The North Carolina State University Board of Trustees met in regular session in the Hood Board Room of the Dorothy and Roy Park Alumni Center on Centennial Campus, in Raleigh, NC, on Friday, September 22, 2017.

Members present:

Jimmy D. Clark, Chair
Robert F. Andrews III
Thomas E. Cabaniss
Ann B. Goodnight
James A. Harrell, III
Stanhope A. Kelly
Wendell H. Murphy
David R. Nimocks, III
Ronald W. Prestage, DVM
Susan P. Ward
Dewayne N. Washington
Jacqueline Gonzalez, ex officio

Chair Jimmy Clark called the meeting to order at 9:25 a.m. He reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. Chair Clark called on Assistant Secretary PJ Teal for the roll call.

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

MINUTES
Mrs. Susan Ward made the motion, seconded by Mrs. Ann Goodnight, to approve the open and closed session minutes of the July 17, 2017 meeting of the full board. The motion passed.

OATH OF OFFICE FOR NEW MEMBERS
Chair Clark introduced Superior Court Judge Kendra Hill to administer the oath of office to new members James A. Harrell, III and David R. Nimocks, III, and ex officio member Jacqueline Gonzalez.

CHAIR'S REPORT- JIMMY CLARK
Chair Clark welcomed the new Board members and thanked the Board for their service and for their work in their new committee assignments. He also encouraged Trustees to attend upcoming events that included Red and White week, the Celebration of Philanthropy, and Homecoming.

Chair Clark reminded the Trustees that the Atlantic Coast Conference (ACC) requires each University Board of Trustees to certify annually that the authority for the administration of intercollegiate athletics has been delegated to the Chancellor. He asked for a motion to approve the ACC Governing Board Certification for 2017-2018. Mr. Cabaniss made the motion, seconded by Mr. Murphy, and the motion passed.

Next Chair Clark gave an Endowment Fund Board report, highlighting the success of the “Think and Do the Extraordinary” Campaign, which ended fiscal 2017 with $1.12 billion total in gifts and pledges. The Board accepted new gifts and property of $4.6 million since the last meeting and approved the 2017 Annual Report for the Endowment Fund. The Endowment Fund’s net assets were $431.8 million. It had $311.4 million in investments in the NC State Investment Fund at June 30, 2017, which returned 11.9% for the 12-month period. Overall, the University’s total endowment was valued at $1.123 billion at June 30, 2017.
The Endowment Fund Board heard a report on real estate assets it holds and an update on the Wolfpack Investor Network, which has invested $1.58 million of capital in an early stage portfolio of companies. In Executive Session, the Endowment Board heard a report on property matters and voted on additional real estate actions.

CHANCELLOR’S REPORT – RANDY WOODSON

Chancellor Woodson welcomed new Trustees and introduced Faculty Senate Chair Carolyn Bird and Staff Senate Chair Cathi Phillips Dunnigan. He referred the Trustees to his annual accomplishments report in the Board materials and shared NC State’s recent US News & World Report rankings.

Chancellor Woodson updated the Trustees on undergraduate applications and admissions. The university received 26,733 applications, a 5% increase over the prior academic year, and admitted 4,658 applicants, with an additional 465 in the university’s first spring enrollment. The incoming class represents 43 countries, Puerto Rico, Virgin Islands, 41 States, DC, and 98 counties. In addition, 1,100 new freshmen are from rural NC counties, and Chancellor Woodson cited the importance of accessibility to NC State’s land-grant mission. He noted that one in every 10 new freshman is a first generation student.

Sharing highlights from 2016-17, Chancellor Woodson stated that NC State received $407 million in extramural research awards, a historical high. In addition, the Association of University Technology Managers ranked NC State in the top five for technology licensing among U.S. universities without medical schools, and the Milken Institute ranked NC State in the top 10 in the nation for technology transfer, excluding schools with medical research facilities. To increase research efficiency and compliance NC State is in the process of creating and implementing a new electronic research administration system.

