



Board of Trustees Meeting

Friday, October 16, 2026, at 10:00 a.m.

Arkansas State University

Agenda

- I. Call to Order
- II. Welcome
- III. Approval of the Minutes of the Past Meetings: August 7, 2026, and September 28, 2026
- IV. President's Report
- V. Agenda
 - A. Proposed ASU System Resolutions
 1. Resolution #26-46 approving the ASU System to amend the Arkansas State University-Mountain Home (ASUMH) FY2027 operating budget
 2. Resolution #26-47 approving the ASU System to revise the existing Appropriate Use of Information and Technology Resources Policy
 3. Resolution #26-48 approving the proposed Artificial Intelligence Governance Policy
 4. Resolution #26-49 approving the proposed Data Security and Classification Policy
 5. Resolution #26-50 approving the proposed Information and Technology Resource Security Policy
 - B. Proposed Arkansas State University (A-State) Resolutions
 1. Resolution #26-51 approving A-State to name the Defensive Coordinator's Office, within the Centennial Bank Football Operations Center on the A-State campus, the "Coach Marvin Hagaman Defensive Coordinator's Office"

2. Resolution #26-52 approving the proposed bylaws of Arkansas State University Strategic Endeavors, Inc.

C. Proposed Arkansas State University (ASUTR) Resolutions

1. Resolution #26-53 approving ASUTR to add local area high schools as locations of instruction
2. Resolution #26-54 approving ASUTR to offer a Technical Certificate in General Technology

D. Proposed Henderson State University (HSU) Resolutions

1. Resolution #26-55 approving HSU to name the Strength Training Center, within the Fromby Athletic Center on the HSU campus, the “Jada and Chris Hart Strength Training Center”
2. Resolution #26-56 approving the purchase of property located in Arkadelphia, Clark County, Arkansas

VI. Executive Session

VII. Approval of Personnel Actions

VIII. Other Business

IX. Adjournment

EXECUTIVE SUMMARY

Contact: Jeff Hankins (501) 660-1004

ACTION ITEM: The Arkansas State University System (System) requests approval to amend the Arkansas State University-Mountain Home (ASU-Mountain Home) FY2027 operating budget.

ISSUE: The Board of Trustees must approve the annual operating budget of each institution of the System.

BACKGROUND:

The System requests approval to amend the ASU-Mountain Home FY2027 operating budget, to reflect additional personnel expenditures, and proposes the following compensation adjustments, with all base salary adjustments retroactive to July 1, 2026:

- Establish a minimum annual salary of \$31,200 for full-time staff, equivalent to \$15 per hour;
- Increase the base salary of all other full-time employees by \$1,000 annually;
- Include grant-funded positions to receive salary increases approved by the applicable funding partners;
- Increase part-time instructor and full-time overload compensation from \$525 to \$550 per credit hour;
- Provide a one-time bonus in December 2026 of \$800 for each full-time employee and \$400 for each part-time employee; and
- Ensure that the total estimated FY2027 cost is \$267,000, including estimated fringe costs.

RECOMMENDATION/RESOLUTION:

Be it resolved that the ASU-Mountain Home FY2027 operating budget is amended as presented.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair

EXECUTIVE SUMMARY

Contact: Jeff Hankins (501) 660-1004

ACTION ITEM: The Arkansas State University System (System) requests approval to revise the existing Appropriate Use of Information and Technology Resources Policy.

ISSUE: The Board of Trustees must approve all System policies.

BACKGROUND:

- The ASU System proposes multiple revisions to the existing Appropriate Use of Information and Technology Resources Policy, in order to strengthen the System's management of its information technology resources.
- The revised policy includes the following:
 - Adjusting existing definitions and language to align with the language found in the State of Arkansas Acts 504 and 848;
 - Adding additional examples of "Appropriate Use of Technology Resources" and added language regarding "Privacy," in order to align with Arkansas Office of State Technology language;
 - Adding an additional section, regarding the appropriate use of Artificial Intelligence (AI) and Automated Decision Tools (ADT), in alignment with the proposed Artificial Intelligence Governance Policy (Resolution 26-48); and
 - Adding language that clarifies ownership of technology resources owned by the ASU System.
- A copy of the revised Appropriate Use of Information and Technology Resources Policy is attached.

RECOMMENDATION/RESOLUTION:

Be it resolved that the Arkansas State University System's revised Appropriate Use of Information and Technology Resources Policy is approved, effective immediately.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair



Appropriate Use of Information and Technology Resources Policy

Effective Date: October 16, 2026

1. Purpose

The Arkansas State University System (ASU System) invests substantial and sufficient resources to acquire and operate information technology (IT) assets, such as hardware, software, and internet connections. The ASU System has a responsibility to manage its resources in the most efficient and effective manner possible and in compliance with all laws, regulations, and sound business practices, while at the same time protecting and preserving the right to academic freedom. Effective management of IT resources will ensure that students, faculty, and staff have adequate access to information and technology over the long term. The following regulations are established to define acceptable uses of IT resources, and to ensure that information technology resources promote the basic functions of the ASU System in teaching, learning, research, administration, and public service.

2. Scope

This policy applies to all faculty, staff, students, contractors, affiliates, and members of the ASU System community who access the ASU System IT infrastructure and associated resources. This policy applies to all digital institutional data, as governed by the Data Security and Classification Policy, and applies in all work settings, including on-campus, remote-work locations, and approved telecommuting arrangements.

3. Definitions

- **Technology Resources** – The machines, devices, systems, services, and related components used in information processing. This includes the following:
 - Machines, devices, and transmission facilities used in information processing, including computers, word processors, terminals, telephones, cables, software, and related products.
 - Devices that process information through electronic capture, collection, storage, manipulation, transmission, retrieval, and presentation of

information in the form of data, text, voice, or image, including telecommunications and office-automation functions.

