

MINUTES
MEETING OF THE BOARD OF TRUSTEES
APPALACHIAN STATE UNIVERSITY

Friday, September 29, 2023
12:00 p.m.
Grandview Ballroom
North End Zone Facility

CALL TO ORDER: The Board of Trustees of Appalachian State University met at the call of the Chair and the Chancellor in the Grandview Ballroom in the North Endzone Facility on Friday, September 29, 2023, at 12:00 p.m. Acting Chair Mark E. Ricks presided and called the meeting to order.

MEMBERS PRESENT:

J. Jeffries Chesson
Tamela W. Everett
Anita B. Greene
James E. Harris
Scott K. Lampe
Juan Pablo Neri
James K. Reaves
Mark E. Ricks
E. Bonnie Schaefer
R. Thomas Sofield
Steven D. Wyatt

MEMBER PRESENT VIA ZOOM:

Fairley Bell Cook

MEMBER ABSENT:

Kimberly M. Shepherd

OTHERS PRESENT:

Dawn Antonucci
Jane Barghothi
JJ Brown
C. Philip Byers, UNC Board of Governors
Sheri Everts, Chancellor
Hank Foreman
Megan Hayes
Troy Johnson
Dan Layzell
Paul Meggett
Heather Norris

CONFLICT OF INTEREST NOTICE: Acting Chair Ricks read the following 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.

Acting Chair Ricks also read the following: "As we begin the business portion of the meeting, I would like to remind everyone of the Board's expectations for conduct at our meetings. We ask that those attending today remain respectful of fellow attendees and the Board. Those attending an official meeting may not engage in conduct that is inconsistent with our bylaws or that interferes with the rights of others to observe and listen to the proceedings. Any individual who disrupts the meeting will be asked to leave and may be subject to arrest."

ROLL CALL: Acting Chair Ricks asked Dawn Antonucci to call roll to verify all participants at the meeting.

RECOGNITION OF VISITORS: Acting Chair Ricks welcomed Board of Governors Member Philip Byers, guests and press in attendance as confirmed during the roll call.

APPROVAL OF ABSENCES: Acting Chair Ricks stated Chair Kimberly Shepherd was not able to attend due to personal reasons. Upon motion duly made and seconded, the absence was approved as presented.

ADMINISTRATION OF OATH OF OFFICE: Acting Chair Ricks recognized The Honorable Rebecca Eggers-Gryder of Watauga County to administer the oath of office to new and reappointed Trustees: Tamela Everett, Anita Greene, James Reaves, Thomas Sofield and Mark Ricks.

CLOSED SESSION: Acting Chair Ricks announced that he would entertain a motion for the Board to convene in closed session. Acting Chair Ricks asked that Board of Governors member Philip Byers, Chancellor Everts, the Provost and Executive Vice Chancellor, Vice Chancellors, General Counsel, Chief Communications Officer and the Assistant Secretary join the Trustees in closed session.

Acting Chair Ricks stated the livestream would be closed as the Board convenes in closed session. Once the Board returns to open session, the livestream will resume at approximately 1:00 pm.

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

prevent the disclosure of privileged or confidential information pursuant to North Carolina General Statute, Section 126-22 in accordance with [N.C.G.S. §143-318.11(a) (1)];

prevent the premature disclosure of an honorary degree, scholarship, prize, or similar award in accordance with [N.C.G.S. §143-318.11(a) (2)];

consult with the University's attorney in order to preserve the attorney-client privilege pursuant to [N.C.G.S. §143-318.11(a) (3)]; 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 in accordance with

[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 1:10 p.m.

REMARKS FROM CHANCELLOR EVERTS: (see Attachment 1).

REPORT FROM ATHLETICS COMMITTEE: Acting Chair Ricks recognized Trustee Thomas Sofield, Chair of the Athletics Committee, for this report.

Trustee Sofield stated the Athletics Committee had one contract for approval and the materials were provided in advance in BoardEffect for Trustee review. Trustee Sofield presented the contract for Head Women's Tennis Coach Hannah Fetters for Board approval

Upon motion duly made and seconded, the contract was approved as presented.

REPORT FROM THE AUDIT COMMITTEE: Acting Chair Ricks recognized Trustee Steve Wyatt, Chair of the Audit Committee, for this report.

Trustee Wyatt stated the Audit Committee met and approved the minutes for the June 23, 2023, Audit Committee meeting. Other informational items discussed included the following:

1. The Committee discussed progress on the current FY '24 audit plan.
2. The Committee reviewed the internal audits that have been completed since the previous Audit Committee meeting which include:
 - a. A performance audit on OIED (Office of International Education and Development)–International Travel - Insufficient internal controls were found leading to additional processing time and reimbursement delays. Recommendations were made to set departmental expectations and requirements to meet all ASU policies and state and federal regulations.
 - b. A compliance audit of GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) - No findings were reported.
 - c. A financial audit of New River Light & Power - It is Internal Audit's opinion that financial statements are free from material misstatement and error.
 - d. A Time Sheet Investigation was conducted to determine if a student falsified his timesheets and used his professor's signature on his timesheets. A conclusive determination on the timesheet falsification could not be reached, but it was determined that the student did, with his professor's permission, use his professor's signature stamp to approve some timesheets. A recommendation was made to create a policy regarding the appropriate vs. inappropriate uses for a signature stamp.

e. Annual Campus-Wide Reviews were conducted for cash counts, receipt books, and inventory. For cash counts and receipt books, instances of non-compliance were found. Recommendations were made to follow university policies and for management to provide additional training and increased oversight.

f. A Quarterly Campus-Wide Review was conducted for fixed assets. No findings were reported.

g. A follow-up compliance audit on the NC State Ethics Act was completed which verified that management had implemented the recommendations from the original audit.

h. Additionally, the Committee received a summary of recent Consulting activities completed by the Office of Internal Audits.

