (excluding summer sessions) until all course work is completed. Under unusual circumstances, a one-semester leave of absence will be granted if the student is unable to enroll in a course. Written approval from the certificate coordinator must be obtained before the beginning of the semester.

**Application and Completion Processes**
1. An application for acceptance into a certificate program is required for all new applicants. The applicant must apply via the Graduate School application, found at [http://www.ncsu.edu/grad/applygrad.htm](http://www.ncsu.edu/grad/applygrad.htm).
3. New applications will be reviewed at the department/program level and new applicants will pay a $25 fee

Each semester, students should contact the Certificate Coordinator to determine registration procedures, course availability and registration dates.
When all certificate coursework is satisfactorily completed, the Certificate Coordinator forwards appropriate information to the Director of Graduate programs for Statistics who then notifies the Graduate School.

A student may obtain more than one graduate certificate in a different field. Each certificate must have at least nine (9) credit hours that are unique to it. Students may not additionally obtain the Graduate Certificate in Applied Statistics and Data Management or the Graduate Certificate in Statistics Education.

Admission to other graduate programs
Academic success might have a strong bearing on admission to a degree program BUT completion of a certificate program in no way guarantees entry into a graduate degree program which is done through a separate application process.

Responsibility for Administration and Resources
This certificate program currently resides in the College of Science. It will be administered by the Director of Graduate Programs for Statistics in conjunction with the Certificate Coordinator. The certificate program coordinator will:

- Make all admission decisions to the certificate program
- Notify the Dean of the Graduate School of the student's completion of certificate requirements.
- Update program website and program listings as needed on University websites
- Coordinate scheduling of courses
- Oversee development of courses
- Assess learning outcomes
- Function as liaison with academic departments/colleges

Existing resources will be used to support the administration of this program.
Proposal for
Graduate Certificate in Applied Statistics and Data Management

Program Justification
The Department of Statistics at North Carolina State University wishes to establish Graduate Certificate Programs (GCP) in the area of Applied Statistics and Data Management. Our graduate programs at the master’s and doctoral levels have a high number of applicants, and our graduates from these programs are also in very high demand. However, these efforts do not address the demand for skills below a Master's degree, and the Graduate Certificate provides the appropriate credential for many jobs. In particular, many individuals with general scientific or business training are doing statistics and learning on-the-job. For these individuals, a Graduate Certificate in Applied Statistics and Data Management would give them the credentials to allow them to advance or change jobs. Others with minimal statistics training could use the Graduate Certificate in Applied Statistics and Data Management to qualify for positions as statistical programmers.

This certificate will serve individuals who want increased skills in statistics but are not able to attend classes because of job commitments. Thus, this initiative is consistent with university’s land grant mission to reach all kinds of students. In addition, the industry contacts from this certificate program will lead our faculty to more PhD level research projects that are cosponsored with industry.

Program Objectives
1. In this certificate program, students will learn about statistical methods and how to apply them in real world settings and about statistical programming techniques that are required for managing data in a typical workplace environment.
2. The certificate program will provide an educational experience that satisfies the expectations of its graduates.

Graduate Catalog Description
The Applied Statistics and Data Management Graduate Certificate Program provides advanced training in statistical methods that can be applied to solve real world problems and in the statistical programming techniques that are required to effectively manage data in a typical work environment.

Projected Enrollment
On campus | Yr 1 20 | Yr 2 20 | Yr 3 20 | Yr 4 20
Distance Education* | Yr 1 60 | Yr 2 111 | Yr 3 153 | Yr 4 186

*These projections are based partly on the market analysis commissioned by DELTA and on the past experience of the Online Program Director at a peer institution with a similar program that has been highly successful. All of these numbers reflect new enrollments of students not in the Statistics Department.
Agenda

Admission Requirements
Applicants must meet one of the 3 following requirements:

- Be a graduate of an accredited four-year college or university, and have a GPA of at least 3.0 on a 4-point scale in their last 60 credit hours of undergraduate study
- Be a degree student in good standing in a NC State University graduate program
- Have a Master’s degree (not in Statistics)

Provisional Admission
Applicants who do not meet the GPA requirements may be admitted provisionally based on relevant work experience. Students who are admitted provisionally must complete two of the courses required for the GCP with a grade of B or higher in each course in order obtain full admission into the certificate program.