After sharing that NC State awarded 9,313 degrees at December and May graduations, an all-time high, Chancellor Woodson referenced Provost Arden’s Student Success presentation to the Trustees on September 21, 2017, and stated that increasing graduation rates is one metric the university monitors. He also praised NC State students for their achievements with prestigious scholarships and fellowships, which included a Churchill scholarship and a Truman fellowship in the prior academic year.

Chancellor Woodson reiterated the success of the “Think and Do the Extraordinary” campaign in citing NC State’s record fundraising year. The university has raised $1.13 billion to date, which included $224.8 million in new gifts and commitments – a 39% increase over the previous year. Of that, $145 million was in cash receipts. Campaign gifts created 71 new scholarships and fellowships and 11 new professorships in 2016-17. In addition, by the end of the fiscal year the endowment value passed $1 billion for the first time in the university’s history, with a value of $1.11 billion. NC State’s endowment now ranks in the top 100 among public and private universities in total market value.

Lastly, Chancellor Woodson stated that the Office of Partnerships and Economic Development assisted in 60 North Carolina economic development projects, an increase of 20% from previous year, and referenced NC State’s reputation for collaboration.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS

Mr. Cabaniss reported that the Committee reviewed and discussed its responsibilities and the plan of work for the year. The four key areas of committee authority are audit, finance, risk management, and policy development for institutional trust funds, campus security and information technology and cybersecurity. Information technology and cybersecurity were added this year with the bylaw changes.

The Committee approved the Internal Audit Charter as it was presented. One change to the Charter included the statement that internal audit activity is governed by adherence to The Institute of Internal
Auditors’ Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Committee also heard a final report on Internal Audit fiscal year 2017 and current year activities.

Mr. Cabaniss said that a report on legislative activities included a discussion related to redistricting and the possible impact on the House and Senate. A special session, to discuss redistricting and other matters, will convene on October 4, 2017.

After a brief review of the university’s budget, estimated at $1.57 billion, the Committee reviewed highlights from the university's unaudited financial statements for fiscal year 2017. The net position of the university increased to $2.05 billion, up $58.93 million from fiscal year 2016. Small increases in major revenues were offset by increases in liabilities and operating expenses. The university will continue to watch the impact of accounting changes and slow top-level revenue growth.

The Committee heard a report for fiscal 2016-2017, “Financial Reporting for Intercollegiate Athletics.” NC State Athletics self-generated 92% of all Athletic revenue for fiscal year 2016 and is in the 75th quartile of athletics-generated revenue compared to other schools in the conference. The other 8% of revenue is funded from student fees in exchange for student tickets to athletic events. NC State’s Student Fee for Operations continues to be the lowest in the UNC System. The $232 student fee represents 10% of all undergraduate student fees and has not increased since fiscal year 2013. In addition, NC State’s athletic expenses for fiscal year 2016 were $79.9 million and are in the bottom quartile of the ACC. Expenses increased by about $7 million due to increase in NCAA reporting changes, which now include Bowl expenses, salaries and benefits, scholarship costs, travel costs and facility debt payments to campus. The Committee was also provided additional financial information including the annual budget for fiscal 2017-2018.

Mr. Cabaniss concluded by sharing that the Committee received an update on the NC State Compliance and Integrity Program, which included the 2018 initiatives of compliance program evaluations, training and education, and creating a culture of compliance and culture code.

BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS
Mr. Andrews reported that the Committee reviewed the 2017-2018 plan of work and Committee responsibilities. The Committee approved the April 20, 2017 meeting minutes and two property matters requiring full board approval:

- Acquisition by Lease: +7904.5 square feet (SF) of office space in the National Oceanic and Atmospheric Administration National Climate Data Center, 151 Patton Avenue, Rooms 4016, 5001-5007, Asheville, NC for the NC Institute for Climate Studies for a term of five (5) years
- Disposition by easement: A temporary construction easement (approximately 9-month project duration, to be completed during summer 2018 or summer 2019) for the construction of a joint stormwater drainage and sanitary sewer project along Dan Allen Drive partnering with the City of Raleigh. A permanent sanitary sewer easement for +26,325 square feet (SF) would also be granted to the City of Raleigh covering the sanitary line to be installed.

