

MINUTES  
MEETING OF THE BOARD OF TRUSTEES  
APPALACHIAN STATE UNIVERSITY

March 27, 2015  
Parkway Ballroom  
Plemmons Student Union

CALL TO ORDER: The Board of Trustees of Appalachian State University met at the call of the Chair and the Chancellor on Friday, March 27, 2015, at 10:30 a.m. in the Parkway Ballroom of the Plemmons Student Union on the campus of Appalachian State University in Boone, North Carolina. Mr. Bradley T. Adcock, Chair, presided and called the meeting to order.

MEMBERS PRESENT:

Bradley T. Adcock  
James M. Barnes  
M. Lee Barnes, Jr.  
Donald C. Beaver  
Frank A. Daniels, Jr.  
H. Martin Lancaster  
Charles V. Murray  
Carson D. Rich  
Alice G. Roess  
Michael A. Steinback  
Carole P. Wilson  
Brenda White Wright

MEMBER ABSENT:

Avery B. Hall, Sr.

CONSTITUENCY REPRESENTATIVES

PRESENT (*ex-officio*):

Andy M. Koch, Chair  
Faculty Senate  
James K. Reaves, President  
Alumni Council  
Amy A. Sanders, Chair  
Staff Senate

SPECIAL GUESTS:

Jeannine Underdown Collins  
Jim and Shelia Deal and children,  
Tucker and Tyler  
Robert Fox  
Reba Moretz  
Cullie Tarleton

MEDIA PRESENT:

Anna Oakes, *Watauga Democrat*

CONFLICT OF INTEREST NOTICE: Chair Adcock read the following:

Under the State Government Ethics Act, all voting members of the Board of Trustees have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today's meeting, does anyone know that you have a conflict of interest or an interest that would give rise to the appearance of a conflict of interest? If so, please let me know now. [None reported.]

RECOGNITION OF VISITORS: Chair Adcock welcomed members of the media that were present. He also extended a special welcome to former Trustees that were present: Jeannine Underdown Collins, Jim Deal, Robert Fox and Reba Moretz. He also welcomed Cullie Tarleton, former member of the North Carolina House of Representatives.

SPECIAL PRESENTATION TO JIM DEAL: Chair Adcock asked that Chancellor Everts and Mr. Jim Deal join him at the podium for a special presentation. Chair Adcock stated that Mr. Leroy Lail, member of the Board of Governors, had planned to be in attendance for this special presentation but had to cancel due to personal reasons.

Chair Adcock presented Mr. Jim Deal with *The Order of the Long Leaf Pine*. This award is among the most prestigious awards presented by the Governor of North Carolina. The Order of the Long Leaf Pine is presented to individuals who have a proven record of extraordinary service to the State of North Carolina.

APPROVAL OF ABSENCES: The Chair reported that Mr. Avery Hall was absent from the meeting due to personal reasons. Upon motion duly made and seconded, approval was given for an excused absence for Mr. Hall.

APPROVAL OF MINUTES: The minutes of the December 12, 2014 meeting had been delivered to all members via email. There being no corrections, upon motion duly made and seconded, the minutes of the meeting were approved as presented.

REMARKS FROM CHANCELLOR EVERTS: see Attachment 1.

REMARKS FROM PRESIDENT OF STUDENT GOVERNMENT ASSOCIATION (SGA): Mr. Carson Rich, President of the Student Government Association, provided an overview of the activities of the SGA during the past year. He also recognized the accomplishments of each member of the SGA Cabinet during this academic year.

REPORT FROM ACADEMIC AFFAIRS COMMITTEE: The Chair recognized Dr. Brenda White Wright, Chair of the Academic Affairs Committee, for this report.

Dr. White Wright began by thanking the students for being in attendance.

### Academic Affairs Leadership Transition Update

Dr. White Wright stated the Committee received a report from Interim Provost Stan Aeschleman concerning the following transition in leadership within the Academic Affairs division:

- expect the new Provost will be appointed in time to begin work on July 1, 2015;
- currently, there are Interim Deans serving in the College of Business and College of Education – will be planning to fill those positions on permanent basis;
- Dean of the College of Fine & Applied Arts has expressed her intent to retire next year;
- Director of Institutional Research, Assessment and Planning will be retiring, effective June 30;
- Director of Admissions will be retiring, effective June 30; and
- there is an interim appointment currently serving as the Vice Provost for Research and the Vice Provost for Faculty Development is currently vacant.

Dr. White Wright indicated this concluded the report from the Academic Affairs Committee, with the exception of items for closed session (see Appendix A).

REPORT FROM BUSINESS AFFAIRS COMMITTEE: The Chair recognized Mr. Donald C. Beaver, Chair of the Business Affairs Committee, for this report. Mr. Beaver presented the following:

#### Request for License or Memorandum of Understanding - James A. Booe, Jr. - Whitener Drive

Upon motion duly made and seconded, the request for license or memorandum of understanding for the Booe Property located on Whitener Drive was approved as presented.

Mr. Beaver indicated this concluded the report from the Business Affairs Committee (see Appendix B).

REPORT FROM STUDENT DEVELOPMENT COMMITTEE: The Chair recognized Mr. Lee Barnes, Chair of the Student Development Committee, for this report.

#### Student Leadership Highlights

Mr. Barnes recognized students Amber Haigler, Zoe Deloglos and Merrick Marquie. The students provided information about their involvement in specific University programs and services that contributed to their engagement in leadership, service and experiential education.

Mr. Barnes indicated this concluded the report from the Student Development Committee, with the exception of an item for closed session (see Appendix C).

REPORT FROM UNIVERSITY ADVANCEMENT COMMITTEE: The Chair recognized Ms. Carole P. Wilson, Chair of the University Advancement Committee, for this report.

### Campaign Update

Ms. Wilson stated that Vice Chancellor Pettyjohn shared the final Campaign results:

- \$203,593,769 raised. This included \$142.9 million for academics, \$17.8 million for the arts, and \$42.8 million for athletics;
- 121,612 individual gifts;
- 18,945 alumni contributed (highest ever in a campaign);
- 1,846 faculty and staff made gifts, and 2,356 students gave;
- faculty and staff committed more than \$6 million;
- endowment growth totaled \$29.2 million with 124 new endowed scholarships established; and
- during the Campaign, the facilities that were supported include the Schaefer Center upgrade, the Beasley Media Complex, new athletic facilities, the pledge of land for the new College of Health Sciences, and the modernization of Peacock Hall.

Vice Chancellor Pettyjohn and her team are continuing to further analyze the Campaign data to ensure we can tell the stories about the impact of the Campaign and plan for continued growth.

### College of Health Sciences Update

Ms. Wilson reported the Committee received the following report from Dr. Fred Whitt, Dean of the College of Health Sciences:

- the College has had amazing growth making it the second largest college at Appalachian; and
- several strategic priorities were mentioned and the top three include finalizing the funding for the new building; establishing a new Master's of Nursing degree; and developing a Master's degree in Health Care Administration.

### #iBackAPP Update

Ms. Wilson reported that #iBackAPP will return on May 1, 2015. On May 1, 2014, the University achieved something extraordinary together, shared our pride in Appalachian around the world, established a one-day donor record for Appalachian, and, most importantly, told our students – “We’ve got your back.” At this time, she recognized Ms. Kimberly Dull and Mr. James Reaves who explained the success of last year’s event and plans for this year.

Ms. Wilson indicated this concluded the report from the University Advancement Committee, with the exception of items for closed session (see Appendix D).

REPORT FROM AUDIT COMMITTEE: The Chair recognized Mr. Charles V. Murray, Chair of the Audit Committee, who gave a report on the Committee’s meeting held on Thursday, March 26, and presented the following items:

Summary of Recent Audits and Reviews/2014-15 Audit Plan

- NCAA Agreed Upon Procedures Audit completed (audit mandated and completed by external firm) - no audit findings;
- Disaster Recovery Plan;
- Athletics Audit - no significant findings;
- NCAA Two-Year Transition - Paid Attendance Ticket Audit - correctly stated and supported by adequate, relevant and sufficient documentation;
- hotline investigation related to event held at Schaefer Center. Recommendation was made and management agreed; and
- standard quarterly reviews.

Review and Approval of Updated Audit Activity Charter

Upon motion duly made and seconded, the updated Audit Activity Charter was approved as presented (see Attachment 2).

Review and Approval of Updated Audit Committee Charter

Upon motion duly made and seconded, the updated Audit Committee Charter was approved as presented (see Attachment 3).

Other

Mr. Murray reported the Committee received a report from Mr. Mark Bachmeier, Director of Human Resources, concerning the 2013-14 Management Flexibility Report. This is an annual report submitted to the UNC Board of Governors. The report for 2013-14 was submitted to General Administration and will be an item for the June meeting of the Board of Governors.

Mr. Murray also reported the Committee received a report from Mr. Jim Webb, Chief Information Security Officer, concerning the recently adopted Information Security Policy and the pending IT Control Audits to be conducted by the North Carolina Office of the State Auditor.

Mr. Murray recognized and thanked Mr. Mike Stanley, Chief Audit Officer, for his 30 years of service to the University. Mr. Stanley will retire from the University on March 31, 2015.

Mr. Murray indicated that this concluded the report from the Audit Committee (see Appendix E).

REPORT FROM ATHLETICS COMMITTEE: The Chair recognized Mr. James M. Barnes, Chair of the Athletics Committee, who gave a report on the Committee's meeting held on Thursday, March 26, and presented the following items:

### Charge to the Athletics Committee

Mr. Barnes reminded the Board that this was the inaugural meeting of this newly-established Committee of the Board of Trustees. He reported that Chancellor Everts provided the charge to the Committee.

### Introduction of Doug Gillin

Mr. Barnes recognized Mr. Doug Gillin, forthcoming Director of Athletics, effective April 6, 2015. Mr. Gillin reported to the Committee that Ms. Meghan Dawson had been selected as the new Head Coach for Field Hockey, pending Board of Trustees approval of her contract. Mr. Gillin also discussed the new core values of the Department of Athletics: (1) academic integrity, (2) social responsibility, (3) competitive excellence, and (4) leaving Appalachian with world class experience.

### Presentation of Athletics Annual Report

Mr. Barnes reported that Mr. Rick Beasley, Interim Director of Athletics, and Mr. Jonathan Reeder, Assistant to the Chancellor for Athletics, provided the Committee with the Athletics Annual Report as required by UNC policy.

### Review of Annual Audits of Athletics

Mr. Barnes reported that Mr. Mike Stanley, Chief Audit Officer, presented a report of audits conducted within Athletics:

- Annual Audit of Athletics, ending June 30, 2014;
- Year Two Football Bowl Subdivision Paid Attendance Audit;
- Year Two Football Championship Subdivision to Football Bowl Subdivision Compliance Audit;
- NCAA Agreed-Upon Procedures Audit performed by Combs, Tennant & Carpenter, P.C.; and
- Student-Athlete Degree Program Clustering and Course Clustering Audit from fall 2014.

Mr. Barnes indicated that this concluded the report from the Audit Committee (see Appendix F).

### COMMENTS FROM THE CHAIR:

Chair Adcock made the following comments/announcements/reminders:

- thanked Trustees for donations (food and monetary) that were made to the Food Pantry in Student Support Services;
- retirement reception honoring Mike Stanley to be held at 2 p.m. today in lobby of B. B. Dougherty Administration Building;

- Faculty Club Reception beginning at 3 p.m. today in Whitewater Room of Student Union;
- Chancellor Everts' Installation Ceremony to be held at Holmes Convocation Center on Friday, April 17, at 10 a.m., with luncheon to follow in Parkway Ballroom and campus/community reception from 3-5 p.m. in Roess Dining Hall;
- Commencement ceremonies to be held at Holmes Convocation Center on May 8, 9 and 10;
- next meeting of Board of Trustees to be held on June 25-26; and
- recognized the following individuals for their service to the Board of Trustees during the past year: Andy Koch, James Reaves, Carson Rich and Amy Sanders.

CLOSED SESSION: At noon, Chair Adcock announced that he would entertain a motion that the Board convene in closed session. Chair Adcock asked that the Chancellor, Vice Chancellors, Chief of Staff, Director of External Affairs, General Counsel, and Assistant Secretary of the Board join the voting members in closed session. Chair Adcock also asked that Mr. Doug Gillin, forthcoming Director of Athletics, remain for one item specific to the closed session agenda.

Upon motion duly made, seconded and approved, the Board convened in closed session to:

1. prevent the disclosure of privileged information under Chapter 126 of North Carolina General Statutes or regulations [N.C.G.S. §143-318.11(a)(1)];
2. prevent the premature disclosure of an honorary award or scholarship [N.C.G.S. §143-318.11(a)(2)];
3. consult with its attorney to protect the attorney-client privilege [N.C.G.S. §143-318.11(a)(3)];
4. discuss matters relating to the location or expansion of business in the area served by this body [N.C.G.S. §143-318.11(a)(4)];
5. establish or instruct the staff or agent concerning the negotiation of the price and terms of a contract concerning the acquisition of real property [N.C.G.S. §143-318.11(a)(5)]; and
6. consider the qualifications, competence, performance, or condition of appointment of a public officer or employee or prospective public officer or employee [N.C.G.S. §143-318.11(a)(6)].

PUBLIC SESSION RECONVENED: Upon motion duly made, seconded and approved, the Board reconvened in open session at 1:55p.m.

Chair Adcock recognized Dr. Brenda White Wright, Chair of the Academic Affairs Committee, for the following items:

Promotion and Tenure

Upon motion duly made and seconded, the recommendations for promotion and tenure were approved as presented (see Attachment 4).

Employment Agreement for Meghan Dawson

Upon motion duly made and seconded, the employment agreement for Meghan Dawson, Head Coach of Field Hockey, was approved as presented (see Attachment 5).

Chair Adcock called for a motion on the following item:

Broyhill Inn Property

The following motion was made by Mr. Frank Daniels, seconded and approved: I move that the Board authorize the Chancellor and the Chancellor's delegates to proceed with plans for development of the Broyhill Inn property and adjoining tracts, including:

1. Demolition of improvements;
2. Millennial Campus designation;
3. A comprehensive plan for site development; and
4. All other actions deemed necessary or appropriate to such development by the Chancellor.

Chair Adcock called for a motion on the following item:

College of Health Sciences Escrow Agreement

Upon motion duly made and seconded, the College of Health Sciences Escrow Agreement was approved as presented (see Attachment 6).

ADJOURNMENT: There being no further business, the meeting adjourned at 2:00 p.m.

BRADLEY T. ADCOCK, Chair

By: Kathy B. Roark  
Kathy B. Roark  
Assistant Secretary



## Attachment 1

Chair Adcock, trustees and special guests, thank you for this opportunity to bring greetings and share a few remarks. Join me in welcoming Athletics Director Doug Gillin to today's meeting. [recognize Doug in the audience] I look forward to working with Doug to build on our athletic success, and address the opportunities associated with moving to the Sun Belt Conference while remaining focused on our student-athletes' core academic experience. Doug, thank you for joining us.

The tuition and fee proposal approved by the Board of Trustees at the December twelfth meeting was passed, without change, by the UNC Board of Governors at their February twenty-seventh meeting. Appalachian's proposal included an increase in tuition of five percent for all students in both years and general fee increase of three percent in twenty fifteen-sixteen and three point four percent in twenty sixteen-seventeen. In addition, the Board of Governors passed a thirty dollar campus security fee for twenty fifteen-sixteen that brings Appalachian's fee increase to four point four percent in that year.