Program of Study
The graduate certificate requires a minimum of 12 hours, and includes the following courses:

ST513 - Statistics for Management and Social Sciences I
ST514 - Statistics for Management and Social Sciences II
or
ST511 - Experimental Statistics for Biological Sci. I
ST512 - Experimental Statistics for Biological Sci. II

and

ST555 - Statistical Programming I
ST556 - Statistical Programming II

Notes:

i) Due to the nature of these courses and the backgrounds of potential students, we will allow students to substitute among the statistical methods sequences: ST511/512, ST513/514. For example, a student taking ST511 and ST514 would satisfy the methods requirement for this GCP.

ii) If entering students have already completed a course similar to one of the initial courses of the statistical methods sequences (ST511/513), and complete the second course in the sequence successfully (at least B), then they can substitute an elective 500 level or higher statistics course for the initial course. Note that students involved in an online GCP may have more limited options for electives, as only a subset of these electives will be taught in the online environment.

Academic Performance
1. Award of a Graduate Certificate requires a minimum overall GPA of 3.0.
2. None of the required 12 hours may be taken for S/U or “credit only”.
3. No transfer credits from other institutions are allowed for the certificate.
4. All students must be registered through NC State University.
5. All Graduate Certificate requirements must be completed within the first four (4) calendar years beginning with the date the students begins the course work for the certificate.
6. All Graduate Certificate students are expected to maintain continuous enrollment every semester (excluding summer sessions) until all course work is completed. Under unusual circumstances, a
one-semester leave of absence will be granted if the student is unable to enroll in a course. Written approval from the certificate coordinator must be obtained before the beginning of the semester.

Application and Completion Processes
1. An application for acceptance into a certificate program is required for all new applicants. The applicant must apply via the Graduate School application, found at http://www.ncsu.edu/grad/applygrad.htm.

2. Those applicants who are currently enrolled in an NC State graduate program need only provide the Graduate student Certificate Plan Data Entry form, found at http://www.ncsu.edu/grad/faculty-and-staff/docs/grad-cert-plan-data-entry.pdf.

3. New applications will be reviewed at the department/program level and new applicants will pay a $25 fee.

Each semester, students should contact the Certificate Coordinator to determine registration procedures, course availability and registration dates.

When all certificate coursework is satisfactorily completed, the Certificate Coordinator forwards appropriate information to the Director of Graduate programs for Statistics who then notifies the Graduate School.

A student may obtain more than one graduate certificate in a different field. Each certificate must have at least nine (9) credit hours that are unique to it. Students may not additionally obtain the Graduate Certificate in Applied Statistics and Data Management or the Graduate Certificate in Statistics Education.

Admission to other graduate programs
Academic success might have a strong bearing on admission to a degree program BUT completion of a certificate program in no way guarantees entry into a graduate degree program, which is done through a separate application process.

Responsibility for Administration and Resources
This certificate program currently resides in the College of Science. It will be administered by the Director of Graduate Programs for Statistics in conjunction with the Certificate Coordinator. The certificate program coordinator will:

- Make all admission decisions to the certificate program
- Notify the Dean of the Graduate School of the student's completion of certificate requirements.
- Update program website and program listings as needed on University websites
- Coordinate scheduling of courses
- Oversee development of courses
- Assess learning outcomes
- Function as liaison with academic departments/colleges
Undergraduate Certificate in Leadership in the Public Sector (Distance Education)

1. Statement of Justification

The proposed certificate, Leadership in the Public Sector (LPS), offers a distinct leadership curriculum focusing on unique challenges and attributes of public and nonprofit sector organizations. The certificate will provide opportunities for individuals to develop their knowledge and skills to be effective leaders in the public and the non-profit sectors. In particular, the program speaks to the needs of the military community. With the upcoming drawdown of forces, this certificate could serve the military community as its members transition to civilian life. The undergraduate certificate in Leadership in the Public Sector would provide an education program to complement their military experience, which would make them better job candidates.

Anchored in System, University, College and School Strategic Planning.

The proposed certificate will be housed in the School of Public and International Affairs, serving North Carolina State University’s mission “to create an innovative learning environment that stresses mastery of fundamentals, intellectual discipline, creativity, problem solving, and responsibility.” As a part of this mission, colleges at NCSU have included one or more initiatives using technology to improve teaching and learning. Distance Education and Learning Technology Services (DELTa) at NC State has a wide variety of courses, programs and technologies to offer on-campus and off-campus students. DELTA has also provided technological and financial supports to develop DE format courses in the LPS major.