- Any component related to information processing and wired or wireless telecommunications, including hardware, software, services, planning, personnel, facilities, and training.
- Procedures, equipment, and software designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, along with associated personnel, including consultants and contractors.
- All email accounts issued by the ASU System.
- **IT Organization** - The unit at each institution responsible for providing information technology solutions and services.
- **User** – Any individual, whether authorized or unauthorized, who makes use of any university technology resource from any location. This includes faculty, staff, students, contractors, affiliates, and members of the ASU System community.
- **ASU System Community** - Any person who accesses the ASU System’s IT infrastructure and who is not classified as a member of the faculty (full- or part-time), staff (full- or part-time) or enrolled student.
- **Systems Authority** – The ASU System delegates oversight of particular systems to the head of a specific unit of the ASU System or to an individual faculty member, in the case of technology resources purchased with research or other funds for which they are personally responsible.
- **Systems Administrator** - A Systems Authority may designate another person as “Systems Administrator” to manage the particular system assigned to them. Systems Administrators oversee the day-to-day operation of the system and are authorized to determine who is permitted access to particular technology resources.
- **Certifying Authority** - This is the Systems Administrator or other ASU System Authority, who certifies the appropriateness of an official ASU System document for electronic publication during the course of ASU System business.
- **Specific Authorization** - Documented permission provided by the applicable Systems Administrator.

4. Appropriate Use of Technology Resources

The ASU System’s information and technology resources may be used only for their authorized purposes – that is, to support the research, education, administrative, and other functions of ASU System institutions. Appropriate uses of technology include, but are not limited to, the following:

- Accessing the internet for work-related research and information gathering.
- Utility and applications software that accomplish tasks and fulfill job functions.
- Communication and collaboration between staff and/or other appropriate entities.

- Supporting teaching and learning activities, including course delivery, instructional design, and student engagement.
- Using technology resources to support campus operations, events, and official university business functions.
- Conducting approved research activities in compliance with university policies, grant requirements, and applicable regulations.
- Engaging in data analysis, reporting, and decision-making activities that support institutional planning and assessment, in accordance with the Data Classification Policy.

5. Appropriate Network Use and User Account Guidelines

The ASU System's networks and user accounts may be used only for their authorized purposes – that is, to support the research, education, administrative, and other functions of ASU System institutions. Use of the ASU System's internet connection and email resources is a privilege, and it is expected that all users will abide by acceptable use requirements as outlined by this policy. Appropriate uses of ASU System networks and user accounts include, but are not limited to, the following:

- Users may only access those computer accounts which have been authorized for their use.
- Users may only use accounts for their authorized purposes. This restriction shall not prevent informal communication, but accounts must not be used for private consulting or personal gain.
- Users must understand that network administrators may review files and communications to maintain system integrity and ensure that they are using the system responsibly. Employees should not expect files and documents to remain private.
- Users must not share credentials or allow others to access resources of their unique accounts.

6. Appropriate Use of Artificial Intelligence (AI) and Automated Decision Tools (ADT)

The ASU System permits the use of artificial intelligence (AI) and automated decision tools (ADT) for academic, instructional, research, and administrative purposes, when such use is explicitly authorized by institutional policy, academic program, or course instructor.

This authorized use must be ethical, transparent, and aligned with the academic integrity standards and acceptable use standards of each campus. Users remain fully responsible for the accuracy, originality, and compliance of all work produced with AI or ADT assistance, and all outputs must be reviewed and validated by the user prior to utilizing in institutional decision-making. Unauthorized or undisclosed use of AI or ADT may constitute a violation of institutional policy or may constitute academic misconduct standards.

Artificial intelligence and automated decision tools are authorized for use with data that is classified as appropriate for such systems, as outlined in the Data Security and Classification Policy. Regulated, confidential data, as outlined in the Data Security and Classification policy, shall not be entered into AI and ADT unless explicitly approved and contractually protected.

7. Process

Although this policy sets forth the general parameters of appropriate use of technology resources, the ASU System's faculty, students, and staff should consult their respective handbooks and campus operating procedures for more detailed statements on permitted use and the extent of use that the ASU System considers appropriate, in light of its varying roles within the community. In the event of conflict between other guidelines and the System Appropriate Use of Information and Technology Resources Policy, the System Appropriate Use Policy will prevail. The following sections outline details of this process.

8. Proper Authorization

Users are entitled to access only those technology resources that are consistent with their authorization. Access is limited to members of the ASU System community, its faculty, staff, students, and other specifically authorized individuals.

9. Ownership

All data, stored on university technology resources, is owned by the ASU System. Intellectual property rights will, of course, be recognized as established by policy. Possession, assignment, or use of an institutional technology resource does not constitute ownership. All institutional technology resources will remain the sole property of the institution at all times, regardless of who is in physical custody of the technology resource.

10. Privacy

Appropriate uses of technology concerning privacy of information include the following:

- The ASU System reserves the right to monitor and/or log all network activity, with or without notice, including email and all website communications, and, therefore, users should have no reasonable expectation of privacy in the use of these resources.
- The ASU System will not monitor email transmissions on a regular basis, though the construction, repair, operations, and maintenance of electronic messaging systems may occasionally result in monitoring transmitted or stored messages.
- Messages may be monitored during the course of investigations of suspected illegal or prohibited activity; in order to respond to a Freedom of Information Act request; in order to respond to a discovery request or other legal process or proceeding; and when otherwise necessary to the operations of the agency. Because the ASU System is a state agency, all electronic communications and documents are presumed to be subject to the Freedom of Information Act.

11. Specific Proscriptions of Use

The following categories of use are inappropriate and are prohibited:

- I. **Use in violation of law.** Illegal use of technology resources – that is, use in violation of civil or criminal law or regulation at the federal, state, or local levels – is prohibited. Examples of such uses include the following: promoting a pyramid scheme, accessing or distributing illegal material, copyright infringements, and/or making terroristic threats.

With respect to copyright infringements, users should be aware that copyright law governs (among other activities) the copying, display, or use of software and other works in digital form (text, sound, images, and other multimedia). The law permits use of copyrighted material without authorization from the copyright holder for some educational purposes (protecting certain classroom practices and “fair use,” for example), but an educational purpose does not automatically mean that the use is permitted without authorization.