The tuition increase will generate about four point two million dollars in additional revenues for twenty fifteen-sixteen and about four point four million dollars for twenty sixteen-seventeen. These funds will be dedicated to areas of profound need for Appalachian. The uses include:

- Increases in faculty salaries for equity and retention purposes – We must address issues of salary compression and inversion to ensure fair compensation and to retain our excellent faculty.
- Faculty positions allocated for areas of growth, such as in the College of Health Sciences
- Allocations for faculty development and scholarly activities – This includes critical funding for travel in support of research.
- Creating new academic advising positions
- Creating positions that enhance student care and safety - We are currently conducting a national search for the Director of Prevention and Wellness--a new department to support the safety and wellbeing of our students. We are also adding two Clinical Psychologists, an Interpersonal Violence Counselor and a Case Manager. All these searches are in progress with new staff joining us this summer.
- Fee increases will provide additional revenues for areas that depend on fees for operational support, such as Athletics, Student Activities & Student Union, Cultural Affairs, and Education & Technology.
- UNC General Administration is currently finalizing guidelines for the new Safety Fee and we stand ready to move forward in allocating these funds in support of our campus priorities.

We are appreciative of these resources and, as always, are committed to investing them in a manner that ensures the best return. As evidence of this commitment, Appalachian has been nationally recognized for its efficiency. *U.S. News and World Report* named Appalachian as the country's most efficient college and university in the "Regional Universities (South)" category. The recognition was based on Appalachian's 2015 Best College score and the excellent return in undergraduate educational quality for the funding spent per student.

Governor McCrory released his budget this month and it included full funding for enrollment growth for which I am appreciative and hopeful. Not unexpected, the proposed spending plan does include a two percent flexibility management reduction. In addition, the Governor has announced his plan to seek between one point two and one point four billion dollars in additional state debt with general obligation bonds. He intends for these funds to be used for building needs – renovation as well as some targeted new construction. As you know, the Board of Governors has listed our College of Health Sciences building as its highest capital priority. I have worked with, and will continue to work with, our state legislators to advocate that Appalachian be included in any infrastructure bond.

Funding for faculty and staff retention and reward is a high priority for the UNC system and for Appalachian. As I have shared since first arriving on campus, advocating on behalf of this funding is a key priority for me as well. I am pleased to share that The Chancellor's Commission on Diversity is finalizing new recommendations that add to earlier recommended action steps. Chief Diversity Officer Bindu Jayne will lead a working group of students, faculty and staff charged with implementation.

As I shared in a December message to the Appalachian Community, discussions about race and equality are not always easy ones for a community to have, but I am confident that this community truly wants to have these discussions in open and honest ways. This is hard work, and I know we as a community are willing to do it.

To support this and other important work, Bindu and the Office of Equity Diversity and Compliance need additional resources. We are currently searching for an Assistant Director in this office. I mentioned the safety fee in my remarks earlier, and supporting this office and our Title IX investigation work is an example of how these funds might be used to meet critical needs.

This spring Appalachian is participating in two nationally recognized new initiatives: LeaderShape and Intersect. LeaderShape holds as its mission to transform the world by increasing the number of people who *lead with integrity* and a healthy disregard for the impossible. Intersect is a three-day

immersion retreat aimed at empowering students to take positive action on our campus. This retreat actually begins today. Combined, these programs involve one hundred and fifty students, faculty, and staff.

Last week, at a joint event with the Boone Area Chamber of Commerce, Appalachian shared information about the university's economic value to our State. A study by Economic Modeling Specialists International found the UNC system created twenty seven point nine billion dollars in added state income for the fiscal year two thousand twelve - thirteen. That is equivalent to four hundred twenty six thousand and fifty two jobs. The positive economic impact of Appalachian State University is impressive as well. The study found Appalachian's payroll, operations, construction, and student, faculty and staff spending created one point seven billion dollars in added state income. This is equivalent to the creation of twenty eight thousand and thirty five jobs.

In fiscal year twenty twelve - thirteen, the state and local taxpayers invested one hundred forty nine point seven million dollars in Appalachian. The net result is a benefit to North Carolina taxpayers in the amount of seven hundred and fifty seven point eight million dollars. In other words, for every one dollar invested, the taxpayer return is a benefit of six dollars and forty cents. The average annual return on investment is fifteen point nine percent. These numbers clearly illustrate that higher education in North Carolina, and Appalachian in particular, is a wise investment.

I would like to take this opportunity to recognize someone who has worked diligently to ensure we manage that investment properly - Director of Internal Audits Mike Stanley. Mike has announced his retirement and I ask you to join me in thanking him for his service and wish him well.

Others I would like to recognize for their service are outgoing trustees Dr. Andy Koch, Amy Sanders, and James K. Reaves. Chair Adcock will officially recognize them later but I extend my personal thanks to each of you.

On May first two thousand and fourteen, the Appalachian Community did something extraordinary. A record one thousand, two hundred and sixty three individuals made gifts to The Appalachian Fund during our first iBackapp day. Later today you will here more information about this one-day drive and I encourage each of you to support The Appalachian Fund on that day.

It is my privilege to acknowledge and celebrate an important gift by trustee Don Beaver and the Beaver Family Foundation in support of our health sciences initiative. [applause] Don earned his Bachelor of Science and Master of Arts Degrees at Appalachian. Following graduation, he worked at Watauga Hospital, now Watauga Medical Center, after which he was an administrator at Richard Baker Hospital which is now Frye Regional Medical Center in Hickory. He went on to found the Brian Center Corporation in nineteen seventy-three and was its CEO until nineteen ninety-five when the group of fifty nursing

homes in five states merged with Living Centers of America where he served as vice chairman from nineteen ninety-five to ninety-seven. Currently, he is president and CEO of Universal Health Care, which provides short- and long-term medical and rehabilitation care, and president of Choice Health Management Services, its management division.

He was named a distinguished alumnus by Appalachian's Alumni Association in nineteen ninety, received the N.C. Health Care Facilities Association's Distinguished Service Award in nineteen ninety-two and was named Lenoir-Rhyne College's Business Man of the Year in two thousand four.

In addition to his health related endeavors, he is majority owner of the Charlotte Knights, Hickory Crawdads and New Orleans Zephyrs minor league baseball teams and a minority partner of the Pittsburgh Pirates. He is also CEO of Rock Barn Golf & Spa in Conover and the Statesville Golf & Country Club.

Don has been a member of Appalachian's Board of Trustees since two thousand fourteen when he was appointed to a four-year term by Gov. Pat McCrory. He also has served on the Appalachian State University Foundation Board of Directors. His support of the university includes Appalachian Athletics, the Yosef Club, The Appalachian Fund, and the Walker College of Business. Don was honorary chairman of Appalachian's first large fundraising campaign in the 1980s.

Don, would you please join me at the podium? Don, in recognition of your generosity and vision, Appalachian is honored to have its newest college bear your name: The Donald C. Beaver College of Health Sciences. [applause] This gift is an excellent example of how private and public support can yield great results in support of a critical academic endeavor. Our deepest appreciation to you Don, your family, and the Beaver Family Foundation for this important gift. [Mr. Beaver may have guests in attendance, if so recognize them by asking them to stand.]

Mr. Chair, trustees and guests, thank you for your kind attention and this concludes my remarks.

# Appalachian State University

## Office of Internal Audits

### Audit Activity Charter

#### **MISSION AND SCOPE OF WORK:**

The mission and scope of this office is consistent with the *International Professional Practices Framework (IPPF)* definition of Internal Auditing. Internal Auditing is an independent and objective assurance and consulting activity that is designed to add value to improve the operations of Appalachian State University. The Office of Internal Audits assists the University in accomplishing its objectives through a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

#### **ROLE AND ACCOUNTABILITY:**

The internal audit activity is established by the ASU Board of Trustees Audit Committee (hereafter referred to as the Audit Committee). The Office of Internal Audits' responsibilities are defined by the Audit Committee as part of its oversight role.

#### **PROFESSIONALISM:**

The Office of Internal Audits' activity will be governed in accordance with The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance. A quality assurance and improvement program is required to ascertain compliance with these *Standards*. The Chief Audit Officer (hereafter referred to as CAO) is responsible for implementing this program both by establishing an internal ongoing and periodic assessment of the audit work performed and an assessment to be conducted at least once every five years by a qualified and independent review team external to the organization.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Office of Internal Audits will adhere to Appalachian State University's relevant policies and procedures and the standard operating procedures manual (Audit Manual).

#### **AUTHORITY:**

The Office of Internal Audits, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all records, physical properties, and personnel pertinent to carrying out any engagement in accordance with *General Statutes 147-64.7* and *143-49*. All university employees are directed to assist the Office of Internal Audits in fulfilling its roles and responsibilities upon

request. The Office of Internal Audits will also have free and unrestricted access to the Audit Committee.

The Office of Internal Audits is not authorized to perform operational duties for the University, initiate or approve accounting or other transactions external to the internal audit office, nor direct the activities of any university employee not employed by the Office of Internal Audits.

**ORGANIZATION:**

The CAO will report functionally to the Chair of the Audit Committee and administratively (i.e., day to day operations) to the Chancellor. The CAO will communicate and interact directly with the Audit Committee, including in executive sessions and between Audit Committee meetings, as appropriate.

The Audit Committee shall be composed and organized in accordance with the Audit Committee Charter approved by the Board of Trustees.

**INDEPENDENCE AND OBJECTIVITY:**

The Office of Internal Audits should be free from interference in determining the scope of internal auditing, performing work, and communicating results. To provide for the independence of the Office of Internal Audits, its personnel should report to the CAO, who reports administratively to the Chancellor and functionally to the Audit Committee. The CAO shall have full and independent access to the Chancellor and the Audit Committee. The CAO will confirm to the Audit Committee and the ASU Board of Trustees, at least annually, the organizational independence of the Office of Internal Audits.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgment.

Objectivity and independence are crucial to the duties of the Office of Internal Audits. Either may be compromised if auditors participate directly in preparing records or accounting transactions, designing systems and operations, or directing activities of any organization personnel not employed by the Office of Internal Audits. Therefore, the Office of Internal Audits' staff will serve only in an advisory capacity in these matters.

**RESPONSIBILITY:**

The Office of Internal Audits is responsible for:

- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Assessing information security and information technology controls in all appropriate projects.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Charter.
- Ensuring the audit activity conforms to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (Standards).
- Establishing a quality assurance and improvement program by which the CAO assures the operation of internal auditing activities.
- Issuing periodic reports summarizing results of audit activities to management, the Chancellor, and the Audit Committee.
- Keeping the Chancellor and Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assisting and/or conducting the investigation of suspected fraudulent activities within the organization and notifying the Chancellor and the Audit Committee of the results.
- Serving as a liaison between University management and external auditors.
- As appropriate, providing consulting services to management that add value and promote the best interests of the organization.
- Developing a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Chancellor and Audit Committee for review and approval as well as periodic updates.
- Implementing the annual audit plan, as approved, including any special tasks or projects requested by management and the Audit Committee.

#### **REPORTING AND MONITORING:**

A written report will be prepared and issued by the CAO or audit designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee and the ASU Board of Trustees. The Office of Internal Audits will be responsible for appropriate follow-up on engagement findings and recommendations.

The internal audit report may include management's response and corrective action to be taken in regard to the specific findings and recommendations. Management's response, whether included within the audit report or provided thereafter (i.e., within thirty days) by management of

the audited area, should include a timetable for anticipated completion of action to be taken or an explanation for any corrective action recommendations that will not be implemented (management will accept the risk).

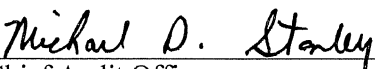
The Office of Internal Audits will be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until they are cleared.


**PERIODIC ASSESSMENT:**

The CAO will periodically report to the Chancellor and the Audit Committee on the Office of Internal Audits' purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee.

In addition, the CAO will communicate to the Chancellor and the Audit Committee on the Office of Internal Audits' quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

**Updated and approved this 27th day of March, 2015.**

  
\_\_\_\_\_  
Chief Audit Officer

  
\_\_\_\_\_  
Chancellor

  
\_\_\_\_\_  
Chair of the Audit Committee

  
\_\_\_\_\_  
Chair of the Board of Trustees



# **Appalachian State University**

## **Charter of the**

### **Audit Committee of the**

#### **Board of Trustees**

#### **BACKGROUND**

Appalachian State University (the “University”) has chosen to use the North Carolina Office of the State Auditor (the “State Auditor”) to conduct its annual financial audits. The State Auditor determines staff assignments for individual audits, including rotation of Audit managers for each audit client. In addition, constituent institutions have internal audit departments to address the institution’s operating risks and internal controls, review the effectiveness and efficiencies of programs, conduct investigative audits when necessary, and perform other audit-related activities. The UNC Board of Governors has required that the Board of Trustees of each UNC constituent institution have an active committee generally responsible for audit activities and reporting to the Board of Trustees and UNC Board of Governors.

#### **PURPOSE**

The primary purpose of the Audit Committee (the “Committee”) of the Appalachian State University Board of Trustees (the “ASU Board”) is to assist the ASU Board in fulfilling its oversight responsibilities for (i) the integrity of the financial statements of the University, (ii) the performance of the University’s internal audit function, and (iii) the assurance that the University is performing self-assessment of operating risks and evaluation of internal controls on a regular basis.

#### **AUTHORITY**

The Committee of the ASU Board has authority to conduct or authorize investigations into any matters within its scope of responsibility, including resolving any disagreements between University administration and the auditor regarding financial reporting and any audit findings and recommendations.

#### **ORGANIZATION**

The Committee shall be a standing committee of the ASU Board consisting of at least three (3) and no more than five (5) members of the ASU Board. Each Committee member must be (i) independent of the University’s administrative and executive officers and (ii) free of any relationship that would impair such independence.

If possible, at least one member of the Committee must be a financial expert; the other members should be able to understand financial information and statements. For this purpose, a “financial expert” is someone who has an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing, auditing, analyzing, or evaluating financial information; experience with internal controls and procedures for financial reporting; or an understanding of the audit committee function. It is desirable for the role of financial expert to be rotated no less frequently than

biennially. The members of the Committee shall be selected in the same manner as other committees of the ASU Board.

## **MEETINGS**

The Committee shall meet at least four (4) times a year and may hold additional meetings as circumstances require. The Committee will invite representatives of University administration, auditors, legal counsel, and others to attend meetings and provide pertinent information as necessary. It will also hold private meetings with the University's Chief Audit Officer (the "CAO") at least annually. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meetings shall be prepared.