The LPS certificate will draw from a solid conceptual foundation in the liberal arts from the College of Humanities and Social Sciences, and will benefit from the university’s strong commitment to teaching and learning with technology. CHASS has a proven record in the technology and administration of distance education. Both substantively and technologically the Leadership in the Public Sector degree, and this proposed certificate rest comfortably within the mission of CHASS.

LPS’s major curriculum also represents the School of Public and International Affairs’ (SPIA)’s perspective on leadership studies, which is based on the assumption that exercising effective leadership in the public sector is different from that in the private sector. Contemporary governmental organizations are faced with significant challenges in responding to citizens’ increased demands, while financial resources are limited and technological changes occur at a fast pace. Hence, LPS is specifically created to provide undergraduate students with a liberal arts foundation in the ethical, theoretical, and policy analytical skills necessary to be effective “values-based” leaders in the public sector.

This initiation of the LPS major dates back to 2007 with the intention of providing a distance education degree program for members of the armed forces. Soon after LPS was launched, it became evident that students from many different walks of life were interested in this type of
nontraditional program. Non-traditional students many of whom are engaged in the work environment, have utilized the LPS degree to further their career goals or education goals.

As a result of our systematic efforts in curriculum development, we strongly believe that the core LPS courses designed to focus on leadership study for our adult and military transfer students, will provide significant benefits for students who are looking for a certificate program. It will allow military students to get some focused academic work to help them enter the work force by supplementing their practical work experience with academic knowledge. Non-traditional students will benefit from an undergraduate certificate program in public sector leadership if they are looking to gain academic credentials and knowledge that fits with their career goals, but aren’t sure if they are able to invest the time and resources to pursue a full undergraduate degree completion program. If students enrolled in the certificate program wish to apply for the LPS degree program, they may do so and their credits and courses would then transfer. They must, however, apply separately to the LPS degree completion program and meet the LPS admission’s standards.

Program Focus and Structure.

The primary assumption of the program is that leading public and nonprofit organizations presents a more challenging but ultimately more rewarding career than leadership in the private sector. Generally speaking, most leadership programs across the country assume that the principal measure of success for the organization is success in the market place. Most leadership programs are situated in undergraduate or graduate business programs where organizational effectiveness is defined in terms of profit. The coursework for the LPS major integrates theoretical knowledge about leadership in the public sector, emphasizing environmental factors critical to effective public and non-profit sector leadership.

We propose that this undergraduate certificate be based on the existing LPS core curriculum, taught by a prominent cadre of SPIA and CHASS faculty. As this is an undergraduate certificate in Leadership in the Public Sector, it is a specialized certificate that will include 3 core courses and 2 elective courses that focus specifically on the literature and issues pertaining to leadership in public and non-profit administration.

The LPS undergraduate certificate program serves primarily two core populations, military students and other non traditional learners. In keeping with the current LPS structure within CHASS, this certificate program would not be offered to traditional on-campus students. At this time, we have resources to accommodate the increase in LPS students that would result from an undergraduate certificate program that does not include traditional on-campus enrolled NCSU undergraduates. Projected enrollments in the online undergraduate certificate program are approximately 20-30 within 2 years. Enrollment in the certificate program would be limited to this number unless further resources were acquired. Although one of the goals of this undergraduate certificate is to serve the land grant mission of this university by serving adult learners and the military, we want the LPS certificate program to be recognized as a quality program that is particularly relevant given today’s political and economic climate. Students will
therefore only be allowed to remain in the program if they maintain a 2.66 GPA overall and they must receive a C or better in any course taken. The academic advisor for the Leadership in the Public Sector Program will keep track of all courses taken and grades received by students enrolled in the certificate program in order to enforce this requirement.

Resources

This certificate program will be funded through the DE program funding already in place for the LPS program. Instructors receive a per course salary based upon a preset enrollment cap for the course they are teaching. Instructors are paid from the LPS program budget.

At this time, all of the courses for the certificate have been developed for an online format.

There are also resources planned or in place to accommodate the projected growth in enrollment.

1. Dr. Tracy Appling is now serving as an assistant teaching professor for the LPS program teaching one course regularly per semester. She teaches LPS 202, The Essentials of Fundraising, which is one of 5 elective courses offered to those enrolled in the certificate program. She also supervises the LPS internship program.

