

FAYETTEVILLE STATE UNIVERSITY

MINUTES, SPECIAL CALLED MEETING

FSU BOARD OF TRUSTEES

Chancellor's Office, C. J. Barber Administration Building
and via teleconference

Monday, February 3, 2020

9:00 a.m.

A Special Called Meeting of the Fayetteville State University Board of Trustees was held Monday, February 3, 2020, at 9:00 a.m. telephonically and from the Chancellor's Conference Room in the Barber Building. Chairman Stuart Augustine presided.

ROLL CALL

The following Trustees were in attendance: Ms. Val Applewhite, Mr. Stuart Augustine, Ms. Kiante Bennett, Mr. Jonathan Charleston, Dr. Warren McDonald, Mr. John McFadyen, Ms. Brenda Timberlake, and Mr. Will Warner. Others in attendance were: Interim Chancellor Peggy Valentine, Vice Chancellor for Business and Finance Carlton Spellman, General Counsel Wanda Jenkins, Director of Constituent and Community Relations Wesley Fountain and Associate Vice Chancellor for Communications Jeffrey Womble.

Before proceeding into the main portion of the meeting, Chairman Augustine read the State Government Ethics Act to remind all members of the Committee of their duty to avoid conflicts of interest and appearances of conflict under this Act.

Chairman Augustine introduced Mr. Peter Brunstetter, the Acting Chief Operating Officer for the UNC System. Mr. Brunstetter joined the meeting to discuss Fayetteville State University's Standard & Poor's (S&P) rating.

Mr. Brunstetter stated that on January 23, 2020, the S&P lowered its rating for FSU from A- to B+++ . He sited the reason for the lower rating was due to FSU's weak asset base. This evaluation was for FY 2019, ending June 30, 2019.

Several trends were cited by Mr. Brunstetter that affected the rating. He recognized that FSU has strong management in place. Mr. Brunstetter suggested that FSU continue to work on enrollment growth and develop a solid base management. Mr. Brunstetter introduced Mr. Clinton Carter who is the Senior Vice President for Finance and Administration and CFO.

There were fifteen credit ratings conducted, with three changes that included FSU, ECU, and School of the Arts (credit rating was activated). Priority is placed

on reduction of unrestricted net assets to include workers compensation. The university must work on preserving liquid cash.

There was further discussion held by the Board. The main question and theme brought by Trustee Jonathan Charleston was if unrestricted net assets had a correlation with underfunding of the university by the state and what was the System doing to help FSU get level funding to address inequities. Mr. Carter stated that FSU's trends haven't been consistent in the past five years, going from \$5 million to \$8 million and then down again to approximately \$5 million. Mr. Brunstetter stated that this has been a historic problem, and this year has been unsuccessful, as we've yet to pass the budget. It needs to get attention. Trustee Charleston further stated that with the inequities that now exists, it's impossible for FSU to operate with a level consistent to carry out its mission, when the UNC System expects FSU to perform at a certain level.

Trustee McDonald, Interim Chancellor Valentine praised Vice Chancellor for Business and Finance Carlton Spellman for the work he's doing, and both concur that they have the utmost confidence in him. Dr. Valentine further stated that we will dig out of this and are taking steps each day to be strategic with our spending.

Chairman Augustine thanked Messrs. Brunstetter and Carter for their explanation regarding our S&P rating.

In follow-up, Trustee Charleston further added that he would like for appropriate persons from the System Office to come to Fayetteville and have an active conversation with the Board about underfunding. He reiterated that the inequity is a serious issue. Mr. Brunstetter stated that he would take the message back to the UNC System.

Chairman Augustine referred to the budget resolution regarding funding from the State of North Carolina in support of FSU and other constituents of the University of North Carolina System that was presented to each Board member in advance. As there was no discussion, Trustee Jonathan Charleston asked that we approve the Resolution. Trustee Warren McDonald second the motion. *The motion carried.*

The meeting was adjourned at 9:19 a.m.

Suzetta M. Perkins, *Recorder*

Trustee Brenda Timberlake, *Secretary*