## **DUTIES AND RESPONSIBILITIES**

The principal duties and responsibilities of the Committee shall be as follows:

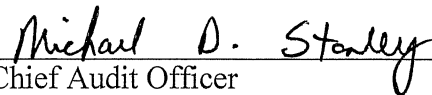
- Meet at least four times during the year.
- Review the results of the University's annual financial audit with the North Carolina Office of the State Auditor (OSA) or a designated representative thereof.
- Discuss the results of any other audit performed and report/management letter (e.g., information systems audits, investigative audits) issued by the OSA with the State Auditor or OSA staff, the CAO, or the appropriate campus official(s).
- For any audit finding contained within a report or management letter issued by the OSA, review the institution's corrective action plan and receive a report once corrective action has taken place.
- Discuss the results of any audit performed by independent auditors and, if there were audit findings, review the institution's corrective action plan and receive a report once corrective action has taken place in accordance with North Carolina General Statutes 116-30.1 as amended.
- Review all audit reports and management letters issued with respect to entities associated or affiliated with the University as defined in section 600.2.5.2 [R] of the UNC Policy Manual.
- Institute and oversee special investigations as needed.
- Have a functional reporting relationship with the CAO to enable the CAO to meet privately to discuss professional issues freely with the Committee and its chairperson, even though the CAO also will report administratively to the Chancellor.
- Receive and review quarterly reports from the CAO that, at a minimum, report material (significant) reportable conditions and the corrective action plan for these conditions.
- Receive, review, and approve a summary of the annual internal audit plan for the University at the beginning of the annual audit cycle. The annual audit plan should be based upon the results of an institutional risk assessment, testing of internal controls, and audits.
- Receive and review an annual summary of audits performed by the CAO's office and a comparison of the plan set forth at the beginning of the cycle to the audits actually performed.

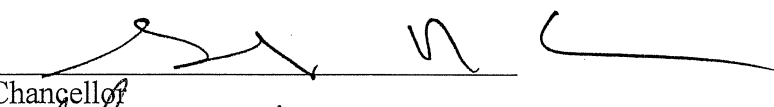
- Review internal audit reports when issued by the CAO. Ensure that internal audit functions are conducted in accordance with professional standards, including assurance that the University is performing self-assessment of operating risks and evaluation of internal controls on a regular basis.
- Review and consult with the Chancellor in the appointment, replacement, or dismissal of the CAO and the compensation package.
- Resolve, or assist the ASU Board in resolving, disagreements between the CAO and University administration concerning audit findings and recommendations.
- Engage, in accordance with state laws, rules and regulations, independent counsel or other advisors if and as necessary to carry out its duties. The University shall provide funding as determined by the Committee, subject to the oversight of the ASU Board, for payment to any such advisors that may be engaged by the Committee.
- Prepare and forward to the UNC Board of Governors an annual summary certification of the work performed by the Committee.
- Confirm annually that all responsibilities outlined in this Charter have been carried out as part of the annual internal assessment.
- Perform such other duties and tasks as may be assigned or requested from time to time by the ASU Board.

**AMENDMENTS**

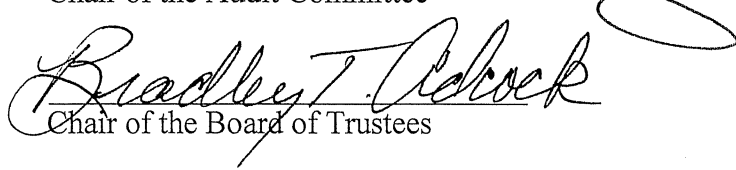
The Committee, with the assistance of the CAO and University legal counsel, should periodically review and assess the adequacy of this Charter, and propose any suggested revisions or additions to the ASU Board for its consideration. Revisions or additions to this Charter shall be made and effective as approved by the ASU Board.

**Updated and approved this 27th day of March, 2015.**

  
 Chief Audit Officer

  
 Chancellor

  
 Chair of the Audit Committee

  
 Chair of the Board of Trustees

**Resumes of Faculty Recommended for Promotion  
Board of Trustees Meeting – March 27, 2015**

**College of Arts and Sciences:**

Ahmed, Maryam	Biology
Ammon, Laura	Philosophy and Religion
Broman-Fulks, Joshua	Psychology
Burns, Andrea	History
Canu, William	Psychology
Carmichael, Sarah	Geology
Coffey, Tonya	Physics and Astronomy
Cook, William	Mathematical Sciences
Frindethie, Martial	Languages, Literatures and Cultures
Gu, Chuanhui	Geology
Hambourger, Michael	Chemistry
Marcum, Catherine	Government and Justice Studies
Newmark, Adam	Government and Justice Studies
Owen Ortiz, Patricia	Languages, Literatures and Cultures
Palmar, Katrina	Mathematical Sciences
Salinas, Tracie McLemore	Mathematical Sciences
Wingrove, Twila	Psychology

**College of Health Sciences:**

Alexander-Eitzman, Ben	Social Work
Gutschall, Melissa	Nutrition and Health Care Management

Howell, Mike	Social Work
Reed-Ashcraft, Kellie	Social Work
Weddell, Melissa	Recreational Management and Physical Education
West, Stephanie	Recreational Management and Physical Education
Williams, Dave	Nutrition and Health Care Management
Williams, Kelly	Social Work
Zwetsloot, Kevin	Health and Exercise Science

**College of Fine and Applied Arts:**

Atkins, Laurie	Theatre and Dance
Doll, Susan	Technology and Environmental Design
Elaver, Richard	Technology and Environmental Design
Gray, Jennifer	Communication
Hensley, Gordon	Theatre and Dance
Houser, Jim	Technology and Environmental Design
Ludwig, Scott	Art
Marty, John	Theatre and Dance
Mueller, Thomas	Communication
Raichle, Brian	Technology and Environmental Design
Servon, Jody	Art
Stephenson, John	Art

**Reich College of Education:**

Becnel, Kim	Leadership and Educational Studies
Groce, Eric	Curriculum and Instruction

Gummerson, William	Leadership and Educational Studies
McClure, Greg	Curriculum and Instruction
O'Shea, Patrick	Leadership and Educational Studies
Osmond, Chris	Leadership and Educational Studies
Ramirez, Laurie	Curriculum and Instruction
Terry, Krista	Leadership and Educational Studies

**Walker College of Business:**

Albinsson, Pia	Marketing
Bagley, Penelope	Accounting
Corley, Ken	Computer Information Systems
Kowalczyk, Tamara	Accounting
Mitchell, Alanah	Computer Information Systems
Reed, Tracy	Accounting
Roberts, F. Douglas	Accounting
Shinnar, Rachel	Management
Vannoy, Sandy	Computer Information Systems

**Resumes of Faculty Recommended for Tenure  
Board of Trustees Meeting – March 27, 2015**

**College of Arts and Sciences:**

Ahmed, Maryam	Biology
Ammon, Laura	Philosophy and Religion
Burns, Andrea	History
Carmichael, Sarah	Geology
Cook, William	Mathematical Sciences
Gu, Chuanhui	Geology
Hambourger, Michael	Chemistry
Marcum, Catherine	Government and Justice Studies
Wingrove, Twila	Psychology

**College of Health Sciences:**

Alexander-Eitzman, Ben	Social Work
Gutschall, Melissa	Nutrition and Health Care Management
Howell, Mike	Social Work
Weddell, Melissa	Recreational Management and Physical Education
Williams, Kelly	Social Work
Zwetsloot, Kevin	Health and Exercise Science

**College of Fine and Applied Arts:**

Atkins, Laurie	Theatre and Dance
Doll, Susan	Technology and Environmental Design
Elaver, Richard	Technology and Environmental Design
Glisan, George	Technology and Environmental Design

Gray, Jennifer	Communication
Houser, Jim	Technology and Environmental Design
Marty, John	Theatre and Dance
Mueller, Thomas	Communication
Stephenson, John	Art

**Reich College of Education:**

Becnel, Kim	Leadership and Educational Studies
Gummerson, William	Leadership and Educational Studies
McClure, Greg	Curriculum and Instruction
O'Shea, Patrick	Leadership and Educational Studies
Osmond, Chris	Leadership and Educational Studies
Ramirez, Laurie	Curriculum and Instruction
Terry, Krista	Leadership and Educational Studies

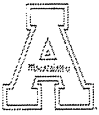
**Walker College of Business:**

Albinsson, Pia	Marketing
Bagley, Penelope	Accounting
Corley, Ken	Computer Information Systems
Mitchell, Alanah	Computer Information Systems
Reed, Tracy	Accounting
Vannoy, Sandy	Computer Information Systems
Whitaker, Brian	Management

**Hayes School of Music:**

Koontz, Eric	School of Music
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EMPLOYMENT AGREEMENT FOR FIELD HOCKEY HEAD COACH

This Employment Agreement (the "Agreement") is made this 27<sup>th</sup> day of March, 2015, by and between Appalachian State University ("Appalachian") and Meghan E. Dawson ("Coach"). In consideration of the mutual covenants, promises and conditions in this Agreement, Appalachian and Coach agree as follows:

1.0 Employment:

1.1 Subject to the terms and conditions stated in this Agreement, Appalachian agrees to employ Coach as head field hockey coach at Appalachian, and Coach agrees to and accepts the terms and conditions of employment outlined in this Agreement.

1.2 Coach's employment at Appalachian will be subject to all applicable policies and procedures adopted and approved by the Board of Governors of The University of North Carolina (the "University"), the Board of Trustees and the Chancellor of Appalachian and Appalachian's Department of Athletics (the "Department"). Coach's position is classified as EPA non-faculty and is not subject to the State Personnel Act, North Carolina General Statutes, Chapter 126, except for articles 6 and 7 thereof. The employment policies contained in Chapter 300 of The UNC Policy Manual, approved by the Board of Governors of the University, and adopted as institutional policies by the Board of Trustees of Appalachian State University, as both may be revised from time to time (collectively, the "EPA Policies") apply to Coach. In the event of any conflict between the terms of this Agreement and the EPA Policies, the EPA Policies will govern. Coach acknowledges and agrees that Coach has reviewed and understands the policies and procedures of the University found at <http://www.northcarolina.edu/policy/index.php> (in particular, Policy 300.2.1) and those of Appalachian found at [http://policy.appstate.edu/Policy\\_Manual](http://policy.appstate.edu/Policy_Manual) and has been provided with a copy and has reviewed and understands those in the Department Policies and Procedures Manual. Coach acknowledges and agrees that Coach's position is not a position eligible for tenure.

1.3 Coach will work under the immediate supervision of the Director of Athletics of Appalachian, (the "Director of Athletics") and/or the Director of Athletics' designee. The Director of Athletics and the Chancellor will evaluate Coach's performance on an annual basis and the Director of Athletics will provide Coach with an annual performance evaluation.

1.4 Coach will coach, manage and be responsible for the field hockey team (the "Sports Team"), and perform such other duties in the intercollegiate athletics program of Appalachian as may be assigned from time to time by the Director of Athletics. Appalachian reserves the right to reassign Coach to duties other than as set forth in this Agreement while continuing the salary and benefits stated herein. In no event, however, will Coach be assigned to any position which is not consistent with Coach's education and experience. In the event of reassignment, Appalachian will not be liable to Coach for loss of any collateral business opportunities or any other benefits, perquisites, or income from any other sources.

1.5 Appalachian is committed to providing equal opportunity in education and employment to all applicants, students, and employees. Appalachian does not discriminate in access to its educational programs and activities, or with respect to hiring or the terms and conditions of employment, on the basis of race, color, national origin, religion, sex, gender identity and expression, political affiliation, age, disability, veteran status or sexual orientation (the "Equal Employment Opportunity Policy" or "EEO Policy"). Appalachian actively promotes diversity among students and employees. Coach will implement the EEO Policy in all recruitment, supervision and other activities with applicants, students and employees.



2.0 Term:

2.1.2 The employment conferred herein is for a stated, definite term commencing on April 8, 2015 and terminating on May 31, 2017, subject to the EPA Policies and the conditions stated herein.

3.0 Compensation:

3.1 The total annual salary for the work performed in this position during the stated term shall be:

Year 1: April 8, 2015 – April 7, 2016: Fifty-Seven Thousand Dollars (\$57,000) and  
Year 2: April 8, 2016 – May 31, 2017: Sixty Thousand Dollars (\$60,000),

each payable in approximately equal monthly installments, less customary and applicable deductions and withholdings.

3.2 Coach's compensation may be reviewed periodically, subject to any policies adopted by the Board of Trustees of Appalachian State University or the Board of Governors of the University. Increases in salary during the term of Coach's employment, if any, are at the sole discretion of the Director of Athletics and subject to the approval of the Chancellor and the Board of Trustees of Appalachian State University. Currently, Appalachian's supplemental pay policy (the "Supplemental Pay Policy") limits supplemental income to 20% of an employee's base salary during the academic term and 38.4% during the non-academic term (i.e., the summer). A copy of the existing Supplemental Pay Policy can be found at [http://academicaffairs.appstate.edu/sites/default/files/SuppPayPolicy\\_Dec 8 2008.pdf](http://academicaffairs.appstate.edu/sites/default/files/SuppPayPolicy_Dec 8 2008.pdf). Coach acknowledges and agrees that Coach has reviewed and understands the Appalachian Supplemental Pay Policy. Coach acknowledges and agrees that all supplemental income described in Sections 3.6 and 3.8 of this Agreement is subject to the Supplemental Pay Policy. Incentive compensation, if any, will be provided in accordance with the Addendum attached hereto and incorporated herein.

3.3 While actively employed, Coach will be entitled to receive all employment-related benefits that are normally available to other EPA non-faculty employees with like appointments. Such benefits may include group family health insurance, group family life insurance, and the State's retirement program. Coach acknowledges that fringe benefits provided by Appalachian are subject to change from time to time by Appalachian, the University and/or the North Carolina General Assembly.

3.4 Coach may earn other revenue while employed by Appalachian with prior approval of the Director of Athletics and the Chancellor. Any outside compensation opportunities are specifically subject to compliance with the "Policy on External Professional Activities for Pay" of the Board of Governors of the University and Appalachian's policies on external professional activities and conflicts of interest and commitment. Coach acknowledges and agrees that Coach has reviewed and understands such policies. Additionally, such opportunities are subject to all other relevant State and Federal policies and laws concerning conflicts of interest. Such activities are independent of Coach's employment with Appalachian, and Appalachian will have no responsibility for any claims arising therefrom. Opportunities for outside compensation will include, but are not limited to, engaging in any radio, television, motion picture, Internet, stage, writing or any similar activity, personal appearances, speeches, commercial endorsements, camps, and clinics, except as outlined below. Subject to specific reporting requirements established by Appalachian, no external activities for pay will be allowed without having on file with the Athletics

Director a signed approval of the "Notice of Intent to Engage in External Professional Activities for Pay" prior to engaging in those activities.

3.5 In accordance with Appalachian policies and NCAA Bylaw 11.2.2, which are incorporated herein by reference, Coach will report annually on July 1 to the Chancellor through the Director of Athletics all athletically-related income from sources outside Appalachian, including, but not limited to, income from annuities or any other sources, including sports camps and clinics, television and radio programs, commercial endorsements, consulting agreements, and all other athletically-related income from any source other than Appalachian. Further, Coach agrees to provide or cause to be provided to Appalachian reasonable and prompt access to all records related to such income.

3.6 With respect to the operation of camps and/or clinics using Appalachian service marks, trademarks, and other indicia, or for any such operation on Appalachian's property, such activity will only be allowed with the prior written approval of the Director of Athletics, and will be conducted in accordance with all applicable Appalachian policies, including those requiring the payment of fees for use, if any, of Appalachian facilities, indicia or other property. To the extent any such camp or clinic is operated through Appalachian or is otherwise under the sponsorship of Appalachian, Coach's compensation therefrom will be subject to Appalachian's Supplemental Pay Policy. Coach acknowledges and agrees that Coach has reviewed and understands the Appalachian Supplemental Pay Policy. Further, Coach agrees that such policy applies to income earned through camps and/or clinics which are run through or sponsored by Appalachian. Appalachian expressly makes no guarantee of any compensation to Coach from such activities.