2. LPS began funding one Graduate Assistantship for the Public Administration PhD program in Fall 2013. This assistantship will include teaching the PS 312 - Introduction to Public Administration course online once a semester for the LPS program, which is also one of the elective courses offered to those enrolled in the certificate program.

3. Dr. Dmitri Mitin serves as an assistant teaching professor for the LPS program and SPIA. His appointment includes teaching one course a semester for the LPS program, including the LPS methodology requirement, which will also be required for those enrolled in the certificate program. LPS program funding will also be used to fund a second doctoral student in the Public Administration PhD program who will also be able to teach this course.

2. Statement of Student Learning Outcomes/Program Objectives and Assessment Plan

- Assess and evaluate the application of fundamental public sector leadership theories in a variety of contexts
- Evaluate the role of leadership in shaping organizational understanding of followers and how it relates to better organizational performance
- Evaluate one’s own leadership potentials and skills and complete a self-assessment of leadership characteristics
- Demonstrate how to design a study that matches one’s research agenda and minimizes threats to validity
- Explain and assess the fundamental concepts, theories and principles of leadership in the non-profit and public sector
**Assessment Plan**

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<th>Outcome/Program Objectives</th>
<th>Data</th>
<th>Data Source</th>
<th>Collection Date</th>
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<td>LPS 315 Case Studies 1 and 3 with rubric matched to outcome</td>
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<td>LPS 200 self assessment assignment with rubric</td>
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3. List of Courses constituting the Proposed Undergraduate Certificate

See Format B attached

4. Catalog Description

The Leadership in the Public Sector Undergraduate Certificate is designed for those students who want to develop the knowledge and skills to be effective leaders in the public sector. Students in this program will survey leadership theories, research, and applied practices in order to learn and apply necessary skills, methods, and techniques of effective leadership in public and non-profit organizations. This certificate program is offered entirely online and available only for non-traditional or non-degree seeking students.

5. Projected Enrollment

We project an enrollment of 20-30 students in the certificate program by the end of the first two years. After the first two years, we will have to reevaluate resources in terms of enrollment and
faculty available to teach required courses. If applications exceed current expectations, we will limit the number of students admitted.

6. Requirements for Admission and Completion of the Certificate

Students pursuing university certificate programs are considered non-degree studies (NDS) students for the purpose of university registration. Certificate program students may NOT be enrolled in a traditional degree program on campus at NCSU. This program will operate much like the Administrative Officers Management Program (AOMP), which is also housed in SPIA. This program has been providing management and leadership education for law enforcement professionals since 1989 and offers participants the opportunity to earn fifteen college credits as a non-degree student.

If students are able to complete the correct courses as NDS then they may still receive the certificate.

There is no time limit on completion of the certificate, however, if students wish to take a “break” from the certificate program, they must notify the LPS academic advisor. This will allow us to keep track of the number of enrolled certificate students.

Students who complete the certificate may apply for admittance to the LPS Bachelor’s Degree program. Their certificate course work will be considered in the application, but there is no guarantee of admission. It is a separate application process. If a certificate student does complete the Bachelor’s Degree in Leadership in the Public Sector then their certificate will be removed from their transcript, as students may not have a certificate or a minor degree in the same major degree. When the student is approved for graduation with the Bachelor’s, LPS administration will notify registration and records that the certificate should be removed from the transcript.

Leadership in the Public Sector BA students who are unable to or do not wish to complete the BA, but have fulfilled the requirements for the certificate, may receive the certificate.

Requirements for Completion of Certificate

- Completion of 15 hours of coursework including 9 hours of required courses and 6 hours of elective courses. Students must take one 200 level elective and one 300 or 400 level elective.

- A grade of C (2.00) or better is required for each course taken in the certificate program as well as a 2.66 overall cumulative GPA in all certificate courses. If a student drops below this GPA, the student may not continue in the program.
Administration of the Certificate Program

The certificate program coordinator will be the LPS academic advisor, which is currently:

LaShica Waters
Caldwell 210
Phone: 919-513-4330
Email: ldwaters@ncsu.edu

The LPS program administrator will determine whether courses, which have been transferred from other institutions, qualify for the certificate. No more than one course transferred from other institutions may count toward the certificate.

Certification
To be certified as having completed the certificate in Leadership in the Public Sector, students must have a minimum 2.66 grade point average across all courses used toward the Certificate. The LPS Academic Advisor will certify the certificate prior to completion.