- II. **Use that impedes, interferes with, impairs, or otherwise causes harm to the activities of others.** Users must not deny, attempt to deny, or interfere with service to other users in any way, including by “resource hogging,” misusing mailing lists, propagating “chain letters” or virus hoaxes, “spamming” (spreading email or postings widely and without good purpose), or flooding an individual, group, or system with numerous or large email messages. Other behaviors that may cause excessive network traffic, or computing load are also prohibited.

- III. **Use that is inconsistent with the ASU System’s public service status.** The university is a nonprofit, public service organization and, as such, is subject to specific federal, state, and local laws regarding sources of income, political activities, use of property, and similar matters. As a result, commercial use of technology resources for non-ASU System purposes is generally prohibited, except if specifically authorized and permitted under the ASU System’s conflict-of-interest, outside employment, and other related policies. Prohibited commercial use does not include communications and exchange of data that furthers the ASU System’s educational, administrative, research, and other roles, regardless of whether it has an incidental financial or other benefit to an external organization. Commercial advertising is strictly prohibited unless authorized by contract with the commercial vendor.

Utilization of technology resources, in a way that suggests ASU System endorsement of any political candidate or ballot initiative, is also prohibited. Users must refrain from using technology resources for the purpose of lobbying that connotes ASU System involvement. Technology resources shall not be used to express a personal political opinion to an elected official, unless the opinion is within the scope of the employee’s regular job duties or requested by an elected official or public entity. (Act 504 of 2023)

- IV. **Harassing or threatening use.** This category includes, for example, repeated unwelcome contacts with another.

V. **Use damaging the integrity of the ASU System or other technology resources.**

This category includes, but is not limited to, the following:

- a. **Attempts to defeat system security.** Users must not defeat, or attempt to defeat, any IT system's security – for example, by “cracking,” decoding, guessing, or applying the identification or password of another user, or compromising system/data security mechanisms. (This provision does not prohibit, however, the IT Organization or Systems Administrators from using security-related programs within the scope of their Systems Authority.)
- b. **Unauthorized access or use.** The ASU System recognizes the importance of preserving the integrity of data stored by individuals in technology resources. Users must honor this principle by neither seeking to obtain unauthorized access to technology resources, nor permitting or assisting any others doing the same. For example, a non-ASU System organization or individual may not use non-public technology resources without specific authorization. Privately owned computers may be used to provide public information resources, but such computers may not host sites or services for non-ASU System organizations or individuals across the ASU System network without specific authorization. Similarly, users are prohibited from accessing technology resources that they are not authorized to access. Furthermore, users must not make, or attempt to make, any deliberate, unauthorized changes to data on an IT system. Users must not intercept, or attempt to intercept or access, data communications not intended for that user, for example, by “promiscuous” network monitoring, running network sniffers, or otherwise tapping phone or network lines.
- c. **Disguised use.** Users must not conceal their identity when using technology resources, except when the option of anonymous access is explicitly authorized. Users are also prohibited from masquerading as, or impersonating, others or otherwise using a false identity.
- d. **Distributing computer viruses.** Users must not knowingly distribute or launch computer viruses, worms, or other rogue programs.
- e. **Modification or removal of data or equipment.** Without specific authorization, users may not remove or modify any ASU System-owned-or-administered equipment or data from ASU System property or technology resources.
- f. **Use of unauthorized devices.** Users must not physically or electronically attach any additional devices to the IT infrastructure or related resources that impede, interfere, or otherwise cause harm to the IT infrastructure or related resources.

VI. **Use in violation of external data network policies.** Users must observe all applicable policies of external data networks when using such networks.

12. ASU System Access

In accordance with state and federal law, the ASU System may access all aspects of technology resources without the consent of the user. Such access will be made in circumstances including, but not limited to, the following:

- When necessary to identify or diagnose systems or security vulnerabilities and problems, or otherwise preserve the integrity of the technology resources; or
- When authorized by federal, state, or local law or administrative rules; or
- When there are reasonable grounds to believe that a violation of law or a breach of ASU System policy, may have taken place, and access and inspection or monitoring may produce evidence related to the transgression; or
- When such access to a technology resource is required to carry out essential business functions of the ASU System; or
- When required to preserve public health and safety and/or system or data integrity or user privacy.

ASU System access without the consent of the user, will occur only with the approval of the appropriate administrator, or their respective delegates, except when an emergency entry is necessary to preserve the integrity of facilities or to preserve public health and safety.

The ASU System, through the Systems Administrators, will log all instances of access without consent. Systems Administrators will also log any emergency entry, within their control, for subsequent review by appropriate university authority.

In addition to accessing the technology resources, the ASU System, through the appropriate System Administrator, may deactivate a user's IT privileges, whether or not the user is suspected of any violation of this policy, when it is necessary to preserve the integrity of facilities, user services, or data. The System Administrator will attempt to notify the user of any such action.

By attaching privately owned personal computers or other devices to the ASU System's network, users consent to the ASU System's use of scanning programs for security purposes of those resources while attached to the network.

Most Systems Administrators routinely log user actions, in order to facilitate recovery from system malfunctions and for other management purposes. All Systems Administrators are required to establish and post procedures concerning logging of user actions, including the extent of individually identifiable data collection, data security, and data retention.

Encrypted files, documents, and messages may be accessed by the university under the above guidelines.

13. Enforcement Procedures

- **Complaint of Alleged Violations.** An individual, who believes that they have been harmed by an alleged violation of this policy, may file a complaint in accordance with established ASU System grievance procedures (including, where relevant, those procedures for filing complaints of sexual harassment or of racial or ethnic harassment) for students, faculty, and staff. The individual is also encouraged to

report the alleged violation to the Systems Authority overseeing the facility most directly involved, or to the IT Organization, which must investigate the allegation and (if appropriate), must refer the matter to ASU System's disciplinary and/or law enforcement authorities.