3.7 While actively employed, Coach will be entitled to annual leave in accordance with the EPA Policies.

3.8 Should the Sport's Team win its Conference Title, Coach will be eligible for a one-time incentive payment of \$1,000.00, less customary and applicable deductions and withholdings, such amount to be paid within sixty (60) days of the close of the Sport's Teams Season.

#### 4.0 Coach's Duties and Responsibilities:

4.1 Coach is employed by Appalachian as Head Coach of the Sports Team with all the duties, responsibilities, and obligations normally associated with such position at a university such as Appalachian. Duties will include, but not be limited to, the following:

4.1.1 Direct, coach, manage and conduct the Sports Team in keeping with the educational purpose, traditions, integrity and ethics of Appalachian by fostering educational values and maintaining a program of integrity.

4.1.2 Conduct himself/herself and the Sports Team in accordance with the Constitution and the Bylaws of the Conference, and of the National Collegiate Athletic Association ("NCAA"), all State and Federal laws, the University's policies and procedures, Appalachian's policies and procedures, and the Department's policies and procedures, all of which as may be amended from time to time. Coach shall conduct himself/herself within the traditional high standards associated with Coach's profession and failure of the Sports Team to so comply will, at the option of Appalachian, be deemed a violation of the provisions of the Coach's contract and may be determined to be grounds for termination of the contract;

4.1.3 Recruit and retain only academically qualified student-athletes and promote, contribute, and encourage academic progress, in conjunction with Appalachian's faculty and administrators, of such student-athletes toward graduation in defined degree programs;

4.1.4 Use Coach's best effort to ensure that student-athletes on the Sports Team conduct themselves in a sportsmanlike manner and in other ways that will result in a positive image of Appalachian both on and off the field;

4.1.5 Maintain responsibility for the fiscal and budgetary functions associated with the Sports Team under the direction of the Director of Athletics;

4.1.6 Provide a positive energy and excitement to the campus community and Appalachian's fan base in order to increase student and fan attendance for the Sports Team;

4.1.7 Maintain a visible and positive presence with students, faculty, and staff;

4.1.8 Contribute to the positive culture of the Department by attending coaches meetings, departmental staff functions, outings, etc., as well as ensuring that Coach's staff does the same;

4.1.9 Maintain responsibility and promote an atmosphere for compliance within the program overseen by Coach and to monitor the activities regarding compliance of all assistant coaches and other administrators involved with the program who report directly or indirectly to Coach. In addition, Coach is responsible for compliance with policies of the University, Appalachian, the Department, the Conference and the NCAA. Coach stipulates that his/her employment may be suspended for a period of time, without pay, or terminated if Coach is found to be involved in, or be aware of or should have reasonably known assistant coaches or staff members were involved in, deliberate or serious violations of NCAA Regulations. Further, Coach will provide annual performance evaluations for assistant coaches and staff;

4.1.10 Conduct recruiting activities, practices, game preparation, and coaching duties so as to develop and maintain a program of the highest quality and which is competitive within the Conference and the NCAA;

4.1.11 Maintain and enforce any and all disciplinary policies and drug policies of the University, Appalachian, the Department, the Sports Team, the Conference and the NCAA;

4.1.12 Attend meetings of the Appalachian Yosef Club to promote the Sports Team, the number of meetings and related activities to be determined on an annual basis by the Director of Athletics; and

4.1.13 Comply with such other directives that the Director of Athletics reasonably requires.

4.2 It is recognized by the parties that a student-athlete may be declared not eligible for competition for academic reasons, because Appalachian believes such student-athlete would not be an appropriate representative of Appalachian, as a disciplinary sanction under Appalachian's student conduct code, or because Appalachian believes that such student-athlete is not eligible according to the rules for athletic competition specified by the Conference or the NCAA or for similar reasons. This decision may be made either by Coach, the Director of Athletics or the Chancellor.

4.3 Coach will seek to maximize print, radio and television coverage favorable to Appalachian.

4.4 Coach agrees that Appalachian may use, without additional compensation, Coach's name, picture, likeness and voice in connection with programs and endorsements that promote Appalachian athletics and in all other respects for purposes of this Agreement.

4.5 If Coach is found to be in violation of NCAA or Conference rules and regulations, whether while employed by Appalachian or during prior employment at another NCAA member institution, Coach will be subject to disciplinary action as set forth in NCAA enforcement procedures and/or applicable Appalachian policies, rules or regulations. Such disciplinary action may include termination for cause in accordance with section 5.0 of this Agreement.

4.6 Coach agrees to faithfully and diligently perform the duties of this position, and to devote such time, attention, and skill to the performance of these duties as necessary to perform the responsibilities of the position of Head Coach for the Sports Team. During the term of this Agreement, Coach will report and be under the immediate supervision of the Director of Athletics and/or the Director of Athletics' designee and will regularly confer with the Director of Athletics or such designee on matters concerning administrative and technical decisions. Coach agrees that Coach's failure to discharge any of these duties constitutes a breach of this Agreement that would allow Appalachian to discharge Coach "for cause" pursuant to section 5.0 of this Agreement.

#### 5.0 Termination for Cause:

5.1 Appalachian has the right to terminate this Agreement "for cause" in accordance with EPA Policies. In addition to the meaning of "for cause" in University and/or Appalachian policies and procedures, as well as its normally understood meaning in employment agreements, the term "for cause" includes, but is not limited to, any of the following:

5.1.1 A violation of the duties set forth in this Agreement or refusal or unwillingness to perform such duties in good faith and to the best of Coach's abilities;

5.1.2 A violation by Coach of any of the other terms and conditions of this Agreement;

5.1.3 Any conduct of Coach that constitutes moral turpitude, or which would tend to bring public disrespect, contempt or ridicule upon Appalachian, or failure to follow the high moral and ethical standards commonly expected of a coach as a leading representative of the Department at Appalachian;

5.1.4 A major (Level I or Level II) violation by Coach, or knowing participation by Coach in a major violation, or similar violation by an assistant coach or staff

member of which Coach had reason to know, or should have known through the exercise of reasonable diligence, or which Coach condoned, of: (i) a NCAA rule, regulation or bylaw; (ii) a Conference regulation or bylaw; or (iii) any University/Appalachian policy, regulation, rule or procedure. For purposes of this subparagraph, whether or not a major violation has occurred shall be reasonably determined in the discretion of Appalachian after its review of the relevant facts and circumstances;

5.1.5 Misconduct of the Coach, or of assistant coaches or staff of which the Coach knew, had reason to know, or should have known through the exercise of reasonable diligence, or which Coach condoned, of such a nature that such misconduct would offend the traditions and ethics of Appalachian, or which brings discredit to Appalachian;

5.1.6 Any conduct of Coach that would constitute legitimate grounds for termination under the common law of North Carolina or under case law interpreting Title VII of the Civil Rights Act of 1964, as amended, including, but not limited to, insubordination, failure or refusal to cooperate with others in the Department or Appalachian, conduct that adversely affects morale or a supervisor's ability to supervise in the Department or Appalachian, and other conduct that is detrimental to Appalachian's legitimate interests.

5.1.7 Failure to positively represent Appalachian and Appalachian's athletics programs in private and/or public forums; or

5.1.8 Financial exigency or program curtailment or elimination as provided for in the EPA Policies.

5.2 In the event of termination of the Coach's employment "for cause" prior to the expiration of this Agreement, all obligations of Appalachian to make further payments and/or provide other consideration hereunder will cease as of the end of the month in which such termination occurs. In addition, Appalachian will not be liable to Coach for loss of any collateral business opportunities or any other benefits, perquisites, or income from any other sources.

5.3 Coach has the right to terminate this Agreement, if Appalachian is in substantial breach of the terms of this Agreement and such breach is not remedied within thirty (30) days from the Director of Athletics' receipt of written notice thereof from Coach. Neither party will have any further obligation to the other from and after the effective date of such termination.

#### 6.0 Termination Without Cause:

6.1 Appalachian may terminate this Agreement without cause at any time by giving written notice to Coach; provided, however, that Appalachian will provide any compensation owed to Coach under Section 3.1 for the remainder of the term of this Agreement. Such amounts, if any, will be paid on a monthly basis, subject to customary and applicable deductions and withholdings, for each month remaining in the term of this Agreement, including any extension thereof (hereinafter "Remainder Term"). Coach may be entitled to certain benefits under the EPA Policy. Appalachian will not be liable for any loss of any collateral business opportunities or any other benefits, perquisites, or income from any sources that might ensue as a result of Appalachian's termination of this Agreement without cause.

6.2 The compensation due the Coach under paragraph 6.1 will be reduced by the Coach's earned income from all other sources during the Remainder Term. The measure of income earned by the Coach during the Remainder Term will be determined by Appalachian from signed individual or joint income tax returns of the Coach covering any and all parts of the Remainder Term as submitted by the Coach to the United States Internal Revenue Service (IRS). The Coach hereby agrees to provide Appalachian certified copies of said tax returns at the same time they are filed with the IRS, authorizes Appalachian to obtain directly from the IRS certified copies of all such tax returns, and agrees to execute and cause execution of any documents necessary to effect such authorization upon request. Coach will refund immediately to Appalachian any payments in excess of the compensation remaining due under this paragraph after reductions have been calculated. Failure of Coach to perform any obligations set forth in this paragraph will relieve Appalachian of all further obligations under this Agreement. The obligations of the Coach to refund payments and provide tax returns to Appalachian will extend beyond the ending date of the term of this Agreement or any extension thereof.

#### 7.0 Termination By Coach:

7.1 Coach agrees that the promise to work for Appalachian for the entire term of the Agreement is essential to Appalachian. The parties agree that the Coach has special, exceptional, and unique knowledge, skill and ability as a Coach for the Sports Team, which, in addition to the continuing acquisition of coaching experience at Appalachian, as well as Appalachian's special need for continuity in its Sports Team, render Coach's services unique. Coach therefore agrees, and hereby specifically promises, not to actively seek, negotiate for or accept field hockey related employment, under any circumstance, without first obtaining written permission from the Director of Athletics, such employment including, but not limited to, a field hockey coach or administrator of or over a field hockey program at any institution of higher education which is a member of the NCAA or for any professional team participating in any professional league or conference in the United States or elsewhere, or in field hockey broadcasting, requiring performance of duties prior to the expiration date of the term of the Agreement or any extension thereof.

7.2 Coach agrees that Appalachian will have the right, in addition to any other rights which Appalachian may possess, to obtain an injunction by appropriate judicial proceedings to prevent Coach from performing coaching activities or other related services in violation of this Agreement, for any person, university, firm, corporation or other entity; and against any other breach of this Agreement. Coach also agrees to indemnify and hold Appalachian harmless for its costs in any judicial proceeding necessary or appropriate to enforcement of Appalachian's rights under this Agreement, including court costs and attorney's fees.

7.3 Coach acknowledges that Coach's acceptance of employment from any other person or entity without first obtaining the permission of the Director of Athletics constitutes a breach of this Agreement. In the event of such breach, Coach shall pay Appalachian liquidated damages in lieu of any and all other legal remedies or equitable relief in the amount of Coach's annual salary as set forth in 3.1 of this Agreement multiplied by the number of full and partial contract years remaining under the Agreement. Payment of the total amount of liquidated damages shall occur over the remaining term of the Agreement as follows: 1) on the effective date of breach by Coach, payment shall be made of amounts due with respect to the remainder of that contract year; and 2) payments due hereunder with respect to each subsequent contract year shall be made on or before the last day of such subsequent contract year, until all amounts due under this section have been paid in full.

This is an agreement for personal services. The parties recognize and agree that a termination of this Agreement by Coach prior to its natural expiration could cause Appalachian to lose its valuable investment in Coach's continued employment at Appalachian and could cause Appalachian additional damages beyond its lost investment, including but not limited to a possible adverse effect on recruiting. The parties further agree that it is difficult or impossible to determine with certainty the damages that may result from such termination by Coach and that the liquidated damages provision of this section are not to be construed as a penalty, but as an attempt by Coach and Appalachian to establish adequate and reasonable compensation to Appalachian in the event Coach terminates this Agreement prior to its natural expiration. Therefore, the parties have agreed on this liquidated damages clause.

7.4 Appalachian agrees not to unreasonably withhold permission for Coach to discuss another position.

#### 8.0 Termination for Death or Disability of Coach:

8.1 This Agreement shall terminate automatically if Coach dies, or if Coach becomes disabled and is unable to perform the essential functions of the job with or without a reasonable accommodation.

8.1.1 If this Agreement is terminated pursuant to this section because of death, Coach's salary and all other benefits shall terminate as of the calendar month in which death occurs, except that Coach's personal representative or other designated beneficiary shall be paid all such death benefits, if any, as may be contained in any benefit plan now in force or hereafter adopted by Appalachian and due to Coach as an EPA non-faculty employee. Coach's personal representative or designated beneficiary shall be paid all earned but unpaid compensation pursuant to the terms of this Agreement.

8.1.2 In the event that Coach becomes and remains unable, in the sole judgment of the Director of Athletics, to perform the essential functions of Coach's employment hereunder for a period of ninety (90) days because of medical illness or incapacity and Appalachian thereupon affords notice of termination, except for payment of amounts due Coach accrued hereunder prior to the date of termination and payment of any disability benefits to which Coach may be entitled pursuant to any disability program in which Coach is enrolled through Appalachian, Appalachian shall have no further liability to Coach pursuant to this Agreement. Specifically and without limitation, at the end of such ninety (90) day period, all salary and other benefits shall terminate, except that Coach shall be entitled to receive any disability benefits to which Coach is entitled under any disability program in which Coach is enrolled through Appalachian.

#### 9.0 Restrictions On Other Employment:

9.1 In the event of a termination of this Agreement prior to its natural expiration, Coach agrees that Coach will not obtain employment as a coach with any Conference member institution for the Remainder Term under this Agreement. The parties agree that money damages would be inadequate to remedy a breach of this covenant; therefore, Appalachian shall have the right to obtain from any court such equitable, injunctive, or other relief as may be appropriate, including a decree enjoining Coach from violating this section.



10.0 Relationship Between the Parties:

10.1 The relationship between Coach and Appalachian will be determined solely by the terms and conditions of this Agreement, including, but not limited to, the EPA Policies and all other applicable Appalachian, Department and University policies and procedures as they may be amended from time to time.

11.0 Ownership of Information:

11.1 All materials or articles of information including, without limitation, personnel records, recruiting records, team information, films, statistics or any other material or data 1) furnished to Coach by Appalachian; or 2) developed by Coach on behalf of Appalachian or at Appalachian's direction, or for Appalachian's use or otherwise in connection with Coach's employment hereunder; are and shall remain the sole and confidential property of Appalachian. If Appalachian requests access to or the return of such materials at any time during, or at or after the termination, of Coach's employment, Coach shall immediately deliver all such information to Appalachian.

12.0 Taxes:

12.1 Coach acknowledges that, in addition to the salary provided for in this Agreement, certain benefits that Coach receives incident to this employment relationship with Appalachian may give rise to taxable income. Coach agrees to be responsible for the payment of any taxes (including federal, state and local taxes) due on such income. Coach also understands that Appalachian shall withhold taxes on amounts paid or due to Coach, and the value of benefits provided to Coach, to the extent required by applicable laws and regulations.