7. Statement of Other Departments Likely to be Affected and Summary of Consultations with those Departments:

There will be no other departments impacted. As this is an undergraduate certificate in Leadership in the Public Sector, it is a specialized certificate dealing with leadership and public administration. We have chosen specific core courses that draw from the leadership literature and elective courses that speak specifically to different issues that pertain to public sector service.
# North Carolina State University

## Faculty Salary Ranges

*Effective July 1, 2014 - June 30, 2015*

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# North Carolina State University

**Faculty Salary Ranges**

*Effective July 1, 2014 - June 30, 2015*

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*Includes: Architecture, Art & Design, Graphic Design, Industrial Design, and Landscape*

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## North Carolina State University
### Faculty Salary Ranges
*Effective July 1, 2014 - June 30, 2015*

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## Faculty Salary Ranges

**Effective July 1, 2014 - June 30, 2015**

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<th>Discipline**</th>
<th>RANK</th>
<th>MIN*</th>
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# Faculty Salary Ranges

**Effective July 1, 2014 - June 30, 2015**

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<th>Discipline**</th>
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North Carolina State University  
**Faculty Salary Ranges**  
*Effective July 1, 2014 - June 30, 2015*

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*MIN: This is an aspirational minimum for current faculty. Hiring offers below this minimum – or above the maximum – require authorization as an exception.*

**DISCIPLINE:** Colleges should use the discipline of best fit when hiring a specific faculty position. For example, if Textiles is hiring a chemical engineer, the relevant range from Engineering should be used. If hiring in a discipline not included on this listing, HR may be asked to conduct a targeted market analysis.
As I write this report, classes have just started and the Faculty Senate will have its first meeting next week (August 26th). We expect to use our initial meeting to prioritize a number of potential issues vying for the Senate’s attention this academic year. These issues include: Campus Safety, Disability Services Office, Enrollment Planning, and Post-Tenure Review. In addition the ongoing Strategic Resources Management process has produced several initiatives that may significantly impact the work of faculty here at NC State: new formulas for the allocation of academic funds, decisions regarding premium tuition and fees, strategies for growing doctoral programs and putting the Graduate Student Support Plan (GSSP) on a sounder financial footing, revising the procedures for internal transfers, and the creation of a University College. At the September meeting, I will update the Trustees as to which issues the Faculty Senate has decided to focus its attention on.

Faculty have also raised questions about the cluster hiring process, public records laws and faculty email, journal cancellations at the libraries, and changes in the retirement program. These issues may also be discussed in committees as well as in full Faculty Senate meetings.

As the university continues to face challenges with resources and funding, the Faculty Senate also wants to explore ways to support the emerging capital campaign. Although most faculty do not have the means to make major gifts, especially after years of virtually no salary increases, many are articulate advocates for the teaching, research and extension missions of this premier land-grant university.
Finally, the Faculty Senate would like to explore ways to expand communication and dialogue with this Board of Trustees. We are cognizant of the many claims on Trustees’ time, and are aware of state law regarding the composition and responsibilities of this board. But even with those constraints, we think it is more important than ever that Trustees and faculty find more ways—beyond the formal mechanisms of these reports—to engage in substantive discussions about the challenges facing this university and higher education as a whole. By continuing to work together, we can move NC State forward toward what we all want it to be: the nation’s best land-grant university.

Respectfully submitted,

David A. Zonderman

Professor of History

Chair of the NC State Faculty
August 22, 2014

Honorable Trustees:

The NC State University Staff Senate has started a new year challenging Staff Senators to “Think and Do” and become more pro-active partners with the University in problem-solving and community building. The theme of our retreat: “You Are the Change You’ve Been Waiting For…Now Make A Difference” has become a call to action for NC State staff both on campus and across the state. We have set five main goals and are moving forward toward making them reality. This year we endeavor to maintain important past Staff Senate projects, promote creativity and innovation, increase more interconnection between the Staff, the Colleges and heads of administrative units by promoting “Town Hall” meetings. We also endeavor while celebrating our diversity to serve the greater community through outreach.