- **Reporting Observed Violations.** If an individual has observed or is otherwise aware of a violation of this policy, but has not been harmed by the alleged violation, they may report any evidence to the Systems Authority overseeing the facility most directly involved, or to the IT Organization, which must investigate the allegation and (if appropriate), refer the matter to ASU System's disciplinary and/or law enforcement authorities.
- **Disciplinary Procedures.** Alleged violations of this policy will be pursued in accordance with the appropriate disciplinary procedures for faculty, staff, and students, as outlined in the applicable Handbook.
- Systems Administrators and the IT Organization may participate in the disciplinary proceedings, as deemed appropriate by the relevant disciplinary authority. Moreover, at the direction of the appropriate disciplinary authority, Systems Administrators, and the Information and Technology Services unit are authorized to investigate alleged violations.
- **Legal Liability for Unlawful Use.** In addition to ASU System discipline, users may be subject to criminal prosecution, civil liability, or both, for unlawful use of any technology resources.
- **Appeals.** Users found in violation of this policy may appeal or request reconsideration of any imposed disciplinary action, in accordance with the appeals provisions of the relevant disciplinary procedures.

14. Policy Review

This document will be reviewed and reaffirmed annually, or upon significant changes to university IT governance, systems, or regulatory requirements.

Effective Date: October 16, 2026

Next Review Date: October 16, 2027

Version: 1.3

Referenced Policies, Standards, and Procedures: Arkansas Act 504

(Adopted by the Arkansas State University Board of Trustees on March 4, 2011, Resolution 11- 03 supersedes Arkansas State University-Jonesboro Appropriate Use of Information and Technology Resources Policy (Appropriate Use Policy) of March 8, 2002. Revised August 1, 2023, to comply with Act 504 of 2023. Revised October 16, 2026, Resolution #26-47.)

EXECUTIVE SUMMARY

Contact: Jeff Hankins (501) 660-1004

ACTION ITEM: The Arkansas State University System (System) requests approval of a proposed Artificial Intelligence Governance Policy.

ISSUE: The Board of Trustees must approve all System policies.

BACKGROUND:

- The ASU System proposes an Artificial Intelligence Governance Policy to establish requirements, responsibilities, and governance for the authorized use of Artificial Intelligence (AI) and Automated Decision Tools (ADT) within the Arkansas State University System.
- The proposed policy includes the following:
 - Defines and establishes the guidelines that constitute authorized use of Artificial Intelligence and Automated Decision Tools for academic, instructional, research, and administrative purposes;
 - Establishes mandatory training requirements, in the appropriate use of both AI and ADT tools, for all students, faculty, staff, and users of ASU System resources;
 - Requires each Arkansas State University System IT Organization to maintain a supplemental Artificial Intelligence Governance Standard and outlines the minimum requirements for that standard;
 - Directly references and relies upon requirements outlined in another requested policy adoption: Data Security and Classification Policy (Resolution 26-49); and
 - Ensures compliance with Arkansas Act 848 (2025).
- A copy of the proposed Artificial Intelligence Governance Policy is attached to this resolution.

RECOMMENDATION/RESOLUTION:

Be it resolved that the Arkansas State University System's Artificial Intelligence Governance Policy is approved, effective immediately.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair



Artificial Intelligence Governance Policy

Effective Date: October 16, 2026

1. Purpose

The purpose of this policy is to establish requirements, responsibilities, and governance for the authorized use of Artificial Intelligence (AI) and Automated Decision Tools (ADT) within the Arkansas State University System (ASU System). This policy ensures compliance with Arkansas Act 848 and provides a governance structure that promotes transparency, accountability, and responsible adoption of AI and ADT technologies.

2. Scope

This policy applies to all faculty, staff, students, contractors, affiliates, and members of the ASU System community, who use, develop, or oversee AI or ADT when conducting university business or using university technology resources, as defined in the policy. This policy applies to all digital institutional data, as governed by the Data Security and Classification Policy, and applies in all work settings, including on campus, remote-work locations, and approved telecommuting arrangements.

3. Definitions

- **Artificial Intelligence** - A machine-based system that can, based on a given set of human-defined objectives, make predictions, recommendations, or decisions that influence a real or virtual environment.
- **Automated Decision Tool** - A system or service that uses artificial intelligence and that has been specifically developed and marketed, or specifically modified, to make, or to be a controlling factor in making, consequential decisions.
- **Technology Resources** – The machines, devices, systems, services, and related components used in information processing. This includes the following:
 - Machines, devices, and transmission facilities used in information processing, such as computers, word processors, terminals, telephones, cables, software, and related products.
 - Devices used to process information through electronic capture, collection, storage, manipulation, transmission, retrieval, and presentation of information in

the form of data, text, voice, or image, including telecommunications and office-automation functions.

- Any component related to information processing and wired or wireless telecommunications, including hardware, software, services, planning, personnel, facilities, and training.
- Procedures, equipment, and software designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, along with associated personnel, such as consultants and contractors.
- All email accounts that are issued by the ASU System.
- **IT Organization** - The unit at each institution responsible for providing information-technology solutions and services.
- **User** – Any individual, whether authorized or unauthorized, who makes use of any university technology resource from any location. This includes faculty, staff, students, contractors, affiliates, and members of the ASU System community.

4. Responsibilities

The university personnel involved in the management, authorization, monitoring, and review of standards and procedures governing the use of Artificial Intelligence and Automated Decision Tools for each ASU System campus, includes the following:

- **Chief Information Officer (CIO)** - Responsible for executive sponsorship and oversight of the university's artificial intelligence and automated decision tool governance. The CIO ensures that appropriate resources, policies, and enforcement mechanisms are in place to support compliance with this policy. The CIO approves risk-based exceptions, resolves cross-unit tool management issues, and provides executive accountability for institutional data protection as it pertains to AI and ADT usage.
- **Data Custodians (Digital Records)** - Responsible for implementing and operating the technical and administrative controls that protect digital institutional data, in accordance with applicable compliance frameworks and institutional policy. This includes enforcing artificial intelligence usage guidelines, safeguarding data throughout its lifecycle, and supporting audit, monitoring, and incident response activities.
- **Human Resources** – Responsible for fulfilling the compliance and enforcement requirements outlined in this policy.
- **Employee Training and Development Authority**– Responsible for the coordination of user training requirements, assignments, and record maintenance outlined in this policy.
- **Procurement Services** - Responsible for developing and maintaining processes for the procurement of Artificial Intelligence, Automated Decision Tools, and any third-party platforms, as well as ensuring that risk assessments are performed prior to procurement.
- **IT Organization** – Responsible for maintaining a centralized inventory of all approved AI and ADT Systems.
- **Third-Party Vendors** – Third-party vendors providing AI or ADT solutions must demonstrate compliance with this policy, including transparency, bias mitigation, and data protection requirements.