13.0 Public Record:

13.1 Coach acknowledges and understands that, upon execution of this Agreement, the payment amounts and other terms and conditions contained herein shall not be confidential and shall be considered a public record within the meaning of the North Carolina Public Records Act, N.C. Gen. Stat. § 132-1 *et seq.*

14.0 Governing Law:

14.1 This Agreement will be governed by and construed under the laws of the State of North Carolina without regard to its conflicts of law provisions. The courts of North Carolina will be the forum for any lawsuits arising from or incident to this Agreement. The parties agree that any rule to the effect that an agreement shall be construed against the party drafting it shall have no application to this Agreement.

15.0 Severability:

15.1 If any provision of this Agreement is determined to be void, invalid, unenforceable or illegal for any reason, it will be ineffective only to the extent of such prohibition and the validity and enforceability of all the remaining provisions will not be affected thereby.

16.0 Board of Trustees' Approval:

16.1 The parties understand that, in accordance with a policy of the Board of Governors of the University, this Agreement will not be valid until it is approved by the Board of Trustees of Appalachian.

17.0 Compensation Conditional:

17.1 Since support for this position is funded in whole or in part from sources other than continuing State budget funds, the continuation of your employment in this position is contingent upon the continued availability of funds from such other sources to support this position. The source of funding for this position is Athletics Department receipts. The effect of this contingency may apply without the additional notice of intent not to renew otherwise required by Sections III.A and III.C of *The UNC Policy Manual*, Policy 300.2.1; provided, you shall be informed at the earliest practicable date of the occurrence of such a funding contingency.

18.0 Non-assignment:

18.1 Neither party to this Agreement will assign this Agreement as a whole, or in part, without the written consent of the other. Any attempt to do so will render this Agreement null and void.

19.0 Notices:

19.1 Whenever it will be required or permitted that notice or demand be given or served by either party to this Agreement on the other, unless otherwise specifically provided, such notice or demand will be given or served in writing by hand delivery or certified mail, return receipt requested, addressed as follows:

*If to Appalachian:*

Mr. Lloyd B. "Rick" Beasley  
Interim Director of Athletics  
Appalachian State University  
Athletics Center  
Boone, NC 28608  
Facsimile: 828-262-2556

*If to Coach:*

Meghan E. Dawson  
Head Field Hockey Coach  
Appalachian State University  
Owens Field House  
Boone, NC 28608  
Facsimile: 828-262-4056

*With copy to:*

Office of General Counsel  
Appalachian State University  
ASU Box 32126  
Boone, NC 28608

20.0 Entire Agreement:

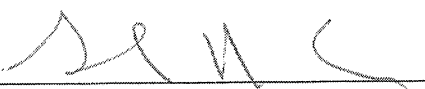
20.1 This Agreement constitutes the full and complete agreement of the parties. No prior or subsequent written or oral understandings or representations pertaining to the subject matter of this Agreement shall be binding upon the parties unless contained herein or set forth in

the form of written amendments(s) to this Agreement, executed by both parties prior to becoming effective.

Sincerely,



Lloyd B. "Rick" Beasley  
Interim Director of Athletics



Sheri N. Everts  
Chancellor

AGREED AND ACCEPTED:

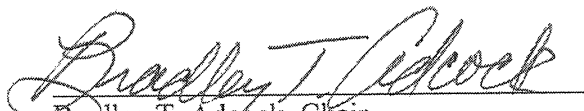
  
Signature

Meghan Dawson  
Print Name

April 13<sup>th</sup>, 2015  
Date

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APPROVED by the Board of Trustees of Appalachian State University at its meeting on March 27, 2015.

  
Bradley T. Adcock, Chair  
Board of Trustees

4/6/15  
Date

**AGREEMENT FOR ESCROW CLOSING**

THIS AGREEMENT FOR ESCROW CLOSING (“**Agreement**”) is entered into \_\_\_\_\_, 2015 (the “**Effective Date**”), between and among Appalachian Regional Healthcare System, Inc., a North Carolina nonprofit corporation (“**ARHS**”), ARHS Properties, Inc., a North Carolina nonprofit corporation (“**Grantor**”), and the State of North Carolina, Department of Administration (“**Grantee**”) and Appalachian State University, a constituent institution of The University of North Carolina (“**ASU**”). ARHS, Grantor, Grantee and ASU are sometimes referred to herein collectively as the “**Parties**” and individually as a “**Party**.”

**Recitals:**

**A.** ARHS and Grantor have an interest in supporting and improving medical sciences education within the community and region that they serve.

**B.** ASU and Grantee have an interest in expanding and improving on-campus facilities dedicated for use by ASU’s College of Health Sciences (the “**College**”).

**C.** Grantor currently owns a parcel of real property (such real property being the Property, as that term is defined in Section 1 below) that is an ideal location for the construction of facilities within which ASU can locate all or a substantial portion of the College.

**D.** The Parties agree that the Property should not be conveyed by Grantor to Grantee until such time as a general construction contract for the construction of the College’s facilities has been fully executed and a copy thereof delivered to Grantor.

**E.** The Parties also agree that as soon as a general construction contract for the construction of the College’s facilities has been fully executed and a copy thereof delivered to Grantor, the Property should be conveyed to Grantee in a manner which, subject to all necessary governmental approvals, irrevocably assures that Grantee shall expeditiously develop the Property to improve the College’s facilities.

NOW, THEREFORE IN CONSIDERATION of the Recitals set forth above and ARHS’s and Grantor’s interest in health sciences education, benefitting the community and region in which ARHS is located and in furtherance of the charitable purposes of ARHS and Grantor, together with the reciprocal promises made herein by ASU and Grantee, and in exchange of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with all the Parties intending to be legally bound, Grantor hereby agrees to convey the Property to Grantee, and Grantee hereby agrees to accept the Property from Grantor pursuant and subject to all of the following terms and conditions:

**1. Property Included in Conveyance.** Grantor hereby agrees to convey to Grantee, and Grantee hereby agrees to accept from Grantor, subject to the terms and conditions set forth herein, all of Grantor’s right, title and interest in and to that certain real property located in Watauga County, North Carolina, more particularly described in **Exhibit A** attached hereto and incorporated by reference, together with all rights, privileges, interests and easements appurtenant thereto (collectively, the “**Property**”).

## 2. Closing and Escrow.

(a) Upon execution of this Agreement, the Parties shall deposit an executed counterpart of this Agreement with the Escrow Agent and this Agreement, together with the Exhibits attached hereto, shall serve as the instructions to Smith Moore Leatherwood LLP (the "**Escrow Agent**"), as the escrow holder for consummation of the conveyance contemplated hereby. Grantor and Grantee agree to execute such additional and supplementary escrow instructions as may be appropriate to enable the Escrow Agent to comply with the terms of this Agreement; *provided, however*, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

(b) The consummation of the transaction contemplated in this Agreement ("**Closing**") shall take place, and delivery of all items to be made prior to Closing under the terms of this Agreement shall be made, at the office of Escrow Agent as soon as is practicable following the completion of the Final Condition, as that term is defined in Section 3(d) below. So long as Grantor and Grantee deliver all items and documents required for Closing, neither Grantor nor Grantee shall be required to be present at or to authorize Closing. As used herein, the term "**Closing Date**" shall mean the date upon which Closing occurs.

(c) Within five (5) business days of the expiration of the Due Diligence Period, as that term is defined in Section 5(a) below, Grantee shall deliver the following into escrow with the Escrow Agent:

(i) Funds in the amount equal to Grantee's transaction costs that are to be paid at Closing, including but not limited to Grantee's closing costs, credits, adjustments and prorations described on the Closing Statement as that term is defined in Subsection (iii) below, in the form of good and immediately available federal funds.

(ii) Such resolutions, authorizations, bylaws or other corporate, company and/or partnership documents or agreements relating to Grantee as shall be reasonably required in connection with this transaction.

(iii) A statement itemizing funds to be collected and disbursed at Closing (the "**Closing Statement**"), duly executed by Grantee. Escrow Agent shall prepare the Closing Statement in accordance with the terms of this Agreement.

(iv) Any other documents, instruments, records, correspondence or agreements required to be delivered by Grantee pursuant to this Agreement or reasonably requested by the Escrow Agent (to the extent customary for this type of transaction) which have not previously been delivered.

(d) Prior to or at Closing, Grantor shall deliver the following into escrow with the Escrow Agent (the "**Grantor Closing Documents**"):

(i) A fully executed original of a North Carolina Deed of Gift, in a form substantially similar to the North Carolina Deed of Gift attached hereto as **Exhibit B** and incorporated herein by reference (the "**Deed**"). Upon delivery, the Deed shall be duly executed

and acknowledged by Grantor, and by its terms it shall convey the Property to Grantee in fee simple title to the Property, subject only to the Permitted Exceptions.

(ii) Such resolutions, authorizations, bylaws or other corporate documents or agreements relating to Grantor as shall be reasonably required in connection with this transaction.

(iii) Funds in the amount equal to Grantee's transaction costs that are to be paid at Closing, including but not limited to Grantee's closing costs, credits, adjustments and prorations described on the Closing Statement, in the form of good and immediately available federal funds together with an original of the Closing Statement, duly executed by Grantor.

(iv) Any other documents, instruments, records, correspondence or agreements required to be delivered by Grantor pursuant to this Agreement or reasonably requested by the Escrow Agent or Grantee (to the extent customary for this type of transaction) which have not previously been delivered.

(v) A fully executed original of a Declaration of Restrictive Covenants, in a form substantially similar to the Declaration of Restrictive Covenants attached hereto as **Exhibit C** and incorporated by reference (the "**Use Restrictions**"). Notwithstanding anything to the contrary contained in this Agreement, the Use Restrictions are hereby deemed to be a Permitted Exception.

(e) As part of the Closing, Grantor and Grantee shall deliver to the Escrow Agent written instructions for the consummation of the Closing in accordance with the terms of this Agreement. Such instructions shall be in a form substantially similar to the Escrow Instructions attached hereto as **Exhibit D** and incorporated by reference. The Parties to this Agreement understand and agree that the Escrow Agent, Smith Moore Leatherwood LLP, has an ongoing attorney/client relationship with Grantor and ARHS. The Parties hereby agree to waive any potential conflict of interest that may arise out of Smith Moore Leatherwood LLP acting in the capacity of Escrow Agent.

(f) Real estate taxes and assessments and all rents, common area maintenance charges, and other items of income and expense relating to the operation and ownership of the Property shall be adjusted and prorated as of 11:59 p.m. on September 30, 2015 (the "**Proration Date**"), based on a 365 day year. Such amounts and prorations shall be reflected on the Closing Statement delivered to Escrow Agent.

(g) Grantee shall pay (i) the base premium for any title insurance policy and the cost of any endorsements to such title insurance policy requested by Grantee, (ii) the cost of any updated title commitment, (iii) the cost of any Updated Survey, as that term is defined in Section 4(a) below, and (iv) the cost of any recording fees in connection with the recordation of the Deed and the Use Restrictions. Grantor shall pay (i) any and all grantor's tax, and revenue or excise stamps in connection with the transactions contemplated by this Agreement, and (ii) any costs associated with payment or prepayment of financing or indebtedness on the Property. The Escrow Agent's fees for escrow services shall be divided equally between Grantee and Grantor. Any costs associated with any new financing obtained by Grantee shall be borne exclusively by

Grantee. Each party shall pay such party's attorneys' fees and all other expenses incurred by such parties in connection with this Agreement.

3. **Conditions Precedent to Closing.** In addition to any other conditions to Grantee's obligation to close set forth in this Agreement, Grantee's obligation to close hereunder is subject to the satisfaction of each and all of the following conditions precedent:

(a) All of Grantor's representations and warranties contained in this Agreement shall be true and correct when made and also as of the Closing Date.

(b) All documents, instruments and assurances required hereunder to be delivered to Grantee shall have been duly delivered to Escrow Agent.

(c) All covenants and agreements of Grantor shall have been duly performed and, as applicable, satisfied.

(d) ASU shall have delivered to Grantor a true copy of the fully executed agreement for general contractor services to construct the College facilities on the Property, which delivery must occur or on before December 31, 2016 (the "**Final Condition**").

4. **Title and Survey Review.**

(a) Within three (3) business days after the Effective Date, Grantor shall provide the following items to Grantee, to the extent such items are within Grantor's possession and control: (i) any existing title policy (the "**Existing Policy**") together with copies of all documents and maps referenced in Schedule B thereof (the "**Exception Documents**"); and (ii) any ALTA surveys of the Property (the "**Existing Survey**"). Grantee may, at its own expense and in its sole discretion, obtain a title commitment or an update of the Existing Policy (the "**Updated Title**") and a new survey or an update of the Existing Survey (any such new survey or update to the Existing Survey is hereinafter referred to as an "**Updated Survey**").

(b) If the Existing Policy, or Updated Policy, or the Existing Survey or Updated Survey disclose exceptions to title to the Property or conditions or matters shown affecting the Property that are not acceptable to Grantee (any such exception, matter or condition being referred to herein as an "**Unpermitted Exception**"), then Grantee shall give Grantor notice (the "**Title Objection Notice**") of such Unpermitted Exceptions on or prior to the date which is thirty (30) days after the Effective Date (the "**Title Review Date**"). Any exceptions to title to the Property disclosed by the Existing Policy, Updated Title, Existing Survey or Updated Survey, which are not the subject of a Title Objection Notice received by Grantor on or prior to the Title Review Date shall be deemed "**Permitted Exceptions.**"

(c) Within five (5) business days of its receipt of a Title Objection Notice, Grantor shall provide notice to Grantee of whether it shall attempt to cure any Unpermitted Exception disclosed in such Title Objection Notice prior to Closing. In the event Grantor decides not to attempt to cure any Unpermitted Exceptions, Grantee shall have the right to terminate this Agreement and upon such termination, the parties hereto shall have no further rights or obligations hereunder.

(d) Notwithstanding anything in this Agreement to the contrary, and notwithstanding any approval or consent given by Grantee hereunder, Grantor shall cause all monetary liens against the Property, including, but not limited to, mortgages and deeds of trust encumbering Grantor's interest in the Property, and all mechanic's liens and/or judgments filed against the Property relating to work performed on the Property arising out of any act or omission of Grantor, anyone claiming by, through or under Grantor or any of their respective affiliates, related parties, agents, employees or representatives, to be released and re-conveyed, on or prior to Closing.

(e) After the Effective Date, Grantor shall not enter into, or permit, any easements, encumbrances or other title matters or recordable instrument affecting the Property which will be binding after Closing, nor take any action to cause title to the Property or a survey of the Property to differ from the condition of title and survey approved by Grantee, without Grantee's written consent.

## 5. Due Diligence Period.

(a) During the period commencing with the Effective Date and continuing to and including September 30, 2015 (the "**Due Diligence Period**"), Grantee shall have the right to examine, inspect and investigate the Property, in any commercially reasonable manner, at its sole risk, cost and expense ("**Due Diligence**").

(b) Grantee shall indemnify, defend and hold harmless Grantor from and against any and all losses, costs, damages, and expenses (including, without limitation, reasonable attorneys' fees and costs of litigation), to the extent caused by Grantee, its agents or contractors in the performance of Grantee's Due Diligence (excluding any losses, costs or damages arising from a condition existing on the Property as of the Effective Date), except to the extent attributable to the negligence or willful misconduct of Grantor and/or its partners, managers, officers, licensees, tenants, agents or employees. The foregoing indemnity shall survive termination of this Agreement.

