

NORTH CAROLINA STATE UNIVERSITY
Minutes of the Faculty Senate
Executive Summary
November 5, 2013

1. Call to Order

Chair Zonderman called the fifth meeting of the sixtieth session of the NC State Faculty Senate to order at 3 p.m.

2. Announcements

The Office of Finance and Business has asked for suggestions on potential names of faculty who would be interested in serving on the Administrative Process Review committee. Please forward the names of interested faculty members to Chair Zonderman at david_zonderman@ncsu.edu.

There are rumors of memos coming from General Administration about decisions on who would be eligible under the new Affordable Care Act. There were rumors at other campuses that people who had been receiving benefits are now being told that they don't qualify. Chair Zonderman assured the faculty that this is not happening on NC State campus.

3. Approval of the Minutes, Meeting No. 4, October 22, 2013

The minutes were approved as submitted.

4. Remarks from Chancellor Woodson

Chancellor Woodson commented on Hofmann Forest.

Chancellor Woodson stated that after a lot of hard work on behalf of the university from our Legal Counsel, we have secured a buyer that meets all of the criteria and has agreed to purchase the property for \$150 million. To put it into perspective, \$150 million for this property will go into an endowment to support the College of Natural Resources and with the current spending policy of endowment it will generate \$6 million per year.

Chancellor Woodson announced that Phase I of the Talley Student Center has opened.

Chancellor Woodson announced that he and Chancellor Martin of North Carolina A&T State University are co-chairing a security initiative for the UNC System where they will be looking at three broad areas: campus security and safety, sexual harassment and other offenses against persons, and our reporting and compliance obligations.

Chancellor Woodson announced that Justin LeBlanc, Assistant Professor in the College of Design was a finalist in Project Runway. He placed third in the competition.

Chancellor Woodson announced that Omer Oralkan, Associate Professor in Electrical and Computer Engineering, and Jonathan Hauenstein, Assistant Professor in Mathematics, were recipients of the Young Investigator Award.

5. Remarks from Provost Arden

Provost Arden reminded the faculty that four candidates for dean of the graduate school will be on campus for the next two weeks. The first one is on campus today. He encouraged the faculty to attend the seminars.

Provost Arden announced that Deans Weiss and Braden will be up for their five year comprehensive reviews in the spring.

6. Alternative Funding Sources for the University

Vice Provost Bristol reported that if we are going to continue to make progress on the Strategic Plan there needs to be financing for it. There are groups across campus that are looking at potential financial resources, looking at better efficiencies, but this is an effort that everyone can contribute to. A website has been developed (go.ncsu.edu/ideas) where anyone can go to and submit ideas.

Vice Provost Bristol presented a PowerPoint entitled "[Financing the Strategic Plan](#)"

7. Park Scholars Program

Eva Feucht, Director of the Park Scholars Program reported that it is a four-year program and the students can choose any major. They recruit for scholarship, leadership, service and character and that is also how they make selections. In the last three years their numbers have been growing. The out of state applicants doubled between 2010 and 2012 application years, which are important for a number of reasons. The Park Foundation requires that at least one third of the students come from other states. This year's applications are at almost 1700 students.

Feucht stated that it puts it into perspective to say that the Hofmann Forest sold for \$150 million and will generate \$6 million a year for the College of Natural Resources. That is what the Park Scholars Program would mean to be fully funded. The Park Scholars Program received a \$50 million gift, but at the same time that only funds about 40% of the program. She stated that they are just beginning with their fundraising.

8. Old/New Business

Resolution on Public School Teachers and Advanced Degrees – First Reading

The resolution was presented for a first reading. The resolution will be presented for a second reading and discussed at the next meeting.

UNC Faculty Assembly Resolution on Core Competencies

Past Chair Kellner stated that the resolution has been worked on by four groups at the Assembly and that it is important that all of the Senates endorse the document so that it will go to the Board of Governors as a united front. He explained that in the implementation of the Board of Governors Strategic Plan there is a lot of information on General Education. The Assembly remains concerned that this remains in the hands of faculty and faculty at the campus level.

A motion passed with unanimous consent to endorse the resolution.

9. Issues of Concern

Senator Krause presented an issue of concern on there not being automatic doors on one side of Phase I of the Talley Student Center.

Chair Zonderman stated that the issue will be discussed in the Executive Committee meeting and assigned to a committee.

10. Adjourn

A motion passed to adjourn the meeting at 4:26 p.m.

