The North Carolina State University Board of Trustees met in regular session in the Hood Board Room of the Dorothy and Roy Park Alumni Center on Centennial Campus, Raleigh, NC, on Friday, September 19, 2014. Chair Benjamin P. Jenkins presided.

Members present: Benjamin P. Jenkins III, Chair
Thomas E. Cabaniss
Jimmy D. Clark
Gayle S. Lanier
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 9:30 a.m. He reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearance of conflict with respect to any matters coming before the board at this meeting. Chair Jenkins called on Assistant Secretary PJ Teal for the roll call.

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

MINUTES
Mr. Prestage made the motion, seconded by Ms. Ward, to approve the open and closed session minutes of the July 10, 2014, meeting of the full board. The motion passed.

CHAIR’S REPORT
Chair Jenkins began by reporting that the ACC requires each University’s Board of Trustees to certify that the authority for the administration of Intercollegiate Athletics has been delegated to the Chancellor. He referred to the certification form that was included in the Board materials. Mr. Mau made the motion, seconded by Mr. Clark, to approve the ACC Governing Board Certification for 2014-15. The motion passed.

Chair Jenkins then provided a report on the Board of Trustees of the Endowment Fund. He stated that fundraising results for fiscal year 2014 yielded a total of $187 million in total gifts and commitments. The Board also heard an update of the goals of the campaign, including prospects and opportunities with an expected public launch in fall 2016.

The Endowment Board received information on and accepted the Annual Report for fiscal year 2014. The Endowment Fund’s net assets increased by 8.8 percent for fiscal year 2014, ending the year at $360.8 million. Contributions and matching revenues were $8.8 million compared with $5.5 million for the prior year. The Endowment Fund’s investable assets of $181.9 million in the Investment Fund make it the second largest individual participant of the Investment Fund.
Other directly held assets accounted for the difference in total net assets of $360.8 million and the $181.9 million of investable assets in the NCSIF.

Chair Jenkins reported that the Endowment Board received an investment performance report for the NC State Investment Fund for the fiscal year ending June 30, 2014. The Investment Fund had a 15.7 percent return, which is on par with the UNC Investment Fund’s 12-month return. The Endowment Board also received an update on the Investment Fund’s asset allocation relative to its target allocation.

The Endowment Board was apprised of Centennial Campus Endowment Fund projects. The focus of the report was active projects on the 78 acres owned by the Endowment Fund. Chair Jenkins stated that the Endowment Board convened in Executive Session to hear a report on Hofmann Forest.

Next, Chair Jenkins reminded Board members of the four areas of work they focused on last year. He stated that this year’s work will focus on four important topics:

1. Making progress on our Capital Campaign efforts. He noted that to get to the target of over $1.5 billion in the capital campaign, raising $200 million per year should be our annual target.
2. Raising research funds for building the Engineering Oval, which has a budget of $150 million.

CHANCELLOR’S REPORT-W. RANDOLPH WOODSON
Chancellor Woodson again thanked Dean Solomon for his 30 years at NC State. Dean Solomon has been a driving force in developing and promoting effective teaching methods, expanding research and graduate programs, diversifying the science and mathematics workforce, and driving the university-wide emphasis on convergence science that solves great societal problems.

The Chancellor then gave a campus update. He reported that last year’s freshman class was one of the strongest ever, and this year’s freshman class looks great, too, with a little more than 20,000 students applying for admission and more than 10,000 accepted. He noted that applicants’ average SAT score was 1241, with a high school GPA of 4.44, and 51 percent were in the top ten percent of their class. Once the final tally is in, it looks like the class of 2018 will have 4,375 students, which is a couple of hundred more than last year.

Chancellor Woodson spoke about the 2015, U.S. News & World Report Best College rankings, which confirm that NC State is moving in the right direction. Among public national universities, NC State has risen to 43, up from 47. Ranking among all universities has improved from 101 to 95. NC State improved in nearly every category that make up the overall ranking, including freshman retention, graduation rate, peer assessment and high school counselor assessment.

Chancellor Woodson gave a comprehensive State Budget overview from the last legislative session. He then went over some highlights from the money report and special provisions impacting the university, including:
• 5 days of Special Bonus Leave for all university employees that do not expire;
• $4.8 million to provide in-state tuition to military veterans and their dependents;
• $350,000 in nonrecurring funding for the College's plant science initiative and $250,000 in nonrecurring funding for the College of Agriculture and Life Science's food processing initiative; and
• $30 million for building repairs and renovations for all state government (UNC System receives 40 percent = $12 million).