(c) Grantee may, for any or no reason, terminate this Agreement by giving written notice of termination to Grantor on or before the expiration of the Due Diligence Period. If Grantee does not give notice of its election to so terminate this Agreement prior to the expiration of the Due Diligence Period, Grantee shall be deemed to have waived its right under this Section 5(c) to terminate this Agreement. Upon such termination or any other termination permitted pursuant to the terms of this Agreement, Grantee shall pay Grantor a termination fee of One and 00/100 Dollars (\$1.00) and neither party shall have any further rights nor obligations hereunder except for those obligations expressly deemed to survive the termination of this Agreement.

6. Representations and Warranties of Grantor. Grantor hereby represents and warrants to Grantee as follows:

(a) Grantor is a nonprofit corporation, duly formed and validly existing under the laws of the State of North Carolina (the "State"). Grantor has the power to own its property and carry on its business as and where it is now conducted and, by the authority of its signature



as shown on this Agreement, has the power and unrestricted authority to enter into this Agreement and perform its obligations and consummate the transactions contemplated under this Agreement without the joinder of any other person or entity, including delivery of the Deed and other items required for Closing.

(b) This Agreement and all documents executed and delivered by Grantor are or at the time of Closing will be: duly authorized, executed, and delivered by Grantor; the legal, valid, and binding obligations of Grantor. Such documents do not violate any provisions of or cause a default under any agreement, instrument or judicial order to which Grantor is a party or by which Grantor or the Property is bound.

(c) Grantor owns fee simple legal and beneficial title to the Property, free and clear of all liens and encumbrances, mortgages, security agreements, licenses, claims, options to purchase, liens, covenants, conditions, judgments, easements and other matters affecting title, except for the Permitted Exceptions.

Except as provided in the express representations and warranties of Grantor set forth above or elsewhere in this Agreement, or in the Grantor Closing Documents (collectively, the “**Express Representations**”), the Property is being conveyed in its “AS IS, WHERE IS” condition.

7. **Representations and Warranties of Grantee.** Grantee hereby represents and warrants to Grantor as follows:

(a) Grantee is a duly formed and validly existing agency of the State of North Carolina under the laws of such State. Grantee has the power to own property pursuant to N.C. Gen. Stat. § 146-22 and has the power and approval of the Governor of the State of North Carolina and the Council of State of North Carolina, pursuant to N.C. Gen. Stat. § 146-22(a), to enter into this Agreement and to perform its obligations and consummate the transactions contemplated under this Agreement without the joinder of any other person or entity, including delivery of the funds and other items required for Closing.

(b) This Agreement and all documents executed by Grantee which are to be delivered at the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Grantee, and are or at the Closing will be legal, valid, and binding obligations of Grantee, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Grantee is a party or to which it is subject.

8. **Miscellaneous.**

(a) **Lease by ARHS.** Following the construction of the College facility and related College improvements to the Property, should ARHS desire to lease any then-vacant portion of any existing buildings upon the Property (such portion not to exceed ten percent (10%) of the gross usable square footage of all buildings then-located on the Property), and should Grantee reasonably determine that ARHS’s intended use for the proposed leasehold premises is consistent with either (i) the then-current use of the Property or (ii) any of ASU’s missions and charitable purposes, then each of the parties shall use all commercially reasonable efforts to obtain all necessary State and local governmental approvals and to enter into a “triple

net” lease of said leasehold premises for a nominal fee, with the form and substance of such lease to be reasonably acceptable to Grantee, ARHS and any applicable construction or permanent lender with respect to such facility.

(b) Notices. Unless otherwise provided herein, any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given the day after such notice was deposited with a nationally-recognized overnight delivery service, or the date sent by confirmed electronic mail, and addressed as follows:

If to Grantee: State of North Carolina, Department of Administration  
Attn: Speros Fleggas  
Deputy Secretary, Department of Administration  
1321 Mail Service Center  
Raleigh, North Carolina 27669-1321  
Telephone: (919) 807-2445  
E-mail: [speros.fleggas@doa.nc.gov](mailto:speros.fleggas@doa.nc.gov)

If to ASU: Appalachian State University  
Attn: Dr. Sheri N. Everts  
Chancellor  
ASU Box 32002  
Boone, North Carolina 28608  
Telephone: (828) 262-2040  
E-mail: [evertssn@appstate.edu](mailto:evertssn@appstate.edu)

Copy to: Office of General Counsel  
Attn: Dayton Cole  
Appalachian State University  
P.O. Box 32126  
Boone, North Carolina 28608  
Telephone: (828) 262-2751  
E-mail: [coledt@appstate.edu](mailto:coledt@appstate.edu)

If to Grantor or ARHS: Appalachian Regional Healthcare System, Inc.  
Attn: Richard G. Sparks  
President and Chief Executive Officer  
336 Deerfield Road  
Boone, North Carolina 28607  
Telephone: (828) 262-4301  
E-mail: [rsparks@apprhs.org](mailto:rsparks@apprhs.org)

Copy to: Smith Moore Leatherwood LLP  
Attention: Robert L. Wilson, Jr., Esq.  
434 Fayetteville Street, Suite 2800  
Raleigh, North Carolina 27601  
Telephone: (919) 755-8823  
E-mail: [bob.wilson@smithmoorelaw.com](mailto:bob.wilson@smithmoorelaw.com)

or such other address as either party may from time to time specify in writing to the other by means of a notice given in accordance with this provision.

(c) Brokers and Finders. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the sale contemplated herein.

(d) Amendments. Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by Grantor and Grantee.

(e) Continuation and Survival. The provisions of this Agreement that contemplate performance after Closing shall not be deemed to be merged into or waived by the instruments of Closing.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

(g) Merger of Prior Agreements. This Agreement, including the exhibits hereto, constitutes the entire agreement among the parties with respect to the conveyance of title to the Property and supersedes all prior agreements and understandings among the Parties hereto relating to the subject matter hereof. Specifically, the Pledge Agreement between ARHS, Grantor, Grantee, and ASU regarding the Property is hereby terminated as of the Effective Date.

(h) Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile or e-mail transmission of portable document format ("PDF") counterparts of the signature pages which facsimile or PDF counterparts shall be binding as original signature pages.

(i) Non-Termination Provision. Grantor and ARHS and Grantee and ASU understand and agree that upon the expiration of the Due Diligence Period, this Agreement and the conveyance described herein shall be non-terminable and, furthermore, that upon the completion of the Final Condition, Escrow Agent shall record the Deed and effect Closing in accordance with the terms of this Agreement and the Escrow Instructions.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**STATE OF NORTH CAROLINA,  
DEPARTMENT OF ADMINISTRATION**

By: \_\_\_\_\_  
Speros Fleggas  
Deputy Secretary  
Department of Administration

**APPALACHIAN STATE UNIVERSITY**

By: \_\_\_\_\_  
Dr. Sheri N. Everts  
Chancellor

**APPALACHIAN REGIONAL HEALTHCARE  
SYSTEM, INC.**

By: \_\_\_\_\_  
Richard G. Sparks  
President and Chief Executive Officer

**ARHS PROPERTIES, INC.**

By: \_\_\_\_\_  
Richard G. Sparks  
President

The Escrow Agent hereby executes this Agreement for the sole purpose of agreeing to act in accordance with the provisions of this Agreement and the escrow provisions attached as **Exhibit D** to this Agreement.

**ACKNOWLEDGED AND AGREED:**

SMITH MOORE LEATHERWOOD LLP

By: \_\_\_\_\_  
Robert L. Wilson, Jr.  
Partner

**LIST OF EXHIBITS**

Exhibit A	Legal Description of Property
Exhibit B	North Carolina Gift Deed
Exhibit C	Declaration of Restrictive Covenants
Exhibit D	Escrow Instructions

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**

BEING approximately 8.98 acres, which is the 14.289 acres described in Book of Records 93, Page 530, less 5.310 acres previously conveyed to the Town of Boone in Book of Records 207, Page 329.

**EXHIBIT B**

**NORTH CAROLINA GIFT DEED**

[On Following 2 Pages]



**NORTH CAROLINA DEED OF GIFT**

Excise Tax: \$0.00 (Gift Deed)

Parcel Identifier No. \_\_\_\_\_ Verified by Watauga County on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

Mail/Box to: \_\_\_\_\_

This instrument was prepared by: \_\_\_\_\_

Brief description for the Index: \_\_\_\_\_

THIS DEED made this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by and between

GRANTOR	GRANTEE
<b>ARHS PROPERTIES, INC.</b> , a North Carolina nonprofit corporation 336 Deerfield Road Boone, North Carolina 28607	<b>STATE OF NORTH CAROLINA,  DEPARTMENT OF ADMINISTRATION</b> 116 West Jones Street Raleigh, North Carolina 27603

Enter in appropriate block for each Grantor and Grantee: name, mailing address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that Grantor, in consideration and support of the nonprofit and charitable purposes of Grantor, and for other valuable consideration given or paid by Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, give and convey unto Grantee in fee simple all that certain lot or parcel of land situated in the Town of Boone, Watauga County, North Carolina and more particularly described as follows:

BEING approximately 8.98 acres, which is the 14.289 acres described in Book of Records 93, Page 530, less 5.310 acres previously conveyed to the Town of Boone in Book of Records 207, Page 329.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1163, Page 159. This deed is subject to that certain Declaration of Restrictive Covenants (the "Restrictive Covenants") dated of an even date herewith, and recorded at Book \_\_\_\_\_, Page \_\_\_\_\_ of the Watauga County Register of Deeds on the date of filing of this Deed.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to Grantee in fee simple.

And Grantor covenants with Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, other than the following exceptions: This property is conveyed subject to ad valorem taxes for the current year and subsequent years, the Restrictive Covenants, and any other easements, restrictions and rights of way of record.

IN WITNESS WHEREOF, Grantor has duly executed the foregoing as of the day and year first above written.

**ARHS PROPERTIES, INC.**

By: \_\_\_\_\_

Print Name: Richard G. Sparks

Title: President

---

STATE OF NORTH CAROLINA  
COUNTY OF \_\_\_\_\_

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document: \_\_\_\_\_

Today's Date: \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
[Notary's signature as name appears on seal]

\_\_\_\_\_  
[Notary's printed name as name appears on seal]

[Affix Notary Seal in Space Above]

My commission expires: \_\_\_\_\_

**EXHIBIT C**

**DECLARATION OF RESTRICTIVE COVENANTS**  
[On Following 3 Pages]

## DECLARATION OF RESTRICTIVE COVENANTS

### NORTH CAROLINA WATAUGA COUNTY

THIS DECLARATION OF RESTRICTIVE COVENANTS (“Declaration”) is made as of \_\_\_\_\_, 201\_, by **ARHS PROPERTIES, INC.**, a North Carolina nonprofit corporation, herein referred to as the “Declarant”.

#### WITNESSETH:

**WHEREAS**, Declarant is the owner of all that certain lot or parcel of land situated in the Town of Boone, Watauga County, North Carolina, and more particularly described below, which property described was acquired by Grantor by instrument recorded in Book 1163, Page 159 (the “Property”):

BEING approximately 8.98 acres, which is the 14.289 acres described in Book of Records 93, Page 530, less 5.310 acres previously conveyed to the Town of Boone in Book of Records 207, Page 329.

**WHEREAS**, Declarant desires, for the benefit of Declarant, Appalachian Regional Healthcare System, Inc., a North Carolina nonprofit corporation (“ARHS”) and Watauga Medical Center, Inc., a North Carolina nonprofit corporation (“WMC”), and their respective successors, affiliates and assigns, to impose a restrictive covenant on the Property to protect the contemplated use and character of the Property.

**NOW, THEREFORE**, for and in consideration of the premises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant does hereby declare, covenant and agree, for itself and its successors and assigns, that the Property shall hereafter be subjected to and bound by the following restrictions, covenants and conditions, all of which shall be deemed to run with the land and all of which shall be binding upon the owners of the Property and all parts thereof and which are being imposed for the purpose of protecting the contemplated use and value of the Property, in conformity with the nonprofit and charitable purposes of Declarant, ARHS and WMC, their successors, affiliates and assigns (the “Declarant Group”).

1. **Restrictions.** The Property shall be subject to the following restrictions:

The Property shall not be used for any other purpose except the construction and operation of a facility to house all or a substantial portion of the Appalachian State University (the “University”) College of Health Sciences, together with (i) any other facilities substantially used for purposes consistent with the mission of the University and/or the missions of its related affiliates, and (ii) such other facilities as any one or more members of the Declarant Group may deem in writing to be consistent with any one or more nonprofit purposes or missions of the Declarant Group, provided,

however, that the Property and such facilities shall not be used under any circumstances to provide goods or services that either directly or indirectly compete with the provision of the same or similar goods or services by the Declarant Group.

2. **Covenants Running with the Land.** These covenants are to run with the land and shall be binding upon all parties and all persons claiming under them in perpetuity.

3. **Enforcement.** Enforcement of the covenants and restrictions set forth herein shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any such covenant or restriction, either to restrain violation or to recover damages, and the enforcing party shall be entitled to recover from any party violating this Declaration reasonable attorneys' fees and court costs in doing so. The covenants and restrictions set forth herein may be enforced by the owner or governing body or successor, heir or assign of any of the Property or the Declarant Group, and by those claiming by, through or under such entities. A failure by an owner or governing body or successor, heir or assign of any owner of the Property or the Declarant Group, to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed to be a waiver or estoppel of the right of enforcement thereafter.

4. **Severability.** Should any covenant or restriction herein contained or any provision hereof be declared to be void, invalid, illegal or unenforceable, for any reason, by a final determination of a court of competent jurisdiction, such determination shall in no way affect the other covenants, restrictions or provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

5. **Amendment.** This Declaration may be amended only by a written instrument executed by (i) the then owners of the Property, and (ii) any one or more members of the Declarant Group.

6. **Duration.** The covenants and restrictions set forth herein shall run with and bind the Property, and shall inure to the benefit and be enforceable by the Declarant Group and owners of the Property for a period of thirty (30) years from the date this Declaration is recorded.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed as of the day and year first appearing above.

**ARHS PROPERTIES, INC.**

By: \_\_\_\_\_  
Richard G. Sparks  
President

STATE OF NORTH CAROLINA  
COUNTY OF \_\_\_\_\_

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document: \_\_\_\_\_.

Today's Date: \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
[Notary's signature as name appears on seal]

\_\_\_\_\_  
[Notary's printed name as name appears on seal]

My commission expires: \_\_\_\_\_

[Affix Notary Seal in Space Above]

**EXHIBIT D**

**ESCROW INSTRUCTIONS**

[On Following 3 Pages]

**VIA OVERNIGHT DELIVERY**

\_\_\_\_\_, 20\_\_

Smith Moore Leatherwood LLP  
Attention: Robert L. Wilson, Jr., Esq.  
434 Fayetteville Street, Suite 2800  
Raleigh, North Carolina 27601

Re: Escrow Closing of the Conveyance of the Property from ARHS Properties, Inc. to  
State of North Carolina, Department of Administration

Dear Mr. Wilson:

This letter constitutes escrow closing instructions to you from **Appalachian Regional Healthcare System, Inc. ("ARHS")**, **ARHS Properties, Inc. ("Grantor")**, **State of North Carolina, Department of Administration ("Grantee")** and **Appalachian State University ("ASU")** in connection with Grantor's donation of the real property (the "**Conveyance**") more particularly described on **Exhibit A**, attached hereto and incorporated herein by reference (the "**Property**") to Grantee pursuant to the terms of that certain Agreement For Escrow Closing between and among ARHS, Grantor, Grantee and ASU dated \_\_\_\_\_ (the "**Closing Agreement**").