Regular Meeting No. 5 of the of the 60th Session: Faculty Senate Chamber

November 5, 2013

Present: Chair Zonderman, Immediate Past Chair Kellner, Secretary Daley, Parliamentarian Weiner, Provost Arden; Senators Aday, Aspnes, Bartlett, Bernhard, Borden, Bourham, Devetsikiotis, Fuentes, Heitmann, Holden, Knopp, Krause, Lucia, Lunardi, J. Moore, M. Moore, Njah-Abbenyi, Rucker, Tyler, Williams

Excused: Senators Ade, Allaire, Bradley, Fleisher, Funkhouser, Morgado

Absent: Senators Bird, Edwards, Knowles, Laffitte, Marks, Penrose, Spontak, Sztajn

Guests: Betsy Brown, Provost's Office; Chancellor Woodson; P. J. Teal, Chancellor's Office; Eileen Goldgeier, Vice Chancellor & General Counsel; David Bristol, Vice Provost, Academic Resource Management; Eva Feucht, Director, Park Scholars Program; David Hunt, News Services

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3. Approval of the Minutes, Meeting No. 4, October 22, 2013

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4. Remarks from the Chancellor

Chancellor Woodson commented on the Hofmann Forest.

Chancellor Woodson stated that the endowment board of the university is the owner of the Hofmann Forest. In 1934 Dean Hofmann encouraged a group of private citizens to engage in raising money for the purpose of purchasing the forest for the education and research benefit of the School of Forestry, which is now the College of Natural Resources. In the mid-seventies the Forestry Foundation transferred that asset to the endowment of the university overseen by the endowment board for a number of reasons, not the least of which was to ensure that it had a proper way to manage and to pay for the management of the property.

Chancellor Woodson stated that the Forestry Foundation came to the endowment board and said they would like to sell the property for the benefit of the College of Natural Resources if a number of criteria could be met. Those criteria that were outlined by the College of Natural Resources were four fold. The first was a reasonable price that made selling the property worth selling; Secondly a continued recognition of Dr. Hofmann's legacy and the maintenance of the Memorial Center that celebrates what he meant to the College of Natural Resources; Third that the property remains accessible to the faculty and the students in the department or in the college for the purpose of research and education to ensure that some of the work that is going on there could continue. Those were the three that the Forestry Foundation asked the Endowment

Board to consider. The Endowment Board thinking more holistic about this for the university decided to add a fourth, which is that any prospective buyer would agree to enter into negotiations with the military for the purpose of military easements, which are critical for ongoing activities at Camp Lejeune.

The bottom line is, after a lot of hard work on behalf of the university from our legal counsel, we have secured a buyer that meets all of those criteria and who has agreed to purchase the property for \$150 million. To put it in perspective, \$150 million for this property will go into an endowment to support the College of Natural Resources and with our current spending policy of endowment it will generate \$6 million per year. The average income off the forest for the past ten years has been \$2 million and the average income for the last two years has been \$800,000, so this is a tremendous economic benefit for the college and will provide a long term resource that will ensure that we educate students, hire and retain outstanding faculty and provide research funding for the faculty.

Chancellor Woodson stated that the current research environment within the college, 98% of research projects within the College of Natural Resources are done somewhere other than the Hofmann Forest. There are research projects on the Hofmann Forest and only one of which is funded by a private company. The good news is we have negotiated with the buyer and they will continue to provide access to those research projects. We haven't done education on the forest since the early seventies when the forest count and the hands on forest movement were moved to Hill Forest in Durham.

Chancellor Woodson stated that it is true not everyone agrees with this, but it is also true that the CNR Foundation and the University Endowment Board thought long and hard for a long period of time. The discussion has been discussed within the college overlapping two deans and while it is true that certain faculty within the college aren't happy about this, it isn't true to suggest that there hasn't been ample conversation about it both within the university and externally across the state with stake holders.

Chancellor Woodson stated that the forest has not been sold, but we have an agreement to purchase. We hope it will be because it will be transformative for the College of Natural Resources to have an endowment of that magnitude.

A faculty member from CNR – Do you have any idea when things will move forward?

Chancellor Woodson responded that both parties are anxious to resolve this as quickly as possible, but an 80,000 acre piece of property is not a trivial thing to transfer hands, so his prediction is that it could be several months.

At the present time is there a legal impediment?

Chancellor Woodson stated that there is a law suit that he doesn't want to discuss, however he stated that they think it is important that people have their voices heard, but they don't believe that there is any legal impediment. Most people that are opposed have suggested that this is owned by the state and as a result, state policies have to be followed, but it's not. It never has been: it was owned first by a private foundation and since 1977 is owned by the Endowment Fund Board, that is separate from the university. The Endowment Fund statute gives us the authority to maintain and sell assets for the benefit of the university.