The Committee also reviewed the external audits currently in progress and the 2023 Board of Trustees Audit Committee Certification Letter was reviewed and discussed. This certification regarding the Committee's duties and responsibilities is sent annually to the UNC System Office of Compliance and Audit Services.

Trustee Wyatt stated the Committee also received an update on the following:

- a. Key Performance Indicators for fiscal year '23
- b. Audits completed from the fiscal year '23 Audit Plan
- c. OIA training for fiscal years '23 and '24
- d. Client Survey Results
- e. The Office of Internal Audits utilizes the Internal Audit Self-Assessment and Maturity Model tool as provided by the NC Council of Internal Auditing of the OSBM (Office of State Budget and Management). The assessment results were reviewed and discussed with the Committee. This is an important part of Internal Audit's monitoring for quality assurance and to ensure alignment with the Institute of Internal Auditors' Standards.
- f. Quality Assessment External Review for which OIA received the highest possible rating of Generally Conforms to the IIA Standards.
- g. Enhancing hotline awareness
- h. Internal audit staffing changes

Lastly, an overview of the Self-Assessment of Internal Controls over Financial Reporting for the Fiscal Year '23 was provided by University Controller David Jamison. No major deficiencies in internal controls related to financial reporting were identified. Trustee Wyatt reported that no known fraud that involves management or other employees who have a significant role in the institution's system of internal control was identified.

Trustee Wyatt stated this concluded his report from the Audit Committee (see Appendix C).

REPORT FROM FINANCE AND OPERATIONS COMMITTEE: Acting Chair Ricks recognized Trustee Jeff Chesson, Chair of the Finance & Operations Committee, for this report.

Trustee Chesson reported the Finance and Operations Committee met and approved the minutes for the June 23, 2023 Finance and Operations Committee meeting and considered 4 action items in open session and they are included in the consent agenda for approval.

The first item for discussion is a Real Estate Approval for a lease of space in Leon Levine Hall for the Wake Forest University Physician's Assistant program. The associated materials can be found in BoardEffect under Exhibit D-1.

The second item for discussion is a Capital Projects Approval for a New Steam Feed for App Heights Residence Hall that can be found in BoardEffect under Exhibit D-2A.

The third item for discussion is a Capital Projects Approval for the Roess Dining Hall Retail Space Upgrades that can be found in BoardEffect under Exhibit D-2B.

The fourth item for discussion is a Capital Projects Approval for the Holmes Center Basketball Office Renovation that can be found in BoardEffect under Exhibit D-2C.

Lastly, there was an informational item on current capital projects underway that was presented to the Committee by Associate Vice Chancellor Nick Katers.

Trustee Chesson stated this concluded his report for the Finance and Operations Committee (see Appendix D).

REPORT FROM THE GOVERNANCE COMMITTEE: Acting Chair Ricks reported the Governance Committee met and Vice Chancellor Dan Layzell presented a Resolution Concerning the Change of Name, Restatement of Articles of Incorporation, and Modification of *Bylaws* of the Appalachian Student Housing Corporation. After review and discussion, the Committee approved these items and they are included in today's Consent Agenda.

Prior to the review of nominations to University-Affiliated Boards, the Committee discussed the process for creating and appointing members to advisory boards. Acting Chair Ricks stated that while these Boards do not have fiduciary responsibilities, their members serve as representatives for the areas they advise as well as the University. The Committee asked that Chancellor Everts establish a review process to determine the associated policies and procedures for the creation of and appointment of members to campus advisory boards. The Committee asked that this review and recommendation be completed and presented at our December meeting. Acting Chair Ricks presented the nominations for appointment to University-Affiliated Boards.

Nominations to University-Affiliated Boards

Acting Chair Ricks stated the Committee reviewed nominations to University-Affiliated Boards. For the Appalachian Foundation Board, the Governance Committee approved – for a term ending December 2026, the reappointment of: Cantey Alexander, Kyler Ferguson and James Toliver. To complete the term ending December 2025 vacated by Tamela Everett's appointment to the BOT – Irene Sawyer and for a new term ending December 2026 – Wyatt

Dixon. Acting Chair Ricks stated information for the nominees was provided in BoardEffect in advance for Trustee review.

Upon motion duly made and seconded, the nominations were approved as presented.

Acting Chair Ricks stated the Governance Committee also reviewed and approved the following nominees for the Appalachian Real Estate Development Corporation Board of Directors:

- J. Cantey Alexander (initial term ending 12/31/24)
- James Barnes (initial term ending 12/31/25)
- Fairley Bell Cook (initial term ending 12/31/24)
- Scott Lampe (initial term ending 12/31/25)
- Daniel Layzell (Ex Officio)
- J.J. Brown (Ex Officio)
- Nicholas Katers (Ex Officio)
- Matthew Dull (Ex Officio)
- Senior Associate Vice Chancellor and Deputy CFO
- (Ex Officio) when filled

Upon motion duly made and seconded, the nominations were approved as presented.

Lastly, Acting Chair Ricks reported in its last action item, the Governance Committee approved the appointment of Trustee Jeff Chesson to complete a December 2024 Board of Trustees of the Endowment Fund term.

Upon motion duly made and seconded, the nomination was approved as presented.

REPORT FROM THE NOMINATING COMMITTEE: Acting Chair Ricks recognized Trustee Jeff Chesson for this report.

Trustee Chesson stated the Nominating Committee met on July 21, 2023, and recommends the following slate of officers for the 2023-24 year.