Chancellor Woodson gave a comprehensive report regarding several pieces of legislation passed this session impacting the University. He then gave a brief update on Hofmann Forest. He closed with a reference to the UNC Campus Safety Report they received and encouraged Trustees to read the report and its recommendations.

COMMITTEE REPORTS
Audit, Risk Management and Finance Committee—Chair Jimmy Clark
Mr. Clark reported that the committee reviewed and discussed its responsibilities and the plan of work for the year. He stated that a resolution was presented to authorize NC State University to request the Board of Governors to issue one or more series of bonds to be known as North Carolina State University Special Obligation Bonds. The proceeds will be applied to the improvements related to the Reynolds Coliseum Renovation. Mr. Clark made a motion, seconded by Ms. Ward, to approve the special obligation bond. The motion passed.

Mr. Clark stated that the Internal Audit Charter was reviewed and the committee was provided with a quarterly update on Internal Audit activity.

Mr. Clark reported that information regarding the 2014-2015 budget and legislative update indicated that the University’s share for fiscal year 2014 of the UNC system’s $22.4 million reduction is approximately $7.5 million. The legislative short session included approvals and funding of $1,000 salary increases for all SPA employees and unfunded authority for salary increases for EPA employees. The EPA increases will be funded through internal reallocation, so it is in essence a budget reduction of approximately $9 million. Preliminary planning has begun for the 2015-17 biennium; the Office of State Budget and Management has requested an additional 2 percent recurring reduction.

The Committee was educated on Institutional Trust Funds and how they support the University as a whole and recent performance of endowments. The Committee was updated on the approval by UNC System President Ross for delegated investment authority for Institutional Trust Funds, which will allow greater earnings return than the State Treasurer’s Investment Fund.

As part of the continuing review of risk management, the Committee heard an overview of the national trends and legal developments regarding Title IX and Sexual Violence and discussed the roles and responsibilities for compliance at NC State.
Buildings and Property Committee—Acting Chair Gayle Lanier
Ms. Lanier reported that the committee reviewed responsibilities and the 2014-2015 plan of work. Ms. Lanier presented two property matters that required full board approval. They were as follows:

1. Acquisition by Lease of approximately 8,882 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 five years. The original request was for approximately 6,343 square feet. Suite 105, which has approximately 2,539 square feet, was added to accommodate staff currently on the building’s third and fourth floors.

2. Disposition by Easement of 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.

Ms. Lanier made a motion, seconded by Mr. Murphy, for the approval of the two property matters. The motion passed.

Ms. Lanier reported that the Committee approved 23 designer selections and one developer selection. Twenty-two completed projects with a combined value of $38.7 million were accepted. The Committee approved two additional property matters:

1. Acquisition by Lease of approximately 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.

2. Disposition by Space Lease of approximately 6,332 rentable square feet of office space in Research Building III, Suite 300, on Centennial Campus for the United States of America, General Services Administration on behalf of National Weather Service for a three-year term.

Ms. Lanier made a motion, seconded by Mr. Sall, for the approval of the additional property matters. The motion passed.

Ms. Lanier reported that the committee approved the site plan for the Textiles Innovation Center and 21 plans and specifications of formal projects costing less than $2 million.

She concluded her report with an overview of construction progress at the Bell View Hotel and announced that it is scheduled to open next summer.

University Advancement and External Affairs Committee—Chair Jim Owens
Dr. Owens reported that the Committee reviewed its responsibilities and work plan for the year. The Committee heard a report on a summary of fundraising and other highlights for fiscal year 2014. He reported that this past year represented the second highest year in fundraising history at NC State with gifts and new commitment totals at $187.1 million. In addition, the University created and launched a refreshed brand platform. Also, strategic marketing efforts have increased in the various media platforms.
Dr. Owens stated that the Committee heard a campaign update. The campaign will focus on fundraising for current operations, endowment and facilities with overarching goals to strengthen alumni, institute a culture of philanthropy, and build a lasting Advancement infrastructure. Co-chairs for the campaign have been identified. This impressive group includes Trustee Jimmy Clark and his wife Vicky, Lawrence and Sarah Davenport, Ann and Jim Goodnight and Carol Lynn and Lonnie Poole.

