AGENDA

CALL TO ORDER – Chair Owens reads State Government Ethics Act

1. CONSENT AGENDA Tab 6.1
   A. Approval of September 18, 2014 Minutes*

2. INFORMATIONAL REPORTS AND DISCUSSION Tab 6.2
   A. Campaign Update
      Brian Sischo, Vice Chancellor for University Advancement
   B. Campaign Counting Guidelines*
   C. Alumni Engagement
      Benny Suggs, Associate Vice Chancellor for Alumni Relations and Executive Director for the Alumni Association

3. CLOSED SESSION Tab 6.3
   A. Approval of September 18, 2014 Minutes*
   B. Request approval for Naming Specific University Facilities and Programs√
   C. Watauga Medal Recommendation√

RECONVENE OPEN SESSION
ADJOURN

* Committee Approval √ Full Board Approval
University Advancement and External Affairs Committee
Board of Trustees
North Carolina State University
September 18, 2014

The University Advancement and External Affairs Committee of the Board of Trustees of North Carolina State University met in Open Session at 1:00 p.m. in the Chancellor’s Conference Room in Holladay Hall. Bob Mattocks was absent.

Members Present:  
James W. Owens, Chair
Gayle Lanier
Wendell Murphy
Ron Prestage
Randy Ramsey
Benjamin P. Jenkins III, Board of Trustees, Chair

Others Present:  
Brad Bohlander, Associate Vice Chancellor, University Communications
Steve Clark, Assistant Vice Chancellor, Development
David Hinks, Interim Dean, College of Textiles
Laurie Reinhardt-Plotnik, Associate Vice Chancellor, University Development
Hilda Renfrow, Executive Assistant, University Advancement
Brian Sischo, Vice Chancellor Elect, University Advancement
Benny Suggs, Associate Vice Chancellor, Alumni Relations
PJ Teal, University Secretary
Shawn Troxler, Office of General Counsel

Chair Jim Owens called the session to order and read the State of North Carolina’s Government Ethics Act.

Brian Sischo, Vice Chancellor for University Advancement, reviewed the fiscal year work plan and the committee’s responsibilities.

Ron Prestage made a motion to approve the August 13, 2014 teleconference minutes, seconded by Gayle Lanier, and the motion carried.

Brian Sischo provided a presentation that included a summary of fundraising and other highlights for fiscal year 2014. He highlighted 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.
He presented a comparison of NC State’s endowment with peer institutions and noted that contributions represented by alumni totals $108 million. He also mentioned an increase in Alumni Association’s membership and membership revenue. In addition, the University created and rolled-out a refreshed Brand platform, and its strategic marketing efforts have increased in the various media platforms including Facebook, Twitter and the Red & White for Life blog.

Brian also provided a campaign update giving the timeline and progress to date as we test the goal of $1.5 billion. The campaign will focus on raising funds for current operations, endowment and facilities with overarching goals to strengthen the reputation of the University, broaden the engagement of alumni, institute a culture of philanthropy, and build a lasting Advancement infrastructure.

The co-chairs for the campaign have been identified. This group includes Trustee, Jimmy Clark and his wife Vicky; Lawrence and Sarah Davenport, Ann and Jim Goodnight, and Carol Lynn and Lonnie Poole. This group had its first meeting at The Point last week and will serve as the Executive Committee of a broad-based Campaign Steering Committee. The committee discussed the role of the Campaign Executive Committee versus the Advancement Committee’s role in the campaign.

Chair Owens made a motion to go into closed session to discuss naming opportunities for specific university facilities according to North Carolina General Statue, Section 143-318.11. Wendell Murphy seconded the motion and it was approved by general consent.

The meeting returned to opened session. With no further business, the meeting adjourned.

Respectfully submitted,

James W. Owens
Chair
Informational Reports and Discussion Topics

Campaign Update
Campaign Counting Guidelines*
Alumni Engagement
Index

1. Purpose
2. Outright Gifts
   a. Cash, Checks and Credit Cards
   b. Publicly Traded Securities
   c. Closely Held Securities
   d. Matching Gifts
   e. Grants
   f. Gifts-in-kind (Other Than Real and Personal Property)
   g. Real and Personal Property (Other Than Gifts-in-kind)
3. Pledges
4. Revocable Gifts
5. Life Income Gifts
6. Charitable Lead Trusts
7. Life Insurance
8. Reachback Gifts
9. Hard to value Gifts
Purpose

The purpose of the Campaign Counting Guidelines is to define how gifts made to NC State University and its affiliated entities (“NC State”) will be counted and reported during the campaign period, which begins July 1, 2013 and ends on June 30, 2021.