- Mark Ricks, Chair
- Thomas Sofield, Vice Chair
- James Harris, Secretary
- Dawn Antonucci, Assistant Secretary

Upon motion duly made and seconded, the recommendation was approved as presented.

Acting Chair Ricks stated the newly-elected officers begin their terms immediately upon the conclusion of today's meeting.

CONSENT AGENDA: Upon motion duly made and seconded, the consent agenda was approved as presented and consisted of the following items:

- Approval of the 6/23/23 & 8/25/23 Meeting Minutes
- Real Estate Approval – (EXHIBIT D-1)

Capital Projects Approval

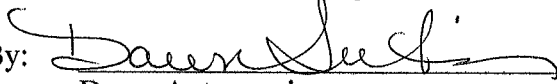
- a. App Heights New Steam Feed -- (EXHIBIT D-2A)
- b. Roess Dining Retail Upgrades -- (EXHIBIT D-2B)
- c. Holmes Center Basketball Office Renovation -- (EXHIBIT D-2C)

Resolution Concerning the Change of Name, Restatement of Articles of Incorporation, and Modification of Bylaws of Appalachian Student Housing Corporation -- (ATTACHMENT 1)

REMARKS FROM ACTING CHAIR RICKS: Acting Chair Ricks thanked the Committees and Chairs for their reports and shared the next scheduled Board of Trustees Meeting for Appalachian State University will be held on Friday, December 8, 2023.

ADJOURNMENT: There being no further business, the meeting was adjourned at 1:54 p.m.

Mark E. Ricks, Acting Chair

By: 
Dawn Antonucci
Assistant Secretary

Remarks from the September 29, 2023 Meeting of the Board of Trustees

Friday, September 29, 2023

Remarks by Sheri Everts, Chancellor

Thank you, Acting Chair Ricks, and good afternoon!

It's hard to believe it's nearly October already! It's been a very busy beginning to the semester, and I thank you all for the many events you have joined us for since the semester began just over a month ago.

The first day of classes represents new beginnings for students, faculty and staff, and it's always full of promise and excitement.

This semester, as we began our first day of classes, we crossed an important milestone. When we opened the Hickory campus to students on Aug. 21, we extended the vision of increasing access to education begun by our founders, B.B., D.D. and Lille Shull Dougherty — from the mountains to the foothills.

This expansion comes amid a challenging higher education environment nationwide, with declining college enrollments and dozens of closures reported in recent years. It also demonstrates enormous support from the City of Hickory, our strong market position and our steadfast belief in the power of higher education.

Ashlynn Caudill, a communication sciences and disorders major from Lincolnton, represented the inaugural class of students at the opening ceremony and ribbon-cutting. Like many of our Hickory students, Ashlynn dreamed of attaining an App State education, but she needs to stay close to home. On the first day of classes, she spoke about realizing her dream to be a Hickory Mountaineer.

All of us here understand the power of higher education to change lives. Many of us can recite statistics that show how much more earning power college graduates have. Those of us who are, ourselves, first-generation graduates have lived it — we are the people who make up those numbers. We stand, amongst prevailing narratives that question the value of a college education — we stand as living examples of the difference a college degree makes, not only for ourselves but for each subsequent generation. Our firsthand experience makes us even more determined to use our influence to help others, especially students who are from rural areas, low-income families or who must work harder to access educational resources.

In 2018, when I co-chaired the Higher Education Task Force for myFutureNC, we examined the state's current and projected workforce needs. As part of this, we launched a statewide conversation about economic competitiveness, workforce development and educational attainment. Informed by this work, as many of you know, we developed a goal of 2 million additional North Carolinians gaining a high-quality credential or postsecondary degree by 2030.

App State is a proud partner in this statewide goal, which aligns with our own founding mission to increase access to education for the people of our region.

Earlier this month, we celebrated 124 years of steadily building on this mission — a bold and ambitious vision of our founders — which has led to our becoming a nationally recognized, premier public undergraduate institution.

While we have changed a lot since those first days, we have never lost sight of the reason we are here. I'm pleased to report that we're doing better than ever in that regard.

This year, we broke records for overall enrollment, online, first-year and underrepresented students. Among the UNC System institutions, we had the highest increase in enrollment.

With more than 21,000 students, we've seen growth in first-year, transfer, online, first-generation, rural and underrepresented students. And we also welcomed more than 360 students on our Hickory campus.

While some social media discussions would have us believe that the student population has exploded in recent years, the reality is that in the last 10 years, the population of students living in the Boone community has increased by only about 200 per year on average and has remained at or near 18,000 for the last three years.

That said, we understand that we can make a difference in the tight housing market.

Guided by strategic planning, we plan to continue a process begun in 2015. Our goal is to provide the significant housing investments — to be achieved through cost-effective partnerships — that our campus has long needed and that the market increasingly demands. A recent housing study for Watauga County indicated that the county needs 1,700 units today to meet current demand for affordable housing. Since I arrived on this campus, I've been focused on increasing our inventory for student housing, and if you look out these windows, you can see the results of our first phase of that work, and it continues.

At the beginning of September, we issued a request for qualifications from developers for a public-private partnership to build new student housing, parking and potential student support facilities on the Boone campus, with a goal of adding approximately 1,850 new beds to our Boone campus housing inventory.

Our transfer students, in particular, will also benefit as this is a population that tends to enroll later than traditional first-year students.

We will keep you updated about this project as it develops.

Nearly one-third of our student population is from rural areas, and nearly one-third are first-generation college students. Those percentages increase significantly when looking at the student population on our Hickory campus.

Underrepresented students make up 19% of our overall student population — an increase of 77% since I arrived on campus in 2014. Of those students, 45% identify as Hispanic or Latine, and we've seen a 12% increase in this population over last year.