5. Policy Exceptions

The Chief Information Officer for the campus is authorized to review and approve exceptions to this policy when organizational needs justify a deviation, and the associated risks are deemed acceptable. All exceptions must be documented, including a defined scope, a scheduled review date, and must incorporate compensating controls when appropriate. The CIO may delegate this authority, as necessary, but retains overall accountability for exception management and review.

6. Authorized Use of Artificial Intelligence and Automated Decision Tools

The ASU System permits the use of artificial intelligence (AI) and automated decision tools (ADT) for academic, instructional, research, and administrative purposes, when such use is explicitly authorized by institutional policy, academic program, or course instructor.

This authorized use must be ethical, transparent, and aligned with the academic integrity standards and acceptable use standards of each campus. Users remain fully responsible for the accuracy, originality, and compliance of all work produced with AI or ADT assistance. Unauthorized or undisclosed use of AI or ADT may constitute a violation of institutional policy or academic misconduct standards.

AI and ADT are authorized for use with data that is classified as appropriate for such systems, as outlined in the Data Security and Classification Policy. Regulated and confidential data, as outlined in the Data Security and Classification Policy, shall not be entered into AI and ADT, unless explicitly approved and contractually protected. Internal data is permitted for entry into AI agents, tools, and processing methods on university-maintained-and-approved platforms.

7. Human Oversight and Decision-Making

The ASU System requires an authorized human user or designee to make any final decision in the course of their employment, regardless of whatever AI or ADT the employee or designee recommends.

8. User Training Requirements

The ASU System shall develop a training program for all students, faculty, staff, and users of the system, concerning the appropriate use of AI and ADT in determining an outcome in the course of their time as an authorized user of the ASU System's technology resources. This training shall be included in all training for employees and students, and shall be completed on an annual basis, as managed by the campus employee training and development authority.

9. Supplemental Standard(s)

Each ASU System IT Organization shall maintain a supplemental Artificial Intelligence Governance Standard, separate from this policy, that outlines how AI agents, tools, and processing are maintained in accordance with state, federal, and university regulations and policies. At a minimum, this will include and establish the following subjects:

- Information regarding the AI and ADT approved for use on the campus.
- Information regarding the AI-powered meeting transcription-and- recording tools approved for use on the campus.

- Enforcement and monitoring mechanisms of Artificial Intelligence and Automated Decision Tool usage on the campus.
- Information which outlines the ethical use of AI on campus, ensuring transparency in its official usage.
- Definition of platform-review cadence and risk-management steps for AI and ADT utilized on the campus.
- Data, classified as **Confidential** or **Regulated**, is not permitted for entry into any AI agent, tool, or processing method, unless explicitly authorized.
- Internal data is permitted for entry into AI agents, tools, and processing methods on IT organization-maintained-and-approved platforms.

10. Compliance and Enforcement Procedures

The ASU System Human Resources Department shall maintain a disciplinary procedure for any violation of this Artificial Intelligence Governance Policy concerning authorized use of technology resources. Violations of this policy are subject to the same enforcement and disciplinary procedures governing misuse of university technology resources.

- **Complaint about Alleged Violations.** Anyone, who believes that they have been harmed by an alleged violation of this policy, may file a complaint in accordance with established ASU System grievance procedures (including, where relevant, those procedures for filing complaints of sexual harassment or of racial or ethnic harassment) for students, faculty, and staff. The individual is also encouraged to report the alleged violation to the ASU System's Authority overseeing the facility most directly involved, or to the IT Organization, which must investigate the allegation and (if appropriate) refer the matter to ASU System disciplinary and/or law-enforcement authorities.
- **Reporting Observed Violations.** If an individual has observed, or is otherwise is aware of, a violation of this policy, but has not been harmed by the alleged violation, they may report any evidence to the ASU System's Authority overseeing the facility most directly involved, or to the IT Organization, which must investigate the allegation and (if appropriate) refer the matter to the ASU System disciplinary and/or law- enforcement authorities.
- **Disciplinary Procedures.** Alleged violations of this policy will be pursued in accordance with the appropriate disciplinary procedures for faculty, staff, and students, as outlined in the applicable Handbook. ASU System administrators and the IT Organization may participate in the disciplinary proceedings, as deemed appropriate by the relevant disciplinary authority. Moreover, at the direction of the appropriate disciplinary authority, System Administrators and the Information and Technology Services unit are authorized to investigate alleged violations.
- **Legal Liability for Unlawful Use.** In addition to ASU System discipline, users may be subject to criminal prosecution, civil liability, or both, for unlawful use of any technology resources.
- **Appeals.** Users found in violation of this policy may appeal or request reconsideration of any imposed disciplinary action, in accordance with the appeals' provisions of the relevant disciplinary procedures.

11. Risk Management

Due to the variable risks that come with AI products and the function they are set to perform, risk levels may be vastly different based on the AI product. In order to properly assess and secure internal or outsourced data, the ASU System must ensure that a risk assessment is performed to identify, assess, and manage risks associated with AI and ADT.

This risk assessment applies to stand-alone AI and ADT, as well as third-party platforms and integrations that utilize AI to process institutional data.

Procurement of Artificial Intelligence, Automated Decision Tools, and any third-party platforms and integrations that utilize AI, must follow all standard procurement processes, as dictated by the campus authority on procurement.

12. Policy Review

This document will be reviewed and reaffirmed annually, or upon significant changes to university IT governance, systems, or regulatory requirements.

Effective Date: October 16, 2026

Next Review Date: October 16, 2027

Version: 1.0

Referenced Policies, Standards, and Procedures:

- Data Security and Classification Policy
- Arkansas Act 848

(Adopted by the Arkansas State University System Board of Trustees on October 16, 2026, Resolution 26-48.)