Mr. Andrews made a motion, seconded by Mr. Murphy, to approve the two property matters. The motion passed.

The Committee approved 25 Designer Selections and two Construction Manager at Risk selections, and then accepted 28 building projects at a combined value of $27.4 million, which included the Gregg Museum of Art and Design, Greek Village Infrastructure Phase II, and a $3 million renovation of the third Floor Area B Lab at the College of Veterinary Medicine.

Mr. Andrews stated that the Committee reviewed the site selection of the Carmichael Gym Addition and Renovation and Thermal Energy Storage on Centennial. It then approved the plan selections for
the Engineering Building Oval, Case Academic Center Dining Addition, and the Thermal Energy Storage as well as 23 plans and specifications of formal projects each costing less than $2 million. The Committee also received updates for the capacity study, capital projects, and status of projects in planning.

UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE - CHAIR SUSAN WARD

Mrs. Ward reported that the Committee reviewed its plan of work, and then received a University Advancement update on activities including:

- Campaign Kickoff Tour events, which included travel to 20 cities in 10 states with over 2,000 attendees
- Rebranding of Homecoming week to Red & White Week, which achieved the goal of involving all the colleges in bringing alumni and friends back to campus
- University Communications’ launch of a new “Social Media Hub”
- Rebranding of the Alumni Association

The Committee received an update on key Advancement staffing searches across the university, including the search for a permanent Associate Vice Chancellor for University Development. This was followed by a campaign and fundraising update featuring progress to date by college and unit, and a report on the prospect development team’s work and its role in supporting the development officers across the University and “refilling the cupboard” of donor prospects.

The Committee reviewed the Engineering Oval Building Naming Opportunities, with a median range of opportunities totaling over $91 million. The Committee was presented an overview of the primary naming opportunity associated with the Dairy Heritage Museum, located on Lake Wheeler Road. The Committee unanimously approved the proposals for both Engineering and CALS to move forward with their respective fundraising plans.

Following the presentations, the Committee met in closed session and approved two naming agreements to be presented to the Board for final approval.

UNIVERSITY AFFAIRS COMMITTEE – STAN KELLY

Mr. Kelly reported that the University Affairs Committee reviewed its responsibilities and plan of work for this academic year.

The Committee approved requests to establish the Center for Additive Manufacturing Logistics (CAMAL), which provides comprehensive research capabilities in 3-D printing, and the Next Generation Power Electronics Manufacturing Innovation Institute (NGPEMII; PowerAmerica), which is advancing the use of wide bandgap semiconductors. Since being approved for planning in 2014, both the center and institute have established themselves as leaders in their respective areas and as important resources for the citizens of NC and the nation.

The Committee also approved the time-limited appointment option for two distinguished professorships; conferral of tenure to two new faculty members beginning employment this fall; and bonus structures for coaching staff in women’s golf, women’s tennis and swimming & diving.

Mr. Kelly reported that the Committee recommends for full Board approval revisions to the Non-Salary and Deferred Compensation Policy 05.15.03. The policy, which had not been reviewed for substantive changes since 2010, was updated to increase the cap on the amounts of certain non-salary compensation (the amounts were out of date) and to allow more flexibility to approve certain non-salary compensation at the campus level. Examples of changes include adding reimbursement for remote work location expenses, adjusting the house hunting expense section to allow for more flexibility, increasing the amount that may be reimbursed for temporary housing costs as part of the initial hire, and updating provisions relating to discretionary benefits.
Mr. Kelly made a motion, seconded by Mrs. Goodnight, to approve the revisions to Policy 05.15.03 – Non-Salary and Deferred Compensation. The motion passed.