If I read the comments correctly one of the concerns is that the conditions that the buyer has to meet wouldn't be transferable if the buyer decides to sell again. Can you comment on that?

Chancellor Woodson responded that it is true. The reality is that we have every reason to believe that the biggest value to this property is its value to the military and the military has every interest in this property remaining a dark, working forest. The buyer has said publicly that they have no intention of making changes to

the way the forest is managed at this point and time, but it is true that as the owner of the forest, after they buy it, they could sell it and it is true that if they do sell it we have no recourse.

With respect to the military I always thought it would behoove us to seek as much leverage as we could because it seemed that their interests were extremely high and now that this is written into a contract I don't understand why we didn't pursue that.

Chancellor Woodson stated that they did for six years. The difference is that our leverage over the military is not nearly as great as a private land owner. The reality is as long as we owned the property there wasn't a lot of leverage. He personally believe that the leverage is greater, but the university's responsibility is to support the College of Natural Resources and the foundation that supports the college and the Endowment Board that holds the asset thought that this was in the best long term interest of the College of Natural Resources.

Will the money be received in one lump sum?

Chancellor Woodson responded almost, there is a small portion of it that would be paid over a five year period, but it would be a lump sum of \$125 million immediately. We are actually benefitting financially from the deferred payment.

Is the \$6 million dollars earmarked for CNR or will the rest of the university also benefit?

The Chancellor's response was the money will be for the sole benefit of CNR.

Chancellor Woodson announced that Phase I of the Talley Student Center has opened.

Chancellor Woodson announced that he and the Chancellor of North Carolina A&T State University are co-chairing a security initiative for the UNC System. They will be looking at three broad areas: campus security and safety, sexual harassment and other offenses against persons, and our reporting and compliance obligations. These are campus responsibilities and not a system responsibility. He stated that the Board of Governors, given some of the things that have happened in recent years, would like to be assured that all the campuses are thinking holistically about this in a comprehensive way and that if there are any policy requirements at the system level that are thoughtful about that. He stated that he doesn't see any evidence that the UNC System office wants to assume responsibility for our police force or for our annual obligation to report to the clearinghouse for crimes or alleged crimes on campus.

Questions and comments

The last couple of years there was a security master plan process going on, what became of that?

Chancellor Woodson stated that the Provost has led an effort to ensure that all of our residence halls and the areas around our residence halls are well lit and have cameras for security. There have been a lot of attempts to improve passage way areas with lighting and security cameras.

Is there any push to get a keyless system on campus?

Chancellor Woodson stated that the residence halls to the extent possible they are trying to move toward identification systems, but in terms of campus buildings that is a challenge.

Chancellor Woodson announced that Dr. Walt Wolfram from English is being honored as being one of six recipients of the North Carolina Award, which is the highest award for a scientist, literature and humanities in public service.

Chancellor Woodson announced that Justin LaBlanc from the College of Design was a finalist in Project Runway. He placed third in the competition.

Omer Oralkan, Associate Professor in Electrical and Computer Engineering, and Jonathan Hauenstein, Assistant Professor in Mathematics, were two recipients of the Young Investigator Award.

5. Remarks from Provost Arden

Provost Arden reminded the faculty that the four candidates for the dean of the graduate school will be on campus for the next two weeks. The first one is on campus today. He encouraged the faculty to attend the seminars.

Provost Arden announced that Dr. Weiss and Dr. Braden will be up for their five year comprehensive reviews in the spring. He encouraged the faculty to be engaged, because he feels that faculty engagement in those leadership reviews are very important.

Past Chair Kellner asked the Provost if he would inform the faculty of the names of the candidates and where they are coming from.

Provost Arden stated that of the four candidates who are coming, one had a conflict and asked that their name not be made public until they arrive. The decision was made not to publicize anyone's name until a few days beforehand, but after being questioned on that decision, he has decided to publish the candidate's names.

Provost Arden stated that they are extraordinary candidates and some are sitting deans at other institutions. They are all external candidates.

6. Alternative Funding Sources for the University

Vice Provost Bristol reported that if we are going to continue to make progress on the Strategic Plan there needs to be financing for it. There is a number of groups across campus that are looking at potential financial resources, looking at better efficiencies, but this is an effort that everyone can contribute to. A website has been developed (go.ncsu.edu/ideas) and anyone can go to it and submit ideas. There are eight different categories that are given and a group of individuals are looking at the various ideas that are coming in and trying to strategize which will have the biggest impact, so they can implement the other part of the strategic plan.