EXECUTIVE SUMMARY

Contact: Jeff Hankins (501) 660-1004

ACTION ITEM: The Arkansas State University System (System) requests approval of a proposed Data Security and Classification Policy.

ISSUE: The Board of Trustees must approve all System policies.

BACKGROUND:

- The System proposes a Data Security and Classification Policy that will secure and classify all institutional data governed by the System.
- The proposed policy establishes data classification tiers and establishes the necessary controls to ensure the integrity and security of all institutionally managed data.
- The proposed policy governs all digital data managed, stored, and processed by the System.
- A copy of the proposed Data Security and Classification Policy is attached to this resolution.

RECOMMENDATION/RESOLUTION:

Be it resolved that the Arkansas State University System's Data Security and Classification Policy is approved, effective immediately.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair



Data Security and Classification Policy

Effective Date: October 16, 2026

1. Purpose

The purpose of this policy is to secure and classify all institutional data governed by the Arkansas State University System (ASU System). Along with classifying this data, the policy will also establish appropriate controls to ensure the integrity and security of all institutional data.

2. Scope

This policy applies to all digital data that is managed, stored, and processed by ASU System campuses. This includes data stored on servers, cloud services, endpoints, external storage devices, data warehouses, messaging systems, email systems, and any other digital systems or technology resources, used to store, process, or transmit institutional data.

3. Definitions

- **Technology Resources** – The machines, devices, systems, services, and related components that are used in information processing. This includes the following:
 - Machines, devices, and transmission facilities that are used in information processing, including computers, word processors, terminals, telephones, cables, software, and related products.
 - Devices that are used to process information through electronic capture, collection, storage, manipulation, transmission, retrieval, and presentation of information in the form of data, text, voice, or image, including telecommunications and office-automation functions.
 - Any component that is related to information processing and wired or wireless telecommunications, including hardware, software, services, planning, personnel, facilities, and/or training.
 - Procedures, equipment, and software that are designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, along with associated personnel, including consultants and contractors.
 - All email accounts that are issued by the ASU System.

- **IT Organization** - The unit at each institution that is responsible for providing information technology solutions and services.
- **User** – Any individual, whether authorized or unauthorized, who makes use of any university-technology resource from any location. This includes faculty, staff, students, contractors, affiliates, and members of the ASU System community.
- **Systems Authority** – The ASU System delegates oversight of particular technology systems to the head of a specific unit of the ASU System, or to an individual faculty member, in the case of technology resources that were purchased with research or other funds for which they are personally responsible.
- **Systems Administrator** - A Systems Authority may designate another person as “Systems Administrator” to manage the particular system assigned to that individual. Systems Administrators oversee the day-to-day operation of the system and are authorized to determine those persons who are permitted access to particular technology resources.
- **Specific Authorization** - This means documented permission provided by the applicable Systems Administrator.

4. Responsibilities

University personnel who are involved in the configuration, maintenance, and review of controls necessary to ensure the effective management and security of digital institutional data include the following:

- **Chief Information Officer (CIO)** - Responsible for executive sponsorship and oversight of the university’s digital data security and classification program. The CIO ensures that appropriate resources, policies, and enforcement mechanisms are in place to support compliance with this policy. The CIO approves risk-based exceptions, resolves cross-unit data security issues, and provides executive accountability for institutional data protection.
- **ERP Team** – Responsible for the configuration, maintenance, and management of university Enterprise Resource Planning (ERP) systems (e.g., Banner).
- **Data Custodians (Digital Records)** - Responsible for implementing and operating the technical and administrative controls that protect digital institutional data in accordance with applicable compliance frameworks and institutional policy. This includes enforcing authorized access, safeguarding data throughout its lifecycle, and supporting audit, monitoring, and incident-response activities.
- **Data Custodians (Physical Records)** – Responsible for implementing and operating administrative and operational controls for the protection of physical institutional data outside the scope of this policy.

5. Policy Exceptions

The CIO for the campus is authorized to review and approve exceptions to this policy whenever organizational needs justify a deviation, and if the associated risks are deemed acceptable. All exceptions must be documented, including a defined scope, a scheduled review date, and they must incorporate compensating controls when appropriate. The CIO

may delegate this authority, as necessary, but retains overall accountability for exception management and review.

6. Data Classification Matrix

All institutional data shall be identified and classified based on its sensitivity and criticality, as well as the systems that support it. This will ensure that appropriate protection, oversight, and monitoring are applied.

This policy establishes four (4) distinct levels of classification, based on the sensitivity of data and potential regulatory requirements.

Tier	Confidentiality	Integrity	Availability	Examples
Public	Minimal	High	High	Websites and Public Research
Internal	Moderate	Moderate	Moderate	Internal Memos or Procedures
Confidential	High	High	Moderate	FERPA Records, Personnel Files
Regulated	Highest	Highest	High	HIPAA, PCI, CJIS, GLBA

*Please see Appendix A for detailed examples of each data type.

7. Data Classification – Public

Information approved for public release with no expectation of confidentiality.

Unauthorized disclosure poses no risk to the university, its operations, or individuals.

Public data may be shared freely without restriction.

8. Data Classification – Internal

Information intended for internal university use only. Unauthorized disclosure could cause minor operational, reputational, or administrative impact. Access is limited to authorized university personnel and to affiliates with a legitimate business need.

9. Data Classification – Confidential

Sensitive information that requires protection to prevent significant risk to the university or individuals. Unauthorized disclosure could result in financial loss, legal exposure, reputational harm, or disruption of university operations. While data of this class may cause institutional harm, it does not require mandatory external breach notification.

10. Data Classification – Regulated

Information subject to legal, regulatory, or contractual requirements. Unauthorized disclosure could result in severe financial loss, legal exposure, reputational harm, or major disruption of university operations. Data of this class legally or contractually requires the university to protect the data and to report breaches externally.