Dr. Owens stated that in Closed Session, the Committee reviewed and approved eight naming proposals to name specific university facilities. A motion will be made at the end of this meeting to go into Closed Session to consider all naming opportunities.

**University Affairs Committee-Chair Susan Ward**

Ms. Ward stated that the committee received a review of their responsibilities. They also reviewed the committee’s plan of work for this academic year. Ms. Ward then reported that the data presented showed that NC State's Class of 2018 is the most academically prepared class ever admitted to the University. Over 20,000 applications were received for fall 2014, which represented all North Carolina counties, all 50 states and over 100 countries. The incoming freshman class included 270 students who graduated as valedictorian or salutatorian in their high school class and over 660 students were children of alumni.

Ms. Ward reported that the committee approved requests to continue the Center for Integrated Fungal Research for a three-year period and the Institute for Transportation Research and Education for a five-year period.

Ms. Ward reported that the Committee heard several information reports including a report from Student Body President, Rusty Mau, on student government initiatives underway, both on campus and at the national level. Provost Arden reported on the following:

- New graduate certificates have been proposed in Statistics Education and Applied Statistics and Data Management. A new undergraduate certificate in Leadership in the Public Sector, housed in the College of Humanities and Social Sciences, has also been proposed and is for non–degree seeking students.
- Information was provided on the 2014-2015 faculty salary ranges.
- The Chancellor’s Faculty Excellence Program has hired 33 faculty members and completed hiring in seven of the 12 cluster areas.
- The University Faculty Scholars Program is in its third year and has named 44 faculty members as University Scholars.
- NC State has completed its first three-year implementation plan covering fiscal year 2011 to fiscal year 2014 and is currently developing its second plan to cover fiscal year 2014 to fiscal year 2017. The new implementation plan, as well as an overview of accomplishments under the previous plan, will be shared with the BOT in November.
- Five-year leadership and program reviews were completed last academic year in the College of Humanities and Social Sciences and in the Poole College of Management resulting in the reappointment of both Dean Braden and Dean Weiss.
Ms. Ward concluded her report by stating that in closed session, the committee approved non-salary compensation requests, an employment agreement and conferral of tenure to four new faculty members. In addition, they also recommended for approval by the Board of Governors, salary increase requests that are greater than 15 percent and $10,000 from each employee’s previous June 30 salary.

**Chair of the Faculty Report-Chair David A. Zonderman**

Dr. Zonderman reported that the Faculty Senate is working on prioritizing their consideration of a number of issues including campus safety, the Disability Services Office, Enrollment Planning and Post-Tenure Review. He also stated that the ongoing Strategic Resources Management process has produced a number of initiatives that may impact the work of faculty. 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.

Dr. Zonderman noted that the Faculty Senate wants to explore ways to support the emerging capital campaign, and although most faculty do not have the means to make major gifts, many are advocates for teaching, research and extension missions.

Dr. Zonderman concluded by stating that Faculty Senate would like to explore ways to expand communications and dialogue with the Board of Trustees.

**Chair of the Staff Senate Report-Chair Robert L. Davis**

Mr. Davis reported that 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. He reported that the Staff Senate began the academic year with the annual retreat with the theme, “You Are the Change You’ve Been Waiting For…Now Make A Difference.” This theme has become a call to action for NC State staff, both on campus and across the state.

Mr. Davis reported that the Staff Senate set five main goals, and they are as follows:

1. Maintain important past Staff Senate projects;
2. Promote creativity and innovation;
3. Increase more interconnection between the staff, the colleges and heads of administrative units by promoting “Town Hall” meetings;
4. Celebrate diversity; and
5. Serve the greater community through outreach.

Mr. Davis gave updates about Staff Senate participation in the following University activities:

- Packapoolza;
- University Blood Drive;
- Alternate vehicle display on the brickyard; and
- Mini event at Packapoolza to help promote the upcoming October event.

With no further business in open session, Ms. Ward made the motion, seconded by Mr. Clark, at 10:30 a.m. to go into closed session to prevent the premature disclosure of an honorary award
and to consider the qualifications, competence, performance, conditions of appointment of a public officer or employee or prospective public officer or employee. The motion was seconded by Mr. Clark and the motion passed.

At 11:30 a.m., the board came out of closed session. With no further business, Chair Jenkins adjourned the meeting at 11:40 a.m.

Respectfully submitted,

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Assistant Secretary    Secretary

Approved:

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Chair of the Board