Along with our seven standing Committees, four new ad hoc committees have also been created. They are: The Hands and Feet Community Service Committee, The Abundant Harvest Food Drive Committee, the Staff Senate Committee on the Arts and the 20th Anniversary Celebration Committee. With new chairs in place, these new committees along with our traditional committees are vigorously working. The Hands and Feet Committee is coordinating Staff Senate efforts to promote community service. Activities such as winter weatherization for the elderly, supporting Meals on Wheels or a possible book drive for disadvantaged countries are being discussed. The Abundant Harvest Food Drive will start on October 1-November 7. It is a re-thinking of the Staff Senate’s food drives over the past five years held in February. Innovative new features are being considered. The Staff Senate Committee on the Arts is planning a Staff Talent Show for mid-spring and considering partnership with the NC State Arts community in other areas. Since this is the 20th anniversary of the NC State Staff Senate, Chair-elect, Wyona Goodwin is planning a celebration worthy of our history, while looking forward to our future.

Since its conception, the Town Hall initiative has made progress in a variety of ways. Dean Richard Linton of the College of Agriculture and Life Sciences was the first to embrace our efforts. On July 11, all Staff Senators representing the college were invited to lunch with the CALS Dean at the University Club. He encouraged staff to partner with administration and faculty in the college in problem-solving and promoting the CALS strategic initiatives and challenged Staff Senators to think critically in solving issues with the college and greater university. Staff Senators were elated with his hospitality, satisfied with his response to questions and are looking forward to forging plans for future events in collaboration with the Dean. On August 11, Dr. Mike Mullen, Vice Chancellor and Dean for Academic and Student Affairs (DASA) invited Staff Senators to a meeting in his office. Dr. Mullen encouraged Staff Senators to strengthen their relationship with his office and all of DASA by offering regular meeting opportunities. August 12, Staff Senators from the College of Engineering along with the Chair and Vice Chair met with Dean Louis Martin-Vega in his office. Dr. Martin-Vega enthusiastically expressed his support for the Town Hall initiative and has immediately scheduled an event on Centennial Campus for October. The engineering Dean and the Senators from the college on that date will have an information session with Q&A for all engineering staff members. Recently, the Dean of the College of Natural Resources also has scheduled a meeting with the delegates from her
college and Staff Senate leaders in late September. Plans are underway to meet with Dean Solomon of the College of Sciences. The Vice Chair, Christine Epps, continues to do a great job in coordinating our efforts across the campus and state. The entire Staff Senate is excited by the support received thus far, in the genesis of our initiatives, and the leadership is very grateful.

The Staff Senate retreat was a very successful event this year. Among the features was a welcome from the “People’s Chancellor,” Randy Woodson followed by a keynote address from Debbie Yow, the NC State Athletic Director addressing, “The Disorderlies in Your Life.” Director Yow cautioned the staff about the perils to leadership and the things of which successful leadership should be watchful. She coached the Senators through an interactive problem-solving exercise and challenged Staff Senators to be attentive to interpersonal details. In the afternoon, Dr. Deb Luckadoo spoke to the Staff Senators regarding the importance of diversity at NC State and encouraged Staff Senators to be a part of various programs and opportunities in that regard such as the Sisterhood Dinner and the NC State Conference on Leadership and Diversity for Managers. Following the talk by Dr. Luckadoo, she introduced the Senators to the National Coalition Builders Institute, (NCBI). The Staff Senate participated in an afternoon NCBI workshop with facilitators, Dr. Deb Luckadoo, Beverly Williams, the head of the campus NCBI team, Gary Morgan and Valerie Ball. The NCBI workshop focused on five areas: Introductions, Up/Down, Pairs, Pairs II, and Introductions to Principles, First Thoughts and Caucuses. The principles that the application focused on are every person and every issue counts, hearing stories shift attitudes and empowerment is the outcome of skills development. Two main questions were posed at the Staff Senators. The questions were: How do these principles and what they heard during the presentation influence their work as a Senator? How can you utilize these principles to be a more effective Staff Senator?

The Staff Senate is still a very active participant in major University activities such as Packapoolza, and the University Blood Drive. The Senate is also planning, for the third year, the Alternative Vehicle Display on the brickyard. A special additional feature this year was a mini event at Packapoolza to help promote the upcoming October event.

In our chambers, we have benefited from informative talks by Charles Leffler regarding the University budget and upcoming interactive problem solving workshop with UNC Assembly chair, Susan Colby. Thus, we are teaming with activities in our endeavor to make a difference. We are launching into new territory and doing new things. I hope to report back to you, in the near future on our progress in that regard. In the interim, we are raising high the University standard: We are Thinking and Doing.

Respectfully submitted,

Robert L. Davis
Chair, NCSU Staff Senate