11. Records Retention

Each ASU System IT Organization shall maintain a comprehensive Records Retention Standard, separate from this policy, which outlines retention periods, retention locations, data custodians, and disposal methods by type of record. This Records Retention Standard will cover records outside of, and within, the scope of this Data Security and Classification Policy.

12. Data Transmission Requirements

All digital institutional data transmitted across networks, systems, applications, or services shall be protected in accordance with its assigned data classification, in order to prevent unauthorized disclosure, alteration, or interception.

- Data transmission controls shall be commensurate with the data's classification level (Public, Internal, Confidential, or Regulated). **Confidential** and **Regulated** data shall receive the highest level of transmission protection.
- **Confidential** and **Regulated** data shall be encrypted during transmission, using IT Organization-approved cryptographic protocols and configurations. Unencrypted transmission of **Confidential** or **Regulated** data is prohibited, unless explicitly authorized as a documented exception.
- Institutional data shall only be transmitted using IT Organization-approved systems, services, and communication channels. The use of personal email accounts, consumer file-sharing services, or unapproved messaging platforms for transmitting **Internal**, **Confidential**, or **Regulated** data is prohibited.
- When transmitted via email or messaging systems, **Confidential** and **Regulated** data shall be protected through approved technical controls, including encryption or secure delivery mechanisms, prior to transmission.
- Institutional data, classified as **Confidential** or **Regulated**, shall not be transmitted via insecure protocols, open wireless networks without protection, removable media without encryption, or other mechanisms that bypass institutional security controls.
- Data transmission activities may be logged, monitored, and reviewed to ensure compliance with this policy, applicable standards, and regulatory obligations. Violations of transmission requirements may result in access revocation or disciplinary action.

13. Data Watermarking Requirements

Each ASU System IT Organization shall maintain classification-based watermarking controls that apply persistent, user-attributable, and non-removable visual markings to **Confidential** and **Regulated** data, in accordance with the data's sensitivity and associated risk. This watermarking requirement will be implemented in alignment with the following table:

Data State	Watermark Applied?	Notes
Data at Rest	No	Encryption Required Instead
File Stored Post-export	Yes	Must Be Embedded before Storage
Display in Web App	Yes (Confidential/Regulated)	Dynamic Overlay Preferred
Printed Document	Yes (Confidential/Regulated)	Mandatory for Regulated
Email Attachment	Yes (if Confidential/Regulated)	Embedded Prior to Send

14.Access Control Requirements

Employees of the ASU System shall be granted access to files, folders, applications, actions, and other data-access methods based on job duties. Access to ASU System data and information systems shall comply with the Logical Access Security Standard.

15.Endpoint Data Security Requirements

The ASU System shall ensure that all endpoints, processing or storing institutional data, are configured to meet the following minimum requirements:

- Devices shall be centrally managed through an approved Mobile Device Management (MDM) platform (e.g., Microsoft Intune).
- Devices shall be joined to the institutional domain or cloud identity service.
- Devices shall be recorded in the institutional asset inventory with documented ownership and assigned data classification. Asset records shall be reviewed and validated at least annually (no less than once every 12 months).
- Full disk encryption shall be enabled, using an approved encryption standard (e.g., BitLocker with TPM 2.0).
- Local-administrator privileges shall be restricted as follows:
 - Standard users shall not have standing local-administrator rights, without specific authorization.
 - Privileged access shall be limited to authorized ASU System Administrators, or their designee(s).
- Automatic screen lock shall be enforced after no more than five (5) minutes of inactivity.
- An institutionally approved endpoint detection and response (EDR) solution (e.g., CrowdStrike) shall be installed, and actively reporting, to the central management console.
- Devices shall comply with the institution's approved software baseline and application control standards.

16.Artificial Intelligence (AI) Requirements

The ASU System shall maintain an Artificial Intelligence Governance Policy, separate from this document, outlining the transparent and responsible use of AI tools on ASU System campuses. This policy shall outline the following requirements relevant to this Data Security and Classification Policy:

- Data, classified as **Confidential** or **Regulated**, is not permitted for entry to any Artificial Intelligence (AI) agent, tool, or processing method, unless explicitly authorized.
- **Internal** data is permitted for entry to AI agents, tools, and processing methods on university-maintained and approved platforms.

17. Policy Review

This document will be reviewed and reaffirmed annually, or upon significant changes to university IT governance, systems, or regulatory requirements.

Effective Date: October 16, 2026

Next Review Date: October 16, 2027

Version: 1.0

Referenced Policies, Standards, and Procedures:

- Cloud, Network, and Local Storage Standard
- Logical Access Security Standard
- Endpoint Management Standard
- AI Governance Standard

Appendix A – Data Classification Examples

Please note: This is not an exhaustive list. This appendix is provided to supplement the definitions given in this policy.

Data Type	Classification	Justification
Export Controlled data	Regulated	ITAR, EAR
Credit Card Cardholder Data	Regulated	PCI
Social Security Numbers	Regulated	PII
Donor Financial Records	Regulated	GLBA
Patient Health Records (identifiable)	Regulated	HIPAA
Student Records (non-directory)	Confidential	FERPA
Class Schedules	Confidential	PII
Transcripts	Confidential	FERPA
Personally Identifiable Information	Confidential	PII
Employee Data (not including SSN)	Confidential	Employee privacy
System Security Plans	Internal	Protective information
Unpublished Research Results	Internal	Competitive and commercial potential
Exams (question banks and answer keys)	Internal	Exam integrity
ASU System Directory (students & staff)	Public	FERPA
University Regulations	Public	Intended for public use
Course Catalog	Public	Intended for public use
Public Web Sites	Public	Intended for public use

(Adopted by the Arkansas State University System Board of Trustees on October 16, 2026,
Resolution 26-49.)

EXECUTIVE SUMMARY

Contact: Jeff Hankins (501) 660-1004

ACTION ITEM: The Arkansas State University System (System) requests approval of a proposed Information and Technology Resource Security Policy.

ISSUE: The Board of Trustees must approve all System policies.