Serving these populations is particularly important to the health of our state, as myFutureNC's latest educational attainment report shares that only about 1 in 2 of working North Carolinians ages 35 to 44 are earning a family-sustaining wage. And these statistics are exacerbated as we break them down by race, ethnicity and geography. Graduating with low — or no — student debt is critical for these families, who we must continue to serve. App State students graduate with debt loads that are well below the national average, and the loan default rates of our students are some of the lowest in the entire country. These are important factors for our prospective students and their families as they consider App State — among their many other options.

Each year at this time, national publications release their rankings for colleges and universities, and I'm proud to report App State is once again recognized as — among many accolades — a leader for

our academics, innovation, value, benefits for student veterans and programs that enhance the first-year experience.

Notably, The Wall Street Journal, Forbes, Money.com and The Princeton Review recognized App State as among the best in the nation. In U.S. News & World Report rankings, we earned:

- the No. 1 spot on the Most Innovative Schools in the South list, for the fourth consecutive year;
- No. 2 in Top Public Schools in the South, breaking our four-year streak of being third in this category;
- No. 2 in Best Undergraduate Teaching Programs among Southern Universities, for the seventh year in a row;
- No. 2 in Best Colleges for Veterans among Southern universities, for the third year running; and
- we advanced our ranking in the Top Performers on Social Mobility category by 33 positions in the Best Universities in the South category.

These accolades underscore our legacy as a leader and innovator in higher education, and they are a testament to the value of an App State education and to the efforts of the faculty and staff, who work each day to enhance the quality of our students' experiences.

- From the faculty who work with them in the classroom, to the advisors who help them plan and meet their academic goals;
- from the librarians who focus on ensuring they can access learning resources, to the counselors who focus on their wellness;
- from the technologists who prioritize a seamless learning environment, to the allergy specialists in Campus Dining who ensure high-quality food is available for everyone; and
- from the faculty who serve as club advisors, to the police who believe that safety begins with community-building.

Thousands of faculty and staff work at App State because they believe passionately in advancing the achievements of our students, and the numbers show that their efforts are working.

Our graduation rates and first- to second-year retention rates are well above the national averages. This is particularly significant given that one-third of our students are first-generation college students. And it is ultimately about completion — graduation of our students, in particular, in four years.

Adults with degrees and credentials earn more over their lifetimes and contribute more to our local economies across the state. Each year, more than 5,500 students attain App State degrees. The good news for our state is that most of them stay in the state, contributing to the economies and communities of North Carolina.

Well over 100,000 App State graduates live and work in North Carolina, contributing to our growing economy and returning on the investment made in them by the people of our state. Employers tell us that our graduates have a competitive edge in the job market because they bring solid, discipline-

specific knowledge, combined with a strong work ethic, problem-solving skills and a penchant for innovation.

Budget news from Raleigh is, once again, excellent for App State, and I extend my sincere thanks to our legislators for securing important appropriations for our university, as well as key compensation increases for university employees.

We greatly appreciate the UNC System Board of Governors and UNC System leadership, as well as this board, for supporting the funding priorities put forth by my leadership team. Together, we are working to ensure we can continue to expand access to an exceptional App State education for the people of our region.

The new biennial budget bill continues a record of historically significant support for our university and demonstrates the confidence in the work we are doing. This includes:

- a 7% across-the-board salary increase, which will be broken down into a 4% increase for this fiscal year and a 3% increase in the 2024–25 fiscal year;
- a minimum 10% increase in starting salaries for new nursing faculty;
- salary increases for law enforcement officers; and
- a 4% cost-of-living supplement for retirees.

The budget allocates more than \$74 million in funding for App State's capital repairs and renovations and nearly \$22.5 million in additional appropriations.

On behalf of the entire university, I extend heartfelt gratitude to our elected officials, our Board of Governors — thank you, Gov. Byers — our UNC System leadership and you, for your continued support of and advocacy for App State. I also thank our faculty and staff for their hard work and dedication to our students, which is being rewarded by the people of North Carolina.

App State's future funding will also, as you know, depend significantly on our performance, as measured by the funding model approved by the Board of Governors last winter. This model incentivizes enrollment growth and student outcomes. We expect to have our 2023 evaluation early next year, and we expect significant allocation increases in year two and beyond.

Not only is meeting our strategic goals paramount, but we also must be prepared to demonstrate our effectiveness in providing the services included in student fees, which include athletics, educational and technology, health services, student activities, and safety and wellness resources.

Guidance from the UNC System indicates that we cannot expect increased funding by way of tuition or fees increases. As many of you know, President Hans has promised to keep in-state tuition flat for the eighth year running — and we have every reason to expect that he will hold it constant well into the future.

Flat tuition and a 3% cap on fees is good news for our students but also places inflationary pressures on salaries and other operating expenses. This is a message I carry to our state legislators every day, along with stories of our many accomplishments.

The safety and health of our university community is our top priority. If we are not safe and well, we cannot effectively teach and learn. While safety is a 24/7/365 day priority, September is a month in which we focus on safety education for our university community. Earlier this month, we held our

annual Safety Festival on Sanford Mall, showcasing safety, health and wellness resources available to our students and encouraging them to practice preparedness in the event of an emergency. Additionally, we provided a resource folder for faculty and staff on both campuses with important information about how to prepare and respond to the safety and wellness needs of the members of our university community.

Recently, the App State Police Department's Police Academy graduated its sixth class, comprised of 24 recruits, as certified North Carolina police officers who began their service on App State's Boone campus and in the local community. The academy is part of our Police Officer Development Program, which is the only program of its kind in North Carolina. The program equips students with the knowledge, skills and training to become police officers while completing their undergraduate or graduate degrees at App State.