- A. **Delivery of Documents.** Delivered to you herewith are the following documents relating to the Conveyance (collectively, the "**Delivered Documents**"), all of which are executed originals unless designated otherwise:
1. North Carolina Deed of Gift conveying the Property from Grantor to Grantee (the "**Deed**");
  2. Declaration of Restrictive Covenants by Grantor limiting the use of the Property for the construction and operation of a college of health sciences as such use is more particularly described therein (the "**Use Restrictions**").
  3. Owner Affidavit and Indemnity Agreement;
  4. Form 1099;
  5. Affidavit of Non-foreign Status; and
  6. Closing Statement.
- B. **Conditions to Closing.** The following are the conditions to closing the Conveyance (collectively, the "**Closing Conditions**"):
1. The Final Condition, as that term is defined in the Closing Agreement, shall have been completed in accordance with the terms of the Closing Agreement.



C. **Closing.** When all of the foregoing Closing Conditions have been fully met, you shall:

1. Notify Dr. Sheri N. Everts, Chancellor, ASU, Box 32002, Boone, North Carolina 28608, and Richard G. Sparks, President and Chief Executive Officer, ARHS, 336 Deerfield Road, Boone, North Carolina 28607, and advise them that the closing conditions have been met; and then
2. Arrange for recording, in the appropriate records of Watauga County, North Carolina, the Use Restrictions and the Deed, **in that order.**

D. **Escrow Conditions.**

1. Escrow Agent shall not be liable for loss or damage resulting from:
  - (a) Any good faith act or forbearance of Escrow Agent;
  - (b) Any default, error, action or omission of any party, other than Escrow Agent;
  - (c) The expiration of any time limit or other delay which is not solely caused by the failure of Escrow Agent to proceed in its ordinary course of business, and in no event where such time limit is not disclosed in writing to the Escrow Agent;
  - (d) The lack of authenticity of any writing delivered to Escrow Agent or of any signature thereto, or the lack of authority of the signatory to sign such writing;
  - (e) Escrow Agent's compliance with all attachments, injunctions, orders, judgments, or other legal process issued out of any court; or
  - (f) Escrow Agent's assertion or failure to assert any cause of action or defense in any judicial or administrative proceeding.
2. If Escrow Agent is in doubt as to the proper application or disposition of the deposited funds or documents in its possession or if conflicting demands are made to such funds, then Escrow Agent may file an action of interpleader with any court of appropriate jurisdiction and/or may file an action for declaratory judgment or otherwise seek instructions with such court. Upon deposit of the funds or documents with the court, Escrow Agent shall be released and dismissed from the interpleader, subject to any claim which it may have to the funds for its costs, expenses and indemnification provided herein. To the extent permitted by law, and without any waiver of sovereign immunity by or on behalf of ASU, Escrow Agent shall be indemnified by the parties hereto for its expenses, costs, and reasonable attorney's fees incurred in connection with any interpleader action which Escrow Agent may file or which may be filed

against the Escrow Agent. If Escrow Agent is made a party to any judicial action, hearing or process based on acts of any of the other parties hereto and not on the malfeasance or negligence of Escrow Agent in its duties hereunder, the expenses, costs and reasonable attorney fees incurred by Escrow Agent in responding to such action, hearing or process may be deducted from the funds held hereunder.

3. Escrow Agent may rely on a written document executed by Grantor and Grantee which authorizes the release or disposition of the funds or documents, in whole or in part, which the Escrow Agent reasonably believes to be genuine.
4. If any party makes a written claim or demand for disbursement of the funds and/or documents, in whole or part, from the Escrow Agent, and either the demanding party or the Escrow Agent notifies another party of the claim or demand, and such other party fails to object to the claim or demand within ten (10) days after the effective date of the notice of claim or demand, then Escrow Agent may disburse the funds and/or documents in accordance with the demand without further inquiry.

E. **Confirmation.** As soon as the Delivered Documents to be recorded have been recorded, please provide written confirmation of such recording to both Chancellor Everts and President Sparks.

Please acknowledge your receipt of the Delivered Documents listed in Paragraph A above and confirm your agreement to comply with the foregoing instructions by signing the attached copy of this letter in the space provided on the last page and returning such acknowledgement to the undersigned.

**STATE OF NORTH CAROLINA,  
DEPARTMENT OF ADMINISTRATION**

**APPALACHIAN STATE UNIVERSITY**

By: \_\_\_\_\_  
Speros Fleggas  
Deputy Secretary  
Department of Administration

By: \_\_\_\_\_  
Dr. Sheri N. Everts, Chancellor

**APPALACHIAN REGIONAL HEALTHCARE  
SYSTEM, INC.**

**ARHS PROPERTIES, INC.**

By: \_\_\_\_\_  
Richard G. Sparks, President and Chief Executive  
Officer

By: \_\_\_\_\_  
Richard G. Sparks, President

**RECEIPT AND ACKNOWLEDGMENT**

The undersigned hereby acknowledges receipt of all of the Delivered Documents described in Paragraph A above, and confirms that, except for confirmation of the completion of the Final Condition, all requirements necessary for the recording of those documents included in the Delivered Documents and all conditions precedent for Closing have been met, and that upon the confirmation of the completion of the Final Condition the Property shall be conveyed to the Grantee.

Dated: \_\_\_\_\_, 2015

SMITH MOORE LEATHERWOOD LLP

By: \_\_\_\_\_  
Name: Robert L. Wilson, Jr.  
Title: Partner

APPENDIX A

MINUTES  
MEETING OF THE ACADEMIC AFFAIRS COMMITTEE  
APPALACHIAN STATE UNIVERSITY  
BOARD OF TRUSTEES

Friday, March 27, 2015  
8:30 a.m.  
Beacon Heights Room  
Plemmons Student Union

CALL TO ORDER: The Academic Affairs Committee of the Board of Trustees of Appalachian State University met at the call of the Chair on Friday, March 27, 2015, at 8:30 a.m. in the Beacon Heights Room of the Plemmons Student Union on the campus of Appalachian State University in Boone, North Carolina. Dr. Brenda White Wright presided and called the meeting to order.

MEMBERS PRESENT:

M. Lee Barnes, Jr.  
H. Martin Lancaster  
Michael A. Steinback  
Carole P. Wilson  
Brenda White Wright

CONSTITUENCY REPRESENTATIVES  
PRESENT (*ex-officio*):

Andy Koch, Chair  
Faculty Senate  
James K. Reaves, President  
Alumni Council

OTHERS PRESENT:

Stan Aeschleman  
Mike Mayfield  
Susan McCracken  
Jane Nicholson  
Anna Oakes (*Watauga Democrat*)

Conflict of Interest Notice: Chair Brenda White Wright read the following:

“Under the State Government Ethics Act, all voting members of the Board of Trustees have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today’s meeting, does anyone know that you have a conflict of interest or an interest that would give rise to the appearance of a conflict of interest? If so, please let me know now.” Interim Provost Stan Aeschleman informed the Committee that he would be recusing himself from one agenda item to be covered in closed session.  
[No Others Reported]

Academic Affairs Leadership Transition Update:

Interim Provost Stan Aeschleman briefly updated the Committee on the Provost search. It is anticipated that the new Provost will be appointed in time to begin work on July 1, 2015. Dr. Aeschleman shared with the Committee that the University will have several other important leadership positions to fill within the next year. Currently, there are Interim Deans serving in the College of Business and College of Education. The Dean of the College of Fine and Applied Arts has also expressed her intent to retire next year. Dr. Bobby Sharp, Director of Institutional Research, Assessment and Planning, and Mr. Lloyd Scott, Director of Admissions, are both retiring this year, effective June 30, 2015. Further, there is an interim appointment serving as the Vice Provost for Research, and the Vice Provost for Faculty Development position is currently vacant. We hope to fill the Vice Provost for Faculty Development position on an interim basis so that this position is available to assist the new Provost. Members of the Board of Trustees offered their full support to the University and to the Office of Academic Affairs during this period of transition.

Open Session Adjourned

Motion was made by H. Martin Lancaster and seconded by Michael Steinback that the Committee convene in closed session to:

- prevent the disclosure of privileged information [N.C.G.S. §143-318.11(a)(1)];
- prevent the premature disclosure of an honorary award or scholarship [N.C.G.S. §143-318.11(a)(2)];
- establish or instruct the staff or agent concerning the negotiations of the amount of compensation or other terms of an employment contract [N.C.G.S. §143-318.11(a)(5)]; and
- consider the qualifications, competence, performance, character, fitness, conditions of appointment or conditions of initial employment of an individual public officer or employee or prospective public officer or employee [N.C.G.S. §143-318.11(a)(6)].

Motion was approved unanimously.

Open Session Reconvened

Chairperson Brenda White Wright reconvened the open session.

Discussion continued in open session relative to the recent Board of Governors approval of Appalachian State University's five percent tuition increase for each of the next two fiscal years. It was reiterated that a large majority of this funding increase will be directed to faculty salaries and to other faculty-focused initiatives. The group discussed the importance of staying vigilant in regards to ensuring that our faculty salaries remain competitive. Faculty salaries continue to be a retention and recruitment issue for us.

Appendix A  
March 27, 2015  
Page 3

There being no further business, a motion was made by Michael Steinback and seconded by Lee Barnes to adjourn at 9:27 a.m. The motion was approved unanimously.

Respectfully submitted,

David H. Cook  
Recording Secretary

MINUTES  
MEETING OF THE BUSINESS AFFAIRS COMMITTEE  
APPALACHIAN STATE UNIVERSITY  
BOARD OF TRUSTEES

Friday, March 27, 2015  
8:30 a.m.  
Rough Ridge Room  
Plemmons Student Union

CALL TO ORDER: The Business Affairs Committee of the Board of Trustees of Appalachian State University met at the call of the Chairperson and the Chancellor on Friday, March 27, 2015, at 8:30 a.m. in the Rough Ridge Room of the Plemmons Student Union on the campus of Appalachian State University, Boone, North Carolina. Mr. Donald C. Beaver presided.

MEMBERS PRESENT:

Mr. Donald C. Beaver  
Mr. James M. Barnes  
Mr. Frank A. Daniels, Jr.  
Mr. Charles V. Murray  
Dr. Alice G. Roess

CONSTITUENCY REPRESENTATIVE  
PRESENT:

Ms. Amy Sanders, President  
Staff Senate

OTHERS PRESENT:

Mr. Mark Bachmeier  
Mr. Jeff Cloninger  
Dr. Randy Edwards  
Dr. Sheri N. Everts  
Ms. Denise Foutz  
Mr. Greg Lovins  
Ms. Betsy Payne  
Mrs. Susan Pettyjohn  
Mr. Jeff Pierce  
Ms. Diane Pitts  
Mr. Rick Presnell

Request for License or Memorandum of Understanding – James A. Booe, Jr. – Whitener Drive: Mr. Greg Lovins, Vice Chancellor for Business Affairs, stated that Mr. James A. Booe, Jr. sold his home at 312 Whitener Drive which adjoins property owned by the University. During the due diligence of the sale, the new owner ordered a survey and it revealed that the Booe property driveway and a rock wall overlapped onto University owned property. The new owner has requested permission to maintain the rock wall and continue to use the gravel driveway. The University recommends entry into an agreement that accommodates the current owner's request

without limiting the University's ability to develop the property in the future. Following discussion, the motion was made and seconded to grant the license or memorandum of understanding for this property on Whitener Drive. The motion carried.

There being no further business, the meeting adjourned at 8:45 a.m.

Respectfully submitted,  
Diane Pitts



APPENDIX C

MINUTES  
MEETING OF THE STUDENT DEVELOPMENT COMMITTEE  
APPALACHIAN STATE UNIVERSITY  
BOARD OF TRUSTEES

Friday, March 27, 2015  
9:30 a.m.  
Beacon Heights Room  
Plemmons Student Union

CALL TO ORDER: The Student Development Committee of the Board of Trustees of Appalachian State University met at the call of the Chair of the Committee on Friday, March 27, 2015, at 9:30 a.m. in the Beacon Heights Room of Plemmons Student Union on the campus of Appalachian State University in Boone, North Carolina. Mr. Lee Barnes, Jr., Chair, presided and called the meeting to order.

MEMBERS PRESENT:

M. Lee Barnes, Jr.  
Frank A. Daniels, Jr.  
H. Martin Lancaster  
Charles V. Murray  
Carson D. Rich  
Brenda White Wright

CONSTITUENCY REPRESENTATIVE  
PRESENT:

Andy M. Koch, Chair  
Faculty Senate

OTHERS PRESENT:

Mark Bachmeier  
J. J. Brown  
Dayton Cole  
Zoe Deloglos  
Dino DiBernardi  
Matt Dull  
Amber Haigler  
Bindu Jayne  
Donna Jones  
Merrick Marquie  
Alice G. Roess  
Traci Royster  
Cindy Wallace

Chair Barnes read the Conflict of Interest statement. There were none reported.

Chair Barnes welcomed everyone and introduced three students for presentations: Amber Haigler, Zoe Deloglos and Merrick Marquie.

The students shared information about themselves. Zoe has been very involved and one of the things she is most proud of is her involvement with the implementation of AppSync. Amber has been involved closely with University Recreation in Intramurals and Club Sports. Merrick is a young entrepreneur who already owns his own company.

The students shared a PowerPoint presentation. Merrick's comments focused on:

- Student Programs -- students work with the facilities and programming. They run Legends as well as the Student Union. They try hard to let students know the world is not black and white – there are gray areas where conversations need to be had.
- The Appalachian and Community Together (ACT) Office oversees the international Alternative Student Experience (ASE) program. Merrick shared about his experience in Nicaragua rebuilding a school. He spoke about the Martin Luther King Challenge that ACT sponsors each year to provide a day on rather than a day off. Students and other volunteers provide an entire day of service within the community. ACT has one of the largest blood drives in the country.
- Appalachian Popular Programming Society (APPS) has 133 members. They have been trying to reach out to younger members to see what they are trying to get out of the organization. They are trying to cultivate their leaders to have difficult discussions about our culture. Merrick stated that they are trying to lead the campus forward. CASE is a programming group to help students learn about other cultures.

Zoe's comments focused on:

- Leadership Programs – Linking Education and Diversity (LEAD) orientation links education and diversity. It was established in 2008. It connects underrepresented students to each other, campus mentors, and to the leadership opportunities and resources at Appalachian.
- First Year Leadership/Engagement – Trailhead, Emerging Leaders, Leadership Educators, and Student Media, which gives students a chance to be published (*The Appalachian* and *The Peel*). Merrick said *The Appalachian* just won the top on-line news award in the state and *The Peel* just won several literary awards. Zoe has learned that if she can understand where someone is coming from, it helps her be more understanding.

Amber's comments focused on:

- Fraternity and Sorority Life. She said you get the social aspect as well as service and leadership. They have 1,840 members, 27 recognized chapters and colonies, 64% of membership has a 3.0 or higher GPA, and \$121,120 was raised for local and national philanthropies.
- Residential Leadership – they have over 130 Resident Assistants and Graduate Assistants as well.