Mr. Kelly then reported that the Committee heard the Annual Report on Intercollegiate Athletics, required per UNC policy. The report included profiles for admitted student-athletes including SAT/ACT scores and high school grade point averages; the student-athlete exceptions to the minimum course requirements set by the Board of Governors; information about majors chosen by student-athletes; NC State’s scores for the NCAA’s graduation success rate and academic progress rate; and reviewed university practices that reinforce the integral connection between academics and athletics.

An update to the Committee regarding the annual enrollment report included changes in overall graduate and undergraduate enrollment; academic quality of the incoming freshman cohort; and undergraduate student success data. Data showed that NC State’s Class of 2021 was approximately 10% larger than the previous year and was among the most academically prepared classes ever admitted to the university. It included 206 students who graduated as valedictorian or salutatorian in their high school class. Over 1,000 students were from rural North Carolina; over 500 were first-generation college students; and more than 540 reported being African-American or Hispanic. Efforts to increase community college transfer students and a new program called “Spring Connection” were highlighted. Spring Connection will allow hundreds of additional students to enroll in the spring, filling capacity created when students graduate in December.

Mr. Kelly shared that Student Body President Jackie Gonzalez outlined goals for the year, including celebrating diversity and inclusion; empowering students to solve problems; focusing on substantive long-term goals; and investigating opportunities to expand scholarships to students beyond “merit-based” systems. She noted that Student Government will continue to hold Town Halls where students can share their concerns on different topics. In addition, with the municipal elections approaching, there are also plans to hold political forums for the mayoral and at-large city council races this fall.

In the Provost’s update, the Committee received information about the 2017-2018 faculty salary ranges, a new undergraduate certificate program in Swine Science, and an update on the Chancellor’s Faculty Excellence Program. At present, 13 of the 20 clusters have completed their hiring and hires have been made in all 10 colleges.

Mr. Kelly stated that, in closed session, the Committee approved an emeritus status request and head coach employment agreements for women’s golf, women’s tennis, and swimming and diving.

CHAIR OF THE FACULTY REPORT – CAROLYN BIRD
Dr. Bird stated that the following topics were discussed at the full Faculty Senate:

- Athletics and Academics at NC State
- Alumni Association gift and recognition of outgoing Chair of the Faculty
- Elections planning

Dr. Bird reported that a future Faculty Senate meeting will include a discussion on the Bias Incidence Response Team. She shared that the Fall General Faculty meeting is scheduled for October 3, 2017 and the Spring General Faculty meeting is scheduled for March 20, 2018.

CHAIR OF THE STAFF SENATE REPORT – CATHI PHILLIPS DUNNIGAN
Ms. Dunnigan updated the Trustees regarding the July 29, 2017 Staff Senate retreat and its theme of communicating, collaborating, connecting. Retreat attendees received updates on the “Think and Do the Extraordinary” campaign, Employee Dependents’ Tuition Scholarships, and student success.

Ms. Dunnigan stated that this 23rd session of the Staff Senate has 60 senators from all 100 counties aligned in their mission to create a positive working environment. She then reiterated that the Staff Senate assists in communicating issues and institutional activities affecting staff members;
encourages a sense of community and engagement among all university employees; and serves as liaisons for staff members and other campus constituents.

CLOSED SESSION
With no further business in open session, Ms. Ward made the motion, seconded by Mr. Cabaniss, at 10:25 a.m. to go into closed session 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 two naming proposals. The motion passed.

RECONVENE IN OPEN SESSION
At 11:25 a.m., the board came out of closed session. With no further business in open session, Chair Clark adjourned the meeting at 11:30 a.m.

Respectfully submitted,

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Assistant Secretary    Secretary

Approved:

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Chair of the Board