When they enter the criminal justice system job market, these students will have — in addition to their App State degrees — two years of work experience in policing and North Carolina law enforcement certification and training. They will also have exposure to different races, cultures, ideas and beliefs, all of which will serve them well as future police officers in their communities across the state. Thank you, Chief Andy Stephenson, for that inventive program.

Congratulations are in order for our general counsel, Paul Meggett, who has been selected as the 2023 recipient of the highest honor given to attorneys in the North Carolina — and the only award given by the State Bar Council — the North Carolina State Bar's John B. McMillan Distinguished Service Award. Paul has demonstrated exemplary service to the legal profession and to our university. He will be honored at a ceremony in October. Congratulations, Paul!

In August, Dr. Zachary Farris, associate professor of public health and exercise science, was named the 2023 Sun Belt Athletic Conference Faculty Member of the Year. This annual award recognizes a faculty member for teaching, engaging and inspiring students.

Dr. Farris brings his personal experiences as a student-athlete into the classroom to support and educate all of his students. He is a former student-athlete who played both basketball and baseball, and he credits sports for paving his path to a successful career. We congratulate him on being recognized by the Sun Belt for his impressive work.

This season, our football game day and major event operations are running smoother than ever, thanks to a change in our emergency management and event staffing strategy for football games, events at the Holmes Convocation Center and the Schaefer Center and other events in university venues.

Our new Mountaineer Medics program employs undergraduate and graduate students with Emergency Medical Technician credentials. These trained first responders are under the supervision of our full-time Emergency Management team, and they are making our response times faster and our campus safer while gaining practical experience in the emergency medical field and increasing access to pre-hospital care for our students, employees and visitors. I want to thank Jason Marshburn for developing this program.

Additionally, event logistics and implementation, including all crowd management, entrance and egress, bag checks, ushering and field access management, are now being sourced in-house. A new team of more than 200, most of whom are students, is making the experiences of fans and event patrons much more seamless and customer service-focused. This program, under the supervision of Jason Parker, director of the Holmes Convocation Center, is also ensuring our visitors receive a warm App State welcome. Jason is also working with Academic Affairs to include this hands-on work experience as part of our hospitality management program.

In addition to making for a safer, more enjoyable experience for event attendees, the medics and event management services are also cost effective, as we are no longer paying outside contractors to provide them.

So far, at home football games this season, nearly 7 tons of waste was diverted from the landfill and either recycled or composted, thanks to student and staff volunteers, who are clearly having a lot of fun while sorting trash! A big thanks to University Sustainability, Facilities Operations and App State Athletics for collaborating on this zero waste partnership. In addition to the environmental and aesthetic benefits, it also creates an educational service-learning opportunity.

This academic year marks the 39th anniversary of App State's Chancellor's Scholars Program.

The four-year, highly selective program is the most academically competitive merit-based scholarship at App State, designed for students with ambitious academic goals.

Chancellor's Scholars receive full tuition, fees, room and board. They are provided with a wide variety of classroom, experiential research and study abroad opportunities, as well as academic mentoring in a living-learning community.

This class of Chancellor's Scholars personifies App State's commitment to academic excellence, leadership and service. These students exemplify a commitment to academic and community engagement, and I look forward to the real and powerful differences they will make within their chosen disciplines ...

... and I'll remind you all that our new student body president is a Chancellor's Scholar. You may recognize him as the one on the right with the beard.

Our University Advancement team recently celebrated another banner year — having raised more than \$40 million in fiscal year 2023. This success provides private funding for professorships, scholarships, infrastructure, operations, faculty and staff support and academic programs, among other areas.

- In fiscal year 2023, 95% of our gifts were less than \$2,500, and our average gift size was just over \$1,000 — demonstrating the importance of gifts of every size.
- I'm also proud to share that for this fiscal year, we are already on track to break records, as we are more than \$4 million ahead of where we were at this time last year.
- Our endowment is also holding steady at \$150 million, having doubled since 2014, when I came to App State.

Thanks to generous support from our legislature, and the vision of this board, App State has 42 projects, representing nearly \$300 million of capital improvements underway. This is one of the largest infrastructure investments in the entire UNC System.

The first phase of the Boone campus Innovation District is underway, thanks to the \$54 million of state-allocated funds and the \$7.5 million of conservatory funding authorized by the Board of Governors in March.

The Conservatory for Biodiversity Education and Research, a long-held dream, is becoming a reality. In the next two years, we will have much to share about the ways this facility will help realize a vision of bringing together expertise across multiple disciplines to conduct collaborative research, as well as encourage K-12 partnerships. The building will open in the fall of 2025.

Nearly 160 units of faculty and staff housing are underway, helping address a critical need in our ability to recruit and retain talented personnel. These one-, two- and three-bedroom units will be cost efficient and will help meet the housing needs of App State employees amid housing scarcity and cost inflation in Boone. Units will be open in the fall of 2025.

The Innovation District's zero-carbon energy system, another public-private partnership project, with renewable energy options, will power the Innovation District and help App State's Boone campus transition away from steam power. The system will be operational also in the fall of 2025.

This summer, we began a full renovation of Wey Hall, which was built in 1976 and has never been renovated. The \$17 million comprehensive, full-building modernization has an estimated completion date of summer of 2025.

Over the summer, renovation construction also began in Edwin Duncan Hall. The nearly \$21 million project includes adding and refurbishing elevators, repairing the building's exterior, installing a new sprinkler system and completely revamping the HVAC system. It will be completed in 2025.

Both the Wey and Duncan halls projects will receive additional funds to support inflationary increases as part of this year's state budget appropriations.