In general, campaign counting is a term used by NC State’s Division of University Advancement to track gifts, pledges and deferred gifts that are received during a specified period towards a specific fundraising goal. The intent of campaign counting is to reflect the total impact of these fundraising efforts by representing gifts, pledges and deferred gifts at their face value in keeping with industry standards.

The primary sources for NC State’s Campaign Counting Guidelines are the standards and definitions provided by the Council for Advancement and Support of Educations (CASE) in its publication "CASE Reporting Standards and Management Guidelines, 4th edition," and Partnership on Philanthropic Planning in its publication guidelines for "Reporting and Counting Charitable Gifts, 2nd edition."

These counting guidelines are to be consulted in tandem with NC State University governance documents, including applicable Policies, Rules, and Regulations and applicable Standard Operating Procedures.
**Outright Gifts**

**Cash, Checks and Credit Cards**
Cash, check, and credit card gifts are counted at face value on the date NC State processes the gift.

**Publicly Traded Securities**
 Marketable securities are counted at the average of the high and low selling price on the day the donor relinquished dominion and control in favor of NC State. If there are no trades on the gift date, the fair market value is the average of the high and low selling price on the trading day before and after the date of the gift.

**Closely Held Securities**
 Gifts of closely held stock that exceed $10,000 in value are reported at the fair market value placed on them by a qualified independent appraiser and recorded on IRS Form 8283. Closely held stock that is $10,000 or less will be valued at the per-share cash purchase price of the most recent transaction or by another method at the discretion of the Vice Chancellor of University Advancement.

**Matching Gifts**
Matching gifts received from companies and foundations are counted at the face value of the gift. Potential matching gifts (claims) are not counted.

**Grants**
A grant, unlike a gift, is normally a written agreement to carry out a specified project that may entail a tangible product, usually a proprietary report. A grant that requires performance on the part of the University must be processed through established University procedures. A grant from a non-governmental source that does not require proprietary reporting and has no provisions for intellectual property and/or publication rights may, in the name of the University, be counted as a campaign contribution. Government funds will be excluded, with the exception of Tobacco Trust Fund and Nickels for Knowhow North Carolina State government pass-through payments.

**Gifts of Real and Personal Property (Gifts-in-kind)**
Gifts of real and personal property (Gifts-in-kind) that qualify for a charitable deduction are counted at their full fair market value, as outlined by applicable CASE standards. Examples of property gifts that will not be counted per CASE standards include gifts of software systems pursuant to corporate partnerships and conservation easements, among others.

**Pledges**
Pledges with a payment schedule of 5 years or less that are unconditional will be counted at the face value. Exceptions to the 5-year payment period may be approved at the discretion of the Vice Chancellor of University Advancement. Conditional pledges will not be counted.
Revocable gifts (i.e. expectancies)

Revocable deferred gifts (also referred to as “expectancies”) such as will bequests and retirement account designations may be counted in the campaign. To be counted, NC State must receive a document during the campaign period from the donor or a third party having reasonable knowledge of the donor’s gift (e.g., an attorney) that confirms the following:

a. A gift has been established.
b. The estimated value of the gift.
c. NC State will receive the gift at the end of the term specified in the gift instrument, which typically will be the end of the donor’s life.

The amount counted in the campaign will be the full documented value, without regard to the donor’s age.

To be counted in the campaign subtotal of a college, program, or a particular gift use (e.g., endowment), a document must be received confirming that the gift is designated for such college, program, or gift use.

A revocable deferred gift in which another person has an interest in the gift prior to NC State may be counted only if such other person also has made a corresponding gift provision (e.g., “mirror wills”). Other contingent gifts without a corresponding gift provision from the other interested person will not be counted.

Revocable deferred gifts documented by NC State before July 1, 2013 will not be counted. The exception to this policy includes Reachback Gifts (see below) and documented additions to such provisions.

The amount of any realized bequest from an expectancy that was documented prior to July 1, 2013 will not be counted. Amounts realized in excess of such documented amounts will be counted.

Life Income gifts

Life income gifts will be counted in the campaign at the face value of the donated asset(s). Life Income gifts include charitable remainder trusts and gift annuities in which a donor irrevocably transfers an asset in exchange for an income stream, with the remainder ultimately benefiting NC State. Life income gifts managed by entities other than NC State can still be counted in the campaign. The gift terms and documentation will determine how they will be counted. If both the gift and NC State’s interest are irrevocable, the gift will be counted with other cash gifts and pledges at the value on the most recently available statement supplied by the entity managing the gift. If NC State’s interest is revocable (even if the gift is irrevocable), the gift will be counted in the same manner as other expectancies.
Charitable Lead Trusts

If a charitable lead trust has irrevocably designated NC State as a charitable beneficiary, the expected payment stream over the term of the trust will be counted in the campaign as a pledge, even if the term lasts beyond the five year period for standard pledges. Payments received from the trust will be treated as payments on that pledge.