BACKGROUND:

- The System proposes an Information and Technology Resource Policy to establish requirements, responsibilities, and governance for the secure use and management of institutional data and technology resources within the System.
- The proposed policy is intentionally structured to rely on 12 supplemental standards that will be drafted and maintained by each individual System IT Organization. These standards establish institutional intent and provide flexibility to each individual IT Organization, while still requiring compliance with the minimum requirements outlined in this governing policy. The following standards will be drafted and enforced:
 - Technology Resource Management Standard;
 - Technology Resource Vulnerability and Patch Management Standard;
 - Network Security Standard;
 - Technology Resource Physical and Environmental Security Standard;
 - Logical Access Security Standard;
 - Artificial Intelligence Governance Standard - also required in the proposed Artificial Intelligence Governance Policy (Resolution 26-XX);
 - Risk Assessment and Vendor Management Standard;
 - Compliance Framework Implementation and Assurance Standard;
 - Incident Response Plan;
 - Business Continuity and Disaster Recovery Plan;
 - Technology Resource User Education Standard; and
 - Enterprise Resource Planning (ERP) Standard.
- This proposed policy directly references and relies upon requirements outlined in another proposed policy adoption: Data Security and Classification Policy (Resolution 26-49) and is also intended to ensure compliance with Arkansas Act 504 (2023).
- A copy of the proposed Information and Technology Resource Security Policy is attached.

Arkansas State University System
Board of Trustees
October 16, 2026
Resolution 26-50
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EXECUTIVE SUMMARY

Contact: Jeff Hankins (501) 660-1004

RECOMMENDATION/RESOLUTION:

Be it resolved that the Arkansas State University System's Information and Technology Resource Security Policy is approved, effective immediately.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair



Information and Technology Resource Security Policy

Effective Date: October 16, 2026

1. Purpose

The purpose of this policy is to establish requirements, responsibilities, and governance for the secure use and management of institutional data and technology resources within the Arkansas State University System (ASU System). This policy ensures compliance with Arkansas Act 504 and provides a governance structure that promotes transparency, accountability, and responsible management of university technology resources.

2. Scope

This policy applies to all faculty, staff, students, contractors, affiliates, and members of the ASU System community, who use technology resources or interact with institutional data when conducting university business, as defined in this policy. This policy applies to all institutional data, as governed by the Data Security and Classification Policy and applies in all work settings, including on campus, remote-work locations, and approved telecommuting arrangements.

3. Definitions

- **Artificial Intelligence (AI)** - A machine-based system that can, based on a given set of human-defined objectives, make predictions, recommendations, or decisions influencing a real or virtual environment.
- **Automated Decision Tool (ADT)** - A system or service that uses artificial intelligence and that has been specifically developed and marketed, or specifically modified, to make, or to be, a controlling factor in making consequential decisions.
- **Technology Resources** – The machines, devices, systems, services, and related components used in information processing. This includes the following:
 - Machines, devices, and transmission facilities used in information processing, including computers, word processors, terminals, telephones, cables, software, and related products.
 - Devices used to process information through electronic capture, collection, storage, manipulation, transmission, retrieval, and presentation of

information in the form of data, text, voice, or image, including telecommunications and office-automation functions.

- Any component related to information processing and wired or wireless telecommunications, including hardware, software, services, planning, personnel, facilities, and training.
- Procedures, equipment, and software designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, along with associated personnel, such as consultants and contractors.
- All email accounts issued by the ASU System.
- **User** – Any individual, whether authorized or unauthorized, who makes use of any university technology resource from any location. This includes faculty, staff, students, contractors, affiliates, and members of the ASU System community.
- **Institutional Data** - Any data created, collected, maintained, transmitted, or recorded by the ASU System, or its individual campuses, in support of academic, administrative, research, or operational functions. This includes data used to conduct official university business, regardless of format or storage location (e.g., digital systems, paper records, cloud services).
- **IT Organization** - The unit at each institution responsible for providing information-technology solutions and services.
- **ASU System Community** - Any person who accesses the ASU System's IT infrastructure and who is not classified as a member of the faculty (full- or part-time), staff (full- or part-time), or enrolled student.
- **Systems Authority** – The ASU System delegates oversight of particular systems to the head of a specific unit of the ASU System, or to an individual faculty member, in the case of technology resources purchased with research or other funds for which they are personally responsible.
- **Systems Administrator** - A Systems Authority may designate another person as "Systems Administrator" to manage the particular system assigned to them. Systems Administrators oversee the day-to-day operation of the system and are authorized to determine who is permitted access to particular technology resources.
- **Privileged Access** – Authorized access that allows a user or account to perform administrative or security-sensitive actions on a technology resource that a standard user cannot perform.

4. Policy Exceptions

The Chief Information Officer (CIO) for the campus is authorized to review and approve exceptions to this policy when organizational needs justify a deviation, and when the associated risks are deemed acceptable. All exceptions must be documented, including a defined scope and, a scheduled review date, and must incorporate compensating controls

when appropriate. The CIO may delegate this authority, as necessary, but retains overall accountability for exception management and review.

5. Responsibilities

The university personnel involved in the management, authorization, monitoring, and review of standards and procedures governing the use of AI and ADT for each ASU System campus, includes the following:

- **Chief Information Officer (CIO)** - Responsible for executive sponsorship and oversight of the university's information and technology resource security program. Ensures that appropriate resources, policies, and enforcement mechanisms are in place to support compliance with this policy. Approves risk-based exceptions, resolves cross-unit tool management issues, and provides executive accountability for institutional data protection, as it pertains to technology resources.
- **Data Custodians (Digital Records)** - Responsible for implementing and operating the technical and administrative controls that protect digital institutional data in accordance with applicable compliance frameworks and institutional policy. This includes enforcing artificial-intelligence usage guidelines, safeguarding data throughout its lifecycle, and supporting audit, monitoring, and incident response activities.
- **Data Custodians (Physical Records)** – Responsible for implementing and operating administrative and operational controls to protect physical institutional data outside the scope of this policy.
- **Human Resources** – Responsible for the development and maintenance of compliance and enforcement requirements outlined in this policy.
- **Employee Training and Development Coordinator** – Responsible for the coordination of user training requirements