This semester, construction will begin on an addition and partial renovation of Peacock Hall. This project will help extend the life of the building by 30 to 50 years. App State received \$25 million in legislative support for this project in the last biennial budget and \$15 million in additional funding in the latest state budget. The first phase of the project is slated to be complete in summer 2026.

This summer, construction of the Holmes Convocation Center Parking Deck began. The deck will offer approximately 600 spaces for faculty, staff and student parking on the Boone campus. One of the planned features for this project is an enclosed pedestrian bridge that will connect the parking deck with the Holmes Center, which I know we will all appreciate on rainy and snowy game days. This project is expected to be completed in fall of 2024.

Also this summer, we began Phase 2 of the Appalachian 105 property. As you may recall, Phase 1 — the Randy Marion Track Field and Facility — was completed in April. Phase 2 construction includes outdoor tennis courts, an outdoor softball facility and a team support building with locker rooms and a public restroom facility. Phase 2 will be completed next summer.

We will continue to develop the projects that were submitted to the UNC System as part of our six-year capital projects plan. Key priorities for future projects include:

- Peacock Hall renovations;
- replacing I.G. Greer Hall;
- continued renovations of the Hickory campus; and
- academic building additions to the Innovation District.

I can't say enough about how much we appreciate the support we have received from the state legislature for these and other projects so far.

Before I conclude my remarks, I'd like to take a moment to recognize Trustee Sofield. During the East Carolina game, we publicly recognized Tommy and his family for committing a generous gift in support of App State athletics facilities enhancements, including a new multipurpose indoor practice facility. As an App State student-athlete, Tommy distinguished himself among his peers as a leader by starting a small business that employed other students while carrying a full-time class load. Since

graduating, he has become a pillar of the App State Community, well known for his kindness, generosity and his business acumen. In 2007, Tommy and his family took the lead on supporting a facility to provide better training opportunities for App State student-athletes. This additional lead gift will continue to foster our Mountaineers' competitive drive to excel in their sports as well as in the classroom, and will contribute to the recruitment, growth and development of future student-athletes for many years to come. Thank you, Tommy, for your continued support and engagement with App State.

Earlier this month, as I shared much of what I'm sharing with you today in the State of the University report to faculty, staff and students, I also shared a quote I had come across, which reads: "A community is a group of people who agree to grow together."

Since I arrived on this campus just over nine years ago, our community has grown together. We've become a more well-funded university, with higher employee salaries, as well as more diverse — with a national reputation for innovation and teaching excellence. As we have grown and changed, we've remained true to our founding mission.

As we continue our critically important work, I look forward to continuing to grow together, as a community — one that now includes two campuses and even more capacity to meet the needs of the people of North Carolina.

A huge thanks to this board for what all of you do, each and every day, as members of this community. Your advocacy, support and guidance have ensured that we can — and do — grow together.

Mr. Acting Chair, this concludes my remarks.

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

Friday, September 29, 2023

11:00 a.m.

Meeting Room A

North End Zone Facility

Livestream at: chancellor.appstate.edu/bot/

CALL TO ORDER: The Audit Committee of the Board of Trustees of Appalachian State University met at the call of the Chair on Friday, September 29, 2023, at 11:00 a.m. in meeting room A, North End Zone facility on the campus of Appalachian State University in Boone, North Carolina. Mr. Steve Wyatt, Chair, presided and called the meeting to order.

MEMBERS PRESENT: Steven D. Wyatt, Chair
Anita Greene
James E. Harris
Scott K. Lampe

OTHERS PRESENT: Jennifer Myers
Daniel Lightfoot
Paul Meggett
David Jamison
Heather Langdon
Paul Pusateri
Emily Cornett
Tamela Everett
Barry Joseph
Timothy James

CONFLICT OF INTEREST NOTICE: Chair Wyatt 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.” No conflicts were voiced.

EXPECTATION OF CONDUCT NOTICE: Chair Wyatt also read the following: “As we begin the business portion of the meeting, I would like to remind everyone of the Committee’s expectations for conduct at our meetings. We ask that those attending today remain respectful of

fellow attendees and the Committee. Those attending an official meeting may not engage in conduct that is inconsistent with our Bylaws or that interferes with the rights of others to observe and listen to the proceedings. Any individual who disrupts the meeting will be asked to leave and may be subject to arrest.”

APPROVAL OF MINUTES: The minutes of the June 23, 2023 Audit Committee meeting were delivered to all Audit Committee members prior to the meeting. There were no corrections. Chair Wyatt called for a motion to approve the June 23, 2023 Audit Committee meeting minutes. Upon motion made by Trustee Scott Lampe and seconded by Trustee Anita Greene, the minutes of the meeting were approved as presented.

INTRODUCTIONS OF NEW STAFF: Mrs. Jennifer Myers, Chief Audit Officer, introduced new Contributing Auditor, Paul Pusateri.

SUMMARY OF 2023-2024 AUDIT PLAN AND RECENT INTERNAL AUDIT ACTIVITY: Mrs. Jennifer Myers, Chief Audit Officer, provided the Committee with an update on the current audit plan progress. The audit plan was reviewed, noting some changes due to new audits being added to the plan. The internal audits reviewed and discussed for this quarter were:

- **Office of International Education and Development (OIED) – International Travel:**
A performance audit to determine if OIED complied with ASU Policy 510 (Travel, Transportation, and Expense Reimbursements), the ASU Travel Manual, and the Office of State Budget and Management (OSBM) Budget Manual regarding international travel pre-approvals, travel advances, and expense reimbursements. OIA found that OIED has been operating without sufficient internal controls in place leading to additional processing times and delays in reimbursements. OIA recommended that OIED set departmental expectations and requirements to ensure all travel adheres to the policies and regulations set forth by ASU, OSBM, and Federal and State Governments. OIED and management should also evaluate if the use of a contracted third-party travel management company could ensure an optimal use of resources and aid with international travel compliance. OIA will conduct a follow-up review within the next year.
- **Gaining Early Awareness and Readiness for Undergraduate Programs (Gear Up):**
A compliance audit to test compliance with the grant terms and guidelines, applicable federal regulations and guidance, and with GEAR UP and University policies and procedures. No findings were noted.
- **Time Sheet Investigation:**
An investigation based on an anonymous tip alleging a student worker falsified his timesheets and used his professor’s signature stamp to sign the student’s timesheets. OIA

could not conclusively determine if the student falsified his timesheet but did determine that the student used his professor's signature stamp on some of his timesheets. The student has since graduated, and the professor has retired. OIA recommended that University management ensure that only the supervisor who is **actively supervising** the employee approve that employee's time sheets. To ensure this, University management should either create, update, or enforce ASU Policies. OIA also recommended that University Management create a policy regarding appropriate vs. inappropriate uses for a signature stamp. Allowing a subordinate to use a supervisor's signature stamp to approve time sheets for compensation purposes should be considered an inappropriate use of a signature stamp.

- Campus-Wide Annual Reporting:

- **Inventory** A Campus-Wide Review was conducted for inventory testing. There were no findings.
- **Cash Counts** A Campus-Wide Review was conducted for cash counts. Findings consisted of 10 instances of University funds not properly stored in accordance with required policies. This includes 3 instances out of 11 from the follow-up from last year's audit. For these 10 instances, the total was \$2,075 (combined). OIA recommended the fund custodians follow ASU policy - Storage and Safeguarding of Funds. Additionally, OIA recommended that management provide cash custodians with the needed equipment and training to ensure the policy is being followed. OIA will conduct a follow-up review within the next year.
- **Receipt Books** A Campus-Wide Review was conducted for receipt books. Findings consisted of 13 instances of late deposits, 4 instances of receipt voids that were not kept in the book, 5 instances of non-sequential receipts. For the follow-up audit from last year's audit, OIA found 3 out of 14 departments continue to have late deposits. OIA recommended the receipt book custodians follow ASU policy – Receipting and Depositing Funds. Additionally, OIA recommended additional training and increased oversight resulting in revoking receipting privileges for continued non-compliance. OIA will conduct a follow-up review within the next year.

- Campus-Wide Quarterly Reporting:

- **Fixed Assets – Quarterly Review AMJ 2022** A Campus-Wide Review was conducted for fixed assets. No findings were reported.

- Follow-Up Reviews:

- **NC State Ethics Act Compliance Audit** On April 12, 2022, OIA issued a report on ASU's compliance with the NC State Ethics Act. Management was in agreement with the recommendations. The follow-up review verified that management has implemented the recommendation and the follow-up is considered resolved.

- Consulting & Other Activities: In addition to assurance reviews, OIA also provided the following consulting activities.
 - Athletic Ticketing Consultation – Men’s & Women’s Basketball OIA was asked to review and certify the number of tickets sold for home basketball games for the 2021-2022 and 2022-2023 seasons and 2) to confirm the percentage change regarding the Men’s and Women’s coaches’ contracts. OIA concluded that for Men’s basketball, the number of tickets sold for home games increased by 37% which is greater than the 15% required in the Men’s basketball coach’s contract. For Women’s basketball, the number of tickets sold for home games increased by 5% which is not greater than the 15% required in the Women’s basketball coach’s contract.

SUMMARY OF EXTERNAL AUDITS COMPLETED AND IN-PROGRESS:

Mrs. Jennifer Myers, Chief Audit Officer, provided a summary of the following external audits that are currently in progress:

- Reducing Energy Burden in the High Country Grant: The North Carolina Department of Environmental Quality and State Energy Office is conducting a virtual monitoring visit. This is ongoing.
- Digital Accessibility Audit: The U.S. Department of Education – Office of Civil Rights is conducting an audit to determine whether people with disabilities have the full and equal enjoyment of the University’s online programs, services, and activities. This is ongoing.
- Appalachian Student Housing Corporation - The Board of Directors of the Appalachian Student Housing Corporation have engaged Blackburn Childers & Steagall, PLC to complete the Fiscal Year 2023 audit of the Corporation. The audit work began in early July with draft audited financials provided to the university in mid-August 2023 and final audited statements and audit report will be approved by the Corporation's Board of Directors at their December 2023 meeting.
- State Financial Audit - OSA – The Office of State Auditor is in the process of performing control work and doing interviews. The report is expected to be released in December 2023.
- Student Financial Aid Single Audit - OSA - This audit was to determine compliance with Federal award requirements for financial aid. OSA did not identify any deficiencies in internal control that they consider to be material weaknesses or any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. The formal report is expected to be released in April 2024.

2023 BOARD OF TRUSTEES AUDIT COMMITTEE CERTIFICATION LETTER: This certification attests to the Audit Committee's duties and responsibilities and certifies that these have been completed as prescribed. Mr. Wyatt has reviewed and signed the attestation and it was sent to Michael Ptasienski, Vice President for Compliance and Audit Services for the UNC System Office.