If the term of the trust could last for one or more lifetimes, then duration of such lifetimes shall be assumed to be the life expectancy that would be used under applicable tax regulations.

Determination of the future payment stream for some charitable lead trusts (specifically “lead unitrusts”) requires assumptions about the trust’s future investment performance, since the size of future payments depends on future investment performance. If such an assumption is needed, then the Applicable Federal Rate (IRS Discount Rate) for the month of the trust’s creation shall be used.

If a lead trust makes distributions without having made NC State an irrevocable beneficiary (i.e., through a discretionary or revocable power), then such payments will be reported as outright gifts as they are received.

Life Insurance

Life insurance presents special counting issues due to the numerous ways in which life insurance gifts can be made.

To ensure consistent treatment, the death benefits of all life insurance gifts shall be recorded as an expectancy, regardless of whether the gift is a revocable beneficiary designation or an irrevocable transfer of policy ownership.

If the gift is an irrevocable transfer of policy ownership, the current policy value as reported by the insurance company shall be counted with other gifts and pledges. The death benefits counted as an expectancy shall be reduced by the amount counted with other gifts and pledges.

Gifts of cash and other assets intended to be used for premium payments for policies owned by NC State shall be counted with other gifts and pledges.

Gifts of the following types of insurance will not be counted:

a. Term insurance
b. Employer provided group insurance
c. Accidental death insurance
Reachback Gifts

NC State recognizes that donors make gifts in anticipation of a campaign. To encourage them to follow through on these commitments, and in keeping with campaign best practice, NC State has adopted a Reachback Policy.

The criteria under which pre-campaign gifts and commitments, those recorded prior to July 1, 2013, will be included in the NC State University campaign are as follows:

1. Gifts from donors that cumulatively equal or exceed $100,000 that were made within the three fiscal years prior to the campaign start date (i.e., from July 1, 2010 – June 30, 2013).
2. Major gifts (i.e., those at $25,000 and above payable over no more than 5 years) made within the three fiscal years prior to the campaign start date that are designated to either endowment or facility projects.

Hard to Value Gifts

If a gift cannot be properly valued under these guidelines, the Vice Chancellor for University Advancement will determine the value, if any, to be reported in the campaign totals. In making such a determination, the Vice Chancellor may use information from counsel or other independent sources that can provide as fair and accurate an assessment of a gift’s value as is practicable.
North Carolina State University

Campaign Counting Guidelines

February, 2013

The following applies to the comprehensive fundraising campaign to be conducted between July 1, 2013, and June 30, 2021. NC State will adhere to the CASE Reporting Standards & Management Guidelines, 4th edition, with the following exceptions, considerations, and amplifications:

- The University Advancement Committee of the Board of Trustees has approved a separate policy for counting gifts made prior to the official campaign period. The criteria under which pre-campaign gifts and commitments will be included in the campaign are those which are:
  
  - part of a transformational gift that names a department or college, or otherwise equals or exceeds $10,000,000, are made within three years of the campaign start date, and are referenced as counting in the campaign in the documented gift agreement(s) executed by both the donor and the University
  
  - major gifts ($25,000+ payable over no more than 5 years) from donors knowledgeable of the impending campaign by their affiliation with NC State, are made within one year prior to the campaign start date, and are made either toward endowment or facility projects which are expected to be priorities or objectives of the campaign

- Government funds will be excluded as per CASE, with the exception of Tobacco Trust Fund and Nickels for Knowhow North Carolina State government pass-through payments

- Pledge payment period
  
  - The CASE suggested 5-year payment period will be honored. Exceptions for leadership gifts will be taken to the Chancellor and Vice Chancellor for University Advancement for approval
  
  - If longer pledges are approved, they can be extended no more than 5 additional years (10 years total).
• Revocable gifts (i.e. bequest expectancies)
  
  o These must be documented either by a copy of the portion of the will mentioning NC State or an affiliated entity, or a properly executed bequest intention form. MOUs outlining specific purposes for use of the bequest must be executed during the campaign period. Other prior bequests will not be counted, although additions to those provisions made during the campaign will as long as they are supported by the above documentation. If a specific dollar amount is not stipulated (percentage allocation or “rest and residue”), there must be due diligence to validate the amount estimated for counting. Campaign credit will be at full face value regardless of the donors age.

  o Bequests realized during the campaign will not be counted if an expectancy was recorded prior to July 1, 2013, even if the amount realized is greater than originally excepted. If, however, a donor amends an earlier expectancy during this campaign to reflect a larger specific amount or percentage, that increase will be counted

• Deferred gifts

  o Will be reported and counted at both face and present (IRS deductible) values, with separate goals developed for both amounts

• Conditional pledges, bequest commitments, & gifts

  o Will not be counted