Vice Provost Bristol shared his experience as an American Council on Education Fellow, 2012-2013. He stated that it was a great experience. He was placed at Ohio State University where he got the opportunity to visit numerous other institutions and had four intensive weeks retreat with the ACE Program part of which looked at what folks are doing in revenue generation.

Vice Provost Bristol presented a PowerPoint entitled "[Financing the Strategic Plan](#)"

Vice Provost Bristol report:

Century Bonds or debt, you can always borrow to make things happen. These are taxable bonds. You can't use nontaxable money to fund income generating things. Debt is one of the ways to do this. It does affect your future bond ratings you have to watch how much you incur on a campus.

Question from Faculty member: Am I correct in understanding that Ohio State borrowed one half billion dollars at 4.85%, which is approximately the return that we would be getting on the Hofmann Forest, so is this the general expectation for university investments? Then they are going to invest that for a \$3.5 billion return, in other words this is really borrowing money, paying interest to invest it, and get the interest.

Vice Provost Bristol stated that they invested \$12 million. If they had invested \$10 million they would have had 4.04 percent and that is what they would have had to achieve to get \$500M at the end of 100 years. That is the miracle of compound interest.

What is their endowment right now?

Bristol stated that he doesn't know, but when he was there they had \$2 billion in construction happening on the campus and 1.1 of which was the Cancer Center.

Of this money how much are they going to internally versus externally generate the interest payment if nothing else on the overall loan?

Bristol stated that he doesn't know the answer to that.

Asset Monetization—Campuses are looking at a lot of things to monetize whether it be Forest or Electric Grid, Golf Courses, or Airports and how to turn that into money so that it can be invested into the academic core.

Affiliation Agreements are being evolved at a lot of universities. Ohio State did one with Huntington Bank and that bank got to put its ATMS all across campus. It's a fifteen year agreement. They received an upfront payment of \$25 million and the bank also agreed to invest \$100 million in the surrounding community and that money that is invested has a revenue sharing aspect to it and a percentage of that money comes back to the university. Banking is something everybody does and it would be a good function to have on campus that people will use, but other things are being looked at like insurance, travel, etc., so that money was invested back, \$10 million went into an endowment to improve classrooms and technology on campus.

Like many universities Ohio State had a lot of different outlets for official university apparel and decided to renegotiate that down to two and those two companies made an upfront payment to them of \$23 million that is being invested back into the university and guaranteed an increase in their annual sales. The agreement will add \$4.5 million annually from apparel sales to the university.

On the academic side what they call STEP: Second Year Transformational Experience Program where they are requiring all students to live on campus for 2 years rather than one. This academic justification is that students that are living on campus two years have a higher retention and graduation rate and it provides a funding stream for the university. He noted that like anything else there are some controversies that go along with these things.

Decreasing Expenses – Vice Provost Bristol highlighted things that are legally challenging or impossible in the state of North Carolina such as strategic vendor initiatives. He stated that there is much more freedom at Ohio State than we have here in North Carolina because of the laws that we act under. Decreasing the number of vendors, saying that you have to know exactly how much paper you are going to use or pretty close, which is one of the things that would be more difficult here than it was in Ohio. Moving to paperless systems, a lot of places are going that way as well as using shared services.

Bristol stated that some other traditional academic examples are using online instructions so you don't have as much overhead for delivering your academic efforts, increasing offerings in continuing education, educational travel programs for alumni, increased fund raising, etc.

Bristol stated that Ohio is another state like North Carolina where fracking and to obtain natural gas is a big controversy and state agencies were told that they had to look at what the economic justification would be for that versus if we tackle natural resources.

Bristol stated one thing he would like to mention is green efforts. People will sometimes donate for green efforts that may not donate for others. North Carolina has a long book that if you donate to a non-profit for the purpose of purchasing renewable energy property the donor can get that 35% tax credit and there is a number of universities across the country that are using various renewable energy strategies to decrease their long term energy cost. We have done a lot here on this campus to decrease energy cost. This is just another mechanism and everything from geothermal wells to windmills to other things are being used across campus. This would be an energy endowment to get people to donate the money up front. They would get a much better return as far as their tax credit versus a write off.

Questions and Comments

As a follow up to distance education, do we have any group here at the university that is looking into that?