AUDIT COMMITTEE UPDATE PRESENTATION:

Ms. Jennifer Myers, Chief Audit Officer, presented the Committee with the following updates:

- Key Performance Indicators for Fiscal Year 2023: Sixty-three percent of time was spent directly on auditing activities.
- Audits Completed from the Fiscal Year 2023 Audit Plan: Twenty-one audits were completed.
- OIA training for fiscal years 2023 and 2024
 - 380 hours of professional development were completed.
 - Trainings are scheduled for the upcoming academic year.
- Client Survey Results
 - 16 auditees completed the survey, and the overall rating was 4.7 out of 5, and the survey generated some ideas for improvement.
- NC Internal Audit Self-Assessment and Maturity Model Dashboard for Fiscal Year 2023
 - The self-assessment has been completed with a rating of 4.0 out of 5.
- Quality Assessment External Review (5-year Review) The review was completed by OSBM and OIA received a Generally Complies result. OIA also received a few helpful suggestions for process improvements that have already been put in place or have a plan to put them in place.

DAVID JAMISON – SELF-ASSESSMENT OF INTERNAL CONTROLS OVER FINANCIAL REPORTING (AICFR) FOR FISCAL YEAR 2023:

Mr. David Jamison, University Controller, detailed the self-assessment of internal controls over financial reporting outcomes. A committee reviewed the self-assessment. The Committee included members from the Controller's Office, Student Accounts, Cash Management, Contracts & Grants, Accounts Payable, Payroll, Financial Reporting, Procurement Services, Internal Audit, Information & Technology Services, Athletics' Business Office, New River Light & Power Academic Affairs, Enterprise Risk Management, and ASU Foundation. It was reported that there have been no identified major or significant deficiencies in internal controls. The minor deficiencies that were noted have existing control processes in place and are all in the process of improvement.

Other OIA Updates:

- Hotline presentations and awareness

- The Compliance Training Working Group continues to work toward our goal to create a culture of compliance on campus. The group plans to have a proposal to the Chancellor by June '24 regarding mandatory trainings which would include hotline awareness.

ADJOURNMENT: There being no further business, the meeting adjourned at 11:48 a.m.

STEVE WYATT, Chair

By: Emily Cornett
Acting Recording Secretary

MINUTES
MEETING OF THE FINANCE AND OPERATIONS COMMITTEE
APPALACHIAN STATE UNIVERSITY
BOARD OF TRUSTEES

Friday, September 29, 2023
Parkway Ballroom, North Endzone Facility
Meeting Room B
11:00 a.m.

CALL TO ORDER: The Finance and Operations Committee of the Board of Trustees of Appalachian State University met at the call of the Chair and the Chancellor on Friday, September 29, 2023, at 11:00 a.m. at the North End Zone facility on Appalachian State University's Boone Campus. Chair Jeff Chesson presided.

MEMBERS PRESENT:

J. Jeffries Chesson
James K. Reaves
Mark E. Ricks
R. Thomas Sofield

MEMBERS PRESENT VIA ZOOM:

E. Bonnie Schaefer

OTHERS PRESENT:

Mark Ginn
J.J. Brown
Heather Norris
Jane Barghothi
John Eckman
John Adams
Sheri Everts, Chancellor
Nick Katers
Dan Layzell
Amanda Whittington
Sarah Rupp
Stacy Everett
Anitra Ball
Matt Dull
Troy Johnson
Mike McKenzie
Anna Oakes
JP Neri

CONFLICT OF INTEREST NOTICE:

Trustee Chesson 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]

The following statement was also read, "As we begin the business portion of the meeting, I would like to remind everyone of the Committee's expectations for conduct at our meetings. We ask that those attending today remain respectful of fellow attendees and the Committee. Those attending an official meeting may not engage in conduct that is inconsistent with our Bylaws or that interferes with the rights of others to observe and listen to the proceedings. Any individual who disrupts the meeting will be asked to leave and may be subject to arrest."

APPROVAL OF MINUTES: A motion was made by Trustee Reaves and seconded by Trustee Ricks to approve the minutes of the June 23rd, 2023 meeting of the Finance and Operations Committee. The motion was approved unanimously.

REAL ESTATE APPROVAL: Dr. Dan Layzell, Vice Chancellor of Finance and Operations, gave an overview of an approval of a lease of space in Leon Levine Hall to continue the University's partnership with the Wake Forest University Physician's Assistant program. A motion was made by Trustee Reaves and seconded by Trustee Sofield to approve the lease. The motion was approved unanimously.

CAPITAL PROJECT APPROVALS:

Trustee Chesson recognized Nick Katers, Associate Vice Chancellor of Facilities Management, who presented the following capital projects for approval:

- a) App Heights New Steam Feed
- b) Campus Dining Retail Concepts
- c) Holmes Center Basketball Office Renovation

The motion was made by Trustee Reaves and seconded by Trustee Sofield to approve these capital projects as presented. The motion was approved unanimously.

CAPITAL PROJECTS UPDATE:

Mr. Nick Katers, Associate Vice Chancellor for Facilities Management, gave a capital projects update on the projects currently underway, which include:

- a) Holmes Convocation Center Parking Deck
- b) Edwin Duncan Renovation
- c) Peacock Renovation
- d) Wey Hall Renovation
- e) Innovation District – Townhome Project
- f) Conservatory for Biodiversity Education & Research
- g) App 105 Phase II (Softball/Tennis Facilities)
- h) Appalachian State Hickory Campus – Phase II

Mr. Nick Katers also gave an update on recent capital projects success stories, which include:

- a) Appalachian State Hickory Campus – Phase I
- b) Campus Store
- c) The Market
- d) All You Care to Eat – Dining Hall Upgrades

REAL ESTATE UPDATE: Mr. Nick Katers, Associate Vice Chancellor of Facilities Management, presented an update on the University's Real Estate holdings for information only.

ADJOURNMENT: There being no further business, a motion was made by Trustee Reaves to adjourn the meeting. The motion was seconded by Trustee Ricks and was approved unanimously. The meeting adjourned at 11:23 a.m.

J. Jeffries Chesson, Chair

Respectfully submitted by:

Amanda R. Whittington
Recording Secretary