Chair Wendell Murphy called the meeting to order at 9:00 a.m.

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

MINUTES
Mr. Campbell made the motion, seconded by Mr. Mattocks, to approve the minutes of the November 17, 2005 Committee of the Whole and the November 18, 2005 open and closed session minutes of the full Board; the motion carried.

CHAIR’S REPORT – WENDELL MURPHY
Chair Murphy recognized Frank Grainger, member of the UNC Board of Governors, who was attending the meeting.

Chair Murphy made the following announcements:
- The Endowment Fund met February 16, 2006. The net return for the year ending December 31, 2005 was 6.3%, with a market value of $128,155,014. According to the June 30, 2005 annual survey by the National Association of Colleges and University Officers (NACUBO), the total endowment for NC State University of $380M ranks 140 out of 746 participating institutions. Mr. Murphy stated that the Endowment Board heard reports from representatives from Academy Centennial Fund, Voyageur Asset Management and Callan Associates. The Board also heard reports on the Hofmann Forest, Cunningham Farm and Research Stations and the North Shore Condominium leases.

Mr. Murphy reported that the Endowment Board approved the following actions to: 1) accept gifts totaling $4,387,259.33, 2) allow a spending budget exception for fiscal year 2006-2007 on three quasi endowments; $39,000 for CALS Field Laboratories Support and $18,000 each for CVM Library Support and the Licensing Scholarships, and 3) continue the .40% assessment for University Advancement and .15% assessment for the capital campaign.
Mr. Murphy reported that he has met with each Executive Officer and each Dean at NC State and found the experience rewarding and learned more about NC State.

The April Board of Trustees meeting date has been changed to April 27 and April 28. The Thursday night dinner will include former Chancellor Marye Anne Fox’s portrait unveiling.

Chair Murphy stated that the Board of Governors policy on Conflict of Interest and Dual Membership requires the Board of Trustees to review and take final action on proposed contracts of $10,000 or more that may constitute a potential conflict of interest. It also requires the Board to review and make recommended findings to the Board of Trustees regarding allegations of violation of the Dual Memberships and Conflicts of Interest policy of the Board of Governors. The Board of Trustees has delegated these matters to the Executive Committee. The delegations, however, did not anticipate that a member or members of the Executive Committee may have a potential conflict of interest that would prohibit the Committee from acting. Chairman Murphy recommended that Board policy 01.05.9 be revised to state that in the event of such a potential conflict, the matter be assigned to another standing committee of the Board or to appoint an ad hoc committee of no less than three members of the Board. Mr. Vaughn made the motion, seconded by Mr. Williams, to approve the change in Board policy 01.05.9, Executive Committee; the motion carried.

CHANCELLOR’S REPORT – JAMES OBLINGER

Chancellor Oblinger called attention to just a few of the university’s noteworthy achievements since the last board meeting. Among those he cited were:

- Chair Murphy is the first Board of Trustees Chair to meet with all NC State’s Executive Offices and Deans of Colleges.
- NC State has selected new peers that have been approved by the Board of Governors. The 16 peers will be used to compare data like faculty salaries, tuition, enrollment, research funding, and graduation rates.
- University deans, executive officers and Faculty Senate leadership have been working to develop a strategic plan to help guide NC State for the next few years.
- The Achieve Campaign has passed the $900M mark.
- The graduate and undergraduate accounting programs in NC State’s College of Management ranked 23rd and 24th, respectively, on the 2005 Public Accounting Report’s 24th Annual Professor Survey. This is the first time these programs have made it to the survey.
- Federal research grant awards have increased 19% in the past year, and almost 37% over the past 5 years.
- NC State topped the Triangle Business Journal Poll on contributing to the economy. In the poll, readers were asked which Triangle university contributed the most to the Triangle economy? More than 65 percent of the respondents believed that NC State University contributes the most to the Triangle economy.
- NC State’s six-year graduation rate has jumped more than 10% in the past two years.
- NC State employees contributed $505,000 to the State Employees Combined Campaign for 2005, exceeding the goal of $475,000.

Chancellor Oblinger also stated that he was invited to join a select group of university leaders from across the nation at the first-of-its-kind U.S. University Presidents Summit on International Education in January in Washington, DC.
Academic Affairs and Personnel Committee – Chair McQueen Campbell

Chair Campbell reported that the Committee heard a presentation on the New Learning Commons in the D.H. Hill Library. The committee also heard a report on graduation statistics for Fall 2005. NC State awarded 41 Associate Degrees, 1,924 Bachelor Degrees, 804 Master Degrees, and 260 Doctorate Degrees for a total of 3,029 degrees for Fall 2005.

Chair Campbell stated that the committee recommends for full board approval a revision to Policy 4.25.02 – Racial Harassment. The proposed revision addresses changes necessary in response to the report issued by the Foundation for Individual Rights in Education. Mr. Campbell made the motion, seconded by Mr. Davenport, to approve the revision to Policy 4.25.02, Racial Harassment; the motion carried.

The Provost provided an update on the following: 1) several regulations, 2) authorization to establish new degrees have been processed for a B.A. in Women’s and Gender Studies, B.S. in Turfgrass Science, B.S. in Nutritional Science, and M.S. in Human Development and Family Studies with a concentration in Family Life and Parent Education, 3) name change of the Edward P. Fitts Department of Industrial Engineering to the Edward P. Fitts Department of Industrial and Systems Engineering, 4) University Budget Advisory Committee, 5) the dean searches for the College of Natural Resources, Engineering, Humanities and Social Sciences as well as the search for the Dean of the Graduate School, 6) several appointments in the Provost’s Unit, 7) Visitors Center, 8) compact and strategic planning, 9) child care center progress, 10) criminal background checks for new employees, and 11) web accessibility compliance.

Chair Campbell reported that in Closed Session, the Committee approved personnel actions, including salary increases, an appointment with tenure, appointment of a volleyball coach and was presented a report on scholarly assignments. Recommendations for the awarding of Holladay Medals and an Honorary Degree were presented and will be considered in closed session by the Full Board.

Audit, Finance and Planning Committee – Chair Richard Vaughn

Chair Vaughn reported that the Audit, Finance and Planning Committee heard reports on the following:

- The 2004-2005 Annual Financial Report. The university received an unqualified audit opinion and there were no findings in the management letter.
- The NC State Investment Fund through December 31, 2005. The Fund was approximately $280 million with one-year performance of 6.92% net of fees.
- The University’s associated entities’ audit process.
- An overview of debt management and planning.
- The mid year Internal Audit update describing closed and follow-up audits since September 1, 2005.

Chair Vaughn stated that the committee heard a report on the proposed Center for Comparative Medicine and Translational Research and approved a request for the establishment of this Center.

Chair Vaughn reported that the Committee recommends for full board approval the proposed changes to the Audit, Finance and Planning Committee responsibilities. The changes result from modifications to the Board of Governor’s guidelines related to audit accountability. Mr. Vaughn made the motion, seconded by Mr. Warren, to approve the proposed changes to Policy 01.05.5, Audit, Finance, and Planning Committee; the motion carried.
Buildings and Property Committee – Chair Derick Close

Chair Close reported that the Buildings and Property Committee reviewed and approved four property matters, five designer selections, and one construction manager selections. The committee accepted a list of completed buildings and projects (Appendix A). The Committee also reviewed one project and approved one building plan and approved project plans and specifications costing less than $1 million.

Three of the property matters require Full Board approval. One property matter concerns the lease of housing at 2601 Fraternity Court to Beta Upsilon of Kappa Sigma. The second concerns the lease of housing at 1402 Varsity Drive to Alpha Phi Alpha. The third property matter concerns the Lease of Suite 3700 in Partners II Building (Centennial Campus) to Erimos Pharmaceuticals, LLC. Mr. Close made the motion, seconded by Mrs. Gordon to approve these three property matters; the motion carried.

Chair Close stated that the Committee also reviewed and approved the recommended revocation of POL04.20.1, Adverse Weather and Other Emergency Conditions Policy, and reviewed the Adverse Weather and Other Emergency Conditions Regulation, which replaces the current Policy. Mr. Close made the motion, seconded by Ms. Gordon to revoke current policy 04.20.1, Adverse Weather, and replace with the new regulation; the motion carried.

The Committee approved a recommended change in its Designer Selection Procedure. Finally, the Committee heard informational reports about the Physical Master Plan, Centennial Campus, and capital construction projects, and a campus tour of recent construction projects was taken.

Development Committee – Chair Ann Goodnight

Chair Ann Goodnight reported that the Development Committee heard presentations on:

- Fund-raising for the second quarter of fiscal year 2006. Total gifts and pledges were $124.8 million. This amount exceeded the second quarter goal of $91 million.
- The progress of the Achieve! Campaign for NC State, which is now in its public phase. As of December 31, 2005 the campaign has raised over $900 million or 90% of its $1 billion goal.
- The progress of the university entities toward their working campaign goals.
- Fund-raising for the five current capital projects and added a new project.
- The Director of the Annual Fund discussed how the NC State Annual Fund compares with its peers.
- The Senior Director of Gift Planning presented an overview of the expansion of the Board of Governors’ Distinguished Professors Endowment Fund allow larger matching grants for establishing new professorships.

In closed session, the Committee reviewed and approved fourteen proposals to name University facilities. The Full Board will consider these proposals in closed session at the conclusion of the meeting.

Student and Campus Affairs Committee – Chair Suzanne Gordon

Chair Gordon reported that the Student and Campus Affairs Committee heard reports from the Student Body President and Vice Chancellor of Student Affairs. The Student Body President described recent activities including working through an attempt to separate the judicial branch from student government, collecting student feedback on tailgating, implementing two service projects “Mission: Mardi Gras” and “Big Four Canned Food Drive,” and pursuing funding for the Red Terror bus program used to transport students to and from football and basketball games.
Vice Chancellor of Student Affairs Stafford gave three updates on student life issues. First he reviewed progress of the Task Force the Chancellor appointed to look into the environment before football games. Second, the administration is continuing to discuss the concept of leasing land to Greek organizations and having the organizations build their own houses. Third, students participated in the largest campout since 2001. Approximately 1400 students camped out for basketball tickets to the Carolina game, in what was a very organized and successful event.

After the presentations, the Committee went on a tour of Witherspoon Student Center.

**CHAIR OF THE FACULTY REPORT – Bob Bruck, Secretary of the Faculty**
Bob Bruck, Secretary of the Faculty, spoke on behalf of Faculty Chair Nina Allen. Dr. Bruck reported on the various activities of the Faculty Senate. Among those discussed were:

- On February 23, President Bowles will address the General Faculty Meeting.
- Faculty Senate meets every Tuesday and has welcomed many people as guests and guest speakers. Melissa Watkins, Chair of Staff Senate and Whil Piavis Student Body President are a few of the people that attend regularly.
- One possible benefit under consideration is affordable Day Care for Faculty and Staff. The Provost reported that the first estimate to build a Day Care facility on campus was too high, and we will soon receive a report on other possible ways of meeting some of the Day Care needs.
- The Faculty Senate discussion with Vice Chancellor Gilligan on ways to improve the Tech Transfer office at NC State and about the issue of Graduate Student remission.
- The Faculty Senate has been involved in updating the Strategic Plan for NC State.
- The Faculty Senate continues to be concerned about faculty salaries and benefits and health care issues.

**CHAIR OF THE STAFF SENATE – MELISSA WATKINS**
Melissa Watkins, Chair of the Staff Senate, reported on the various activities of the Staff Senate as follows:

- Reviewed the 2005-2006 Staff Senate goals.
- The Staff Senate Legislative Committee has had regular meetings with state legislators to voice the concerns of the members of the Staff Senate.
- The Staff Senate Public Relations Committee has been updating the Staff Senate website and all publications and will also host an Open Forum on March 9, 2006.
- The Governance Committee has been working to ensure representation in all precincts to the Staff Senate.
- The Diversity Committee has help to update and improve the diversity training for all new NC State employees and has held several campus wide diversity events.
- The Resources and Environment Committee has implemented the computer loan program for NC State staff members and has been addressing the concerns about parking prices continuing to rise.

Chair Watkins presented slideshow of Staff Senate’s recent trip to Ocean Springs, Mississippi and discussed the devastation there from Hurricane Katrina. Staff Senate Chair Watkins announced that another group is going to Ocean Springs in early March over NC State’s Spring Break to help the local fireman rebuild their homes.
With no further business for open session, Chair Murphy called for the motion to go into closed session according to NCGS 143-318.11(a)(2). Mr. Vaughn made the motion, seconded by Ms. Gordon to go into Closed Session to prevent the premature disclosure of the naming of University facilities and recommendations for the awarding of Holladay Medals and Honorary Degrees.

At 10:45 a.m., the Board reconvened in open session. With no further business, Chair Murphy adjourned the meeting at 10:47 a.m.

Respectfully submitted,

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Assistant Secretary         Secretary

Approved:

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Chair of Board