Provost Arden stated that the funding models even by the big ones are not going to work out. With respect to other models of Distance Education, Georgia Tech has announced a \$6,000 master's degree. They are going to lose money. He stated that we have to be this whole new world of distance education, something that we have to explore and be very cautious about and quite frankly we have an aptitude right now that we have to resolve in the way we build and the way money flows back and faculty with respect to distance education versus on campus courses.

To your knowledge, how thoroughly has the NC State properties been examined with regard to Natural Resources, gas and oil in particular?

Also do you know if we did have a hit somewhere on campus, could we keep any money from it?

Bristol responded that he doesn't know because our relationship with the state is much different than it is in some other states.

How much does Ohio State get from the State of Ohio, what percentage of their revenues?

Bristol stated that their state appropriation was \$470 million when he was there and about \$2.2 billion was in the medical facility.

How much does Ohio State receive from the military?

Bristol stated that he never saw it broken down as far as anything from the military, just the state appropriations versus their other sources of revenue.

7. Park Scholars Program

Eva Feucht, Director of the Park Scholars Program, reported that the Park Scholars Program is four years and the students can major in anything that they want. Scholarship, leadership, service and character is what they

are recruiting for and that is also what they select for. In the last three years their numbers have been growing. The out of state applicants doubled between 2010 and 2012 application years, which is important for a number of reasons. The Park Foundation requires that at least one third of our students come from other states. This year's applications are at almost 1700 students.

Feucht stated that the second thing they focus on is enrichment, four years of developmental programming around scholarship leadership service and character. One of the ways that involves faculty is to serve as a Park Faculty scholar. There are two faculty members for each cohort. They come in with them, spend four years with them and help the staff plan activities for the students.

The faculty members are involved in enrichment and mentoring which include advice and support to students. Beyond that Faculty mentors help the students apply for grants. The program has a grant pool available, which is not huge but it makes a difference. It is seen as an educational opportunity and not everyone gets a grant who applies for it.

Fund Raising/ \$50 million

Feucht stated that it puts it into perspective to say that the Hofmann Forest sold for \$150 million and will generate \$6 million a year for the College of Natural Resources. That is what the Park Scholars Program would mean to be fully funded. It certainly sounds like a lot that the Park Scholars Program has received a \$50 million gift but at the same time that only funds about 40% of the program. She stated that they just beginning with their fundraising.

Feucht stated that the Park Foundation has agreed to give them a few more years of grants to provide the time needed to raise the other 70 to 100 million dollars that we will need.

Questions and Comments

Senator Bourham commented that the students are talented and some have worked in his college. They are overwhelmed with classes because they have to take more than other students. He has a student working for him now to do the paper search.

Feucht stated that the students are required to take 15 credits per semester, which is a requirement from the Park Foundation. Most of the students bring in extensive credits from high school and many of them do choose to get involved in research.

Senator Aday encouraged the faculty to spread the word among colleagues and encouraged them to participate. At the mentor level he guarantees that the faculty will receive back more than they give to the students.

Feucht commented that the program is an important recruiting tool for the university overall. While over half of the Park Scholars would not have chosen NC State without a scholarship we are absolutely attracting students here who would have chosen Ivy League universities or full scholarships at a number of our peer institutions. We believe this program is here for the betterment of NC State University. It is not here to only benefit the 40 students who will get the scholarship next year and we say that to them first thing. So they are to be contributing to the class room in a way that helps all of your students. They are to be involved in research in ways that benefit many of your students and you.

8. Old/New Business

Resolution on Public School Teachers and Advanced Degrees – First Reading

The resolution was presented for a first reading. The resolution will be presented for a second reading and discussion at the next meeting.

UNC Faculty Assembly Resolution on Core Competencies

Past Chair Kellner stated that the resolution has been worked on by four groups at the Assembly and that it is very important to them that all of the Senates endorse it to go to the Board of Governors as a united front. In the implementation of the Board of Governors Strategic Plan there is a lot of information on General Education. The Assembly remains concerned that this remains in the hands of faculty and faculty at the campus level. So, President Ross set up a General Education Council to deal with many of the aspects of this machine, having to do with evaluation of student progress, having to do with the measuring of core competencies, etc. The fact is we must select several competencies and we are advised to choose as few as possible. There was a system-wide polling of faculty, an opportunity to weigh in and the overwhelming choices were critical thinking and communication. These are also the two competencies that are chosen by business leaders in the state who have a certain kind of sway with the Board of Governors. This is a resolution of endorsement.

A motion passed with unanimous consent to endorse the resolution.

9. Issues of Concern

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Chair Zonderman stated that the issue will be discussed in the Executive Committee meeting and then assigned to a committee.

10. Adjourn

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