Mr. Murray asked Amber about the Chancellor's Student Advisory Board for Diversity Recruitment that she chairs. She said it is their first year. The next step will be skype dates with multicultural students to invite them to come to the Diversity Celebration. These students have been admitted, but not committed.

Dr. White Wright asked if there is a way to follow-up with students who are admitted but not committed and find out why they chose to not come. Matt Dull said in 2008 we did a non-matriculation survey to all students who decided to not come to ASU and he is not sure if we have done the survey since that time.

Matt asked the students to share how they feel they have transformed since they began at Appalachian. Zoe said she had planned to go to Liberty University. She came on her tour here and it was a rainy, dreary day and she loved it. She had a great Student Orientation Undergraduate Leader (SOUL) who connected her with Emerging Leaders. She still has incredible relationships from that and it gave her the desire to give back to the next generation and become involved. She was a part of Club Council and helped create Club Hub – a place to equip club leaders and members with resources they need. She has become plugged into the Student Conduct Board. It is a really important point where students sit before their peers. She is currently waiting to hear from law schools to which she has applied.

Amber came in as a NC Teaching Fellow, but she really branched out when she got involved with Greek Life her sophomore year. She took on several leadership roles with Greek Life and works in Admissions. She has been approved to study abroad in Argentina in the Fall and then she will come back and do her student teaching.

Merrick and his dad made an Excel model to help decide where the best place for him to attend college would be. He received the Plemmons Fellowship. His main concern was being able to get a job in the business world. The faculty on campus are so much more engaging than on other campuses. He has conversations with professors all the time that are not class related. He feels it is not your traditional college experience because professors are willing to engage with you. He was a Holland Fellow – that was a tremendous experience. He had planned to go to law school, but now has the entrepreneurial bug. He works 40 hours per week on his company. He likes to do several things at once. His company sells custom tailored suits to college students and young professionals for \$295.

Mr. Barnes thanked the group for their presentations. Upon motion duly made, seconded and approved, the Committee moved into closed session to prevent the premature disclosure of an honorary award or scholarship and consult with its attorney to protect the attorney-client privilege.

After the closed session was adjourned, Mr. Daniels moved that open session be adjourned. Dr. White Wright seconded the motion and all approved. The meeting was adjourned at 10:27 a.m.

Donna Jones  
Recording Secretary

APPENDIX D

MINUTES  
MEETING OF THE UNIVERSITY ADVANCEMENT COMMITTEE  
APPALACHIAN STATE UNIVERSITY  
BOARD OF TRUSTEES

Friday, March 27, 2015  
Room 415 - Rough Ridge  
Plemmons Student Union

CALL TO ORDER: The University Advancement Committee of the Board of Trustees of Appalachian State University (the "Committee") met at the call of the Chair on Friday, March 27, 2015, at 9:30 a.m., in the Rough Ridge room of Plemmons Student Union on the campus of Appalachian State University in Boone, North Carolina. Ms. Carole P. Wilson, Chair, presided and called the meeting to order.

MEMBERS PRESENT:

James M. Barnes  
Donald C. Beaver  
Michael A. Steinback  
Carole P. Wilson

CONSTITUENCY REPRESENTATIVES

PRESENT: (*ex-officio*):

James K. Reaves, President,  
Alumni Association  
Amy A. Sanders, Chair,  
Staff Senate

OTHERS PRESENT:

Nancy A. Dunfee  
Randy K. Edwards  
Sheri N. Everts  
Henry T. Foreman  
Ariadne C. Harris  
Gregory M. Lovins  
Susan D. McCracken  
Susan H. Pettyjohn  
Patrick K. Setzer  
Fred K. Whitt

MEDIA PRESENT:

Anna Oakes, *Watauga Democrat*

CONFLICT OF INTEREST NOTICE: Chair Wilson read the following:

Under the State Government Ethics Act, all voting members of the Board of Trustees have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today's meeting, does anyone know that you have a conflict of interest or an

interest that would give rise to the appearance of a conflict of interest? If so, please let me know now.

Chair Wilson indicated that she would need to recuse herself for Item 2 of the Closed Session.

Overview of Campaign Results: Mrs. Pettyjohn thanked everyone for their help on the campaign and announced that we had surpassed our campaign goal with commitments totaling \$203,593,769. There were 121,612 individual gifts received with 18,945 alumni making gifts. Total endowment growth was \$29.2 million, and there were 124 new endowed scholarships established along with 10 new professorships. Scholarship support was lower than our goal; the number of professorships doubled. We are doing further analysis of the data from the campaign. We will need to do more with our alumni participation rate (APR) as we will eventually be measured on this by the Board of Governors. APR is the proportion of alumni who give each year, and the denominator increases each year when students graduate. We will have two commitments from the State Employees' Credit Union Foundation (SECU) in the near future.

Our priority needs for the future are: professorships, scholarships, unrestricted funds, and funding for the College of Health Sciences building.

Chair Wilson thanked Mrs. Pettyjohn for her work on the campaign.

College of Health Sciences Update: Dr. Whitt provided highlights about the college and its programs. There are currently 14 programs with two additional programs expected in the near future. The college has seen a 79% increase in undergraduate majors in the last 5 years and a doubling of enrollment. There has been development of significant public-private partnerships along with a new dean's scholarship program.

Chair Wilson called for a motion to move into closed session. Upon motion duly made by Mr. Barnes, seconded by Mr. Steinback, the motion was approved at 10:14 a.m. and the Committee convened in closed session to:

1. prevent the premature disclosure of an honorary award or scholarship.  
[N.C.G.S. § 143-318.11(a)(2)]

The committee members, chancellor, vice chancellor, chief of staff, and recording secretary were asked to remain for the closed session.

After reconvening in open session at 10:18 a.m. and there being no further business, Mr. Barnes made a motion to adjourn, seconded by Mr. Steinback. The meeting adjourned at 10:19 a.m.

Respectfully submitted,

Nancy A. Dunfee  
Recording Secretary

MINUTES  
MEETING OF THE AUDIT COMMITTEE  
APPALACHIAN STATE UNIVERSITY  
BOARD OF TRUSTEES

Thursday, March 26, 2015  
4:00 p.m.  
Linn Cove Room  
Plemmons Student Union

CALL TO ORDER: The Audit Committee of the Board of Trustees of Appalachian State University met at the call of the Chair on Thursday, March 26, 2015, at 4:00 p.m. in the Linn Cove Room of the Plemmons Student Union on the campus of Appalachian State University in Boone, North Carolina. Mr. Charles V. Murray, Chair, presided and called the meeting to order.

MEMBERS PRESENT:

M. Lee Barnes, Jr.  
Frank A. Daniels, Jr.  
Charles V. Murray  
James K. Reaves  
Michael A. Steinback

OTHERS PRESENT:

Bradley T. Adcock  
Mark Bachmeier  
Cathy J. Bates  
Dayton T. Cole  
Randy K. Edwards  
Terry M. Edwards  
Sheri N. Everts  
Denise Foutz  
Gregory M. Lovins  
Susan H. Pettyjohn  
Rick C. Presnell  
Kathy B. Roark  
Alice G. Roess  
Michael D. Stanley  
James T. Webb

CONFLICT OF INTEREST NOTICE: Chair Murray read the following:

"Under the State Government Ethics Act, all voting members of the Board of Trustees have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today's meeting, does anyone know that you have a conflict of interest or an interest that

would give rise to the appearance of a conflict of interest? If so, please let me know now."  
[None reported.]

### NCAA Agreed Upon Procedures Audit

Mr. Mike Stanley, Chief Audit Officer, reported this is a mandated external audit that is completed by a local accounting firm. There were no audit findings.

### Summary of Recent Audits and Reviews/2014-15 Audit Plan

Mr. Stanley provided a summary of the following audits and reviews:

- Disaster Recovery Plan – each unit has one on file.
- Athletics Audit - no significant findings.
- NCAA Two-Year Transition – Paid Attendance Ticket Audit. This audit is required by NCAA in order to meet Football Bowl Subdivision (FBS) requirements. Review indicated attendance was correctly stated and supported by adequate, relevant and sufficient documentation.
- Office of State Auditor (OSA) hotline investigation anonymous complaint related to an event held at the Schaefer Center. One recommendation: that the ASU Policy for Facility Use be followed in securing the Schaefer Center and thus correctly determining the usage/rental fee. Management agreed with the finding and stated the policy will be followed in the future.
- Quarterly Reviews - procurement cards, Foundation disbursements, departmental fund activity reconciliation, travel disbursements, and fixed assets.
- Audits for Bookstore, Food Services and Housing (plan for three-year rotation).

### Update of Quality Assurance and Improvement Program

Mr. Stanley stated that most of the internal assessment related to this program has been completed for this year. Trustee Steinback suggested the Audit Committee be sure to look at self-audit report – do not want it to be blemished in any way.

### Review and Approval of Updated Audit Activity Charter

Upon motion duly made, seconded and approved, the Audit Activity Charter was approved as presented, subject to changes by Dayton Cole.

### Review and Approval of Updated Audit Committee Charter

Upon motion duly made, seconded and approved, the Audit Committee Charter was approved as presented, subject to changes by Dayton Cole.

Update on Information Security Policy and Office of State Auditors  
IT Controls Audit

Mr. Jim Webb, Chief Information Security Officer, distributed an Information Security Policy Report. He reviewed the focus and compliance obligations related to this policy and the pending IT Control Audits to be conducted by the North Carolina Office of the State Auditor.

Other

Mr. Mark Bachmeier, Director of Human Resource Services, distributed and reviewed the Management Flexibility Annual Report (2013-14), to be submitted to General Administration on an annual basis. This will be an item for the May meeting of the UNC Board of Governors.

Mr. Stanley stated that he would be retiring, effective March 31, and appreciated the support of the Trustees during his service as Chief Audit Officer. The Trustees congratulated and thanked Mr. Stanley for his service.

ADJOURNMENT: There being no further business, the meeting of the Audit Committee adjourned at 5:10 p.m.

CHARLES V. MURRAY, Chair

By: Kathy B. Roark  
Kathy B. Roark  
Assistant Secretary, Board of Trustees



MINUTES  
MEETING OF THE ATHLETICS COMMITTEE  
APPALACHIAN STATE UNIVERSITY  
BOARD OF TRUSTEES

Thursday, March 26, 2015  
3:00 p.m.  
Rough Ridge Room  
Plemmons Student Union

CALL TO ORDER: The Athletics Committee of the Board of Trustees of Appalachian State University met at the call of the Chairperson and the Chancellor on Thursday, March 26, 2015, at 3:00 p.m. in the Rough Ridge Room of the Plemmons Student Union on the campus of Appalachian State University, Boone, North Carolina. Mr. James M. Barnes presided and called the meeting to order.

MEMBERS PRESENT:

James M. Barnes  
Donald C. Beaver  
Frank A. Daniels, Jr.  
Michael A. Steinback  
Carole P. Wilson

OTHERS PRESENT:

Bradley T. Adcock  
Lloyd B. Beasley  
Dayton T. Cole  
Randy K. Edwards  
Sheri N. Everts  
Douglas P. Gillin  
Alan J. Hauser  
Gregory M. Lovins  
Susan H. Pettyjohn  
James K. Reaves  
Jonathan B. Reeder  
Alice G. Roess  
Michael D. Stanley

CONFLICT OF INTEREST NOTICE: Chair Barnes read the statement: "Under the State Government Ethics Act, all voting members of the Board of Trustees have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today's meeting, does anyone know that you have a conflict of interest or an interest that would give rise to the appearance of a conflict of interest? If so, please let me know now." None reported.

CHARGE TO THE COMMITTEE: Following Committee member introductions, Chancellor Sheri Everts provided an overview of the Board of Trustees *Bylaws* change establishing the

Athletics Committee (Bylaw 3.9 - <http://chancellor.appstate.edu/board-of-trustees/documents/board-of-trustees-bylaws.pdf>), and gave the official charge to the Committee.

COMMENTS FROM DOUG GILLIN: The Chancellor introduced Doug Gillin for comments. Mr. Gillin will officially assume his role as Director of Athletics at Appalachian State University on April 6, 2015. The new Appalachian State Head Field Hockey Coach, Meghan Dawson, was introduced on March 25, 2015, pending Board of Trustees approval of her contract. Mr. Gillin also discussed the new core values of the Department of Athletics, and fielded questions from the Committee.

PRESENTATION OF ATHLETICS ANNUAL REPORT: Mr. Rick Beasley, Interim Director of Athletics, and Mr. Jonathan Reeder, Assistant to the Chancellor for Athletics, reviewed information related to the Athletics Annual Report, which is required to be reported to the Board of Trustees per University of North Carolina policy.

REVIEW OF ANNUAL AUDITS OF ATHLETICS: Mr. Mike Stanley, Chief Audit Officer, presented the annual audits of athletics to the Committee. For the Annual Audit of Athletics, year end June 30, 2014, there were no audit findings. The year two Football Bowl Subdivision paid attendance audit was then presented, and all requirements were met with no additional audit findings. The year two Football Championship Subdivision (FCS) to Football Bowl Subdivision (FBS) compliance audit, ensuring that all divisional reclassification requirements have been met, is ongoing. The NCAA Agreed-Upon Procedures audit performed by Combs, Tennant & Carpenter, P.C., was recently completed with no audit findings. Finally, the student-athlete degree program clustering and course clustering audit performed in fall 2014 was discussed with no audit findings.

ADJOURNMENT: There being no further business, the meeting of the Athletics Committee adjourned at 4:01 p.m.

Respectfully submitted,

Jonathan B. Reeder  
Recording Secretary

MINUTES  
MEETING OF THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND  
APPALACHIAN STATE UNIVERSITY

Thursday, March 26, 2015  
5:15 p.m.  
Rough Ridge Room  
Plemmons Student Union

CALL TO ORDER: The Board of Trustees of the Endowment Fund met at the call of the Chair and the Chancellor on Thursday, March 26, 2015, at 5:15 p.m. in the Rough Ridge Room of the Plemmons Student Union on the campus of Appalachian State University, Boone, North Carolina. Mr. Bradley T. Adcock, Chair, presided and called the meeting to order.

MEMBERS PRESENT:

Mr. Bradley T. Adcock  
Mr. M. Lee Barnes, Jr.  
Dr. Randal K. Edwards  
Dr. Sheri N. Everts  
Mr. Gregory M. Lovins  
Dr. Alice G. Roess  
Mrs. Brenda White Wright

OTHERS PRESENT:

Mr. Dayton Cole  
Ms. Michelle Novacek  
Mrs. Susan Pettyjohn  
Ms. Diane Pitts

CONFLICT OF INTEREST NOTICE: Chair Bradley T. Adcock read the following:

"Under the State Government Ethics Act, all voting members of the Board of Trustees have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today's meeting, does anyone know that you have a conflict of interest or an interest that would give rise to the appearance of a conflict of interest? If so, please let me know now." [None reported]

ENDOWMENT INVESTMENT REPORT:

Mr. Greg Lovins, Vice Chancellor for Business Affairs, reported that as of January 31, 2015, the total investment with UNC Management Company, Inc. is \$28,089,329.58. The portfolio holdings are \$21,626,695.86 - Endowed Professorships, \$4,383,657.63 - New River Light and Power Company and \$2,078,976.09 - University Bookstore.

ADJOURNMENT:

There being no further business, the meeting adjourned at 5:25 p.m.

Respectfully submitted,  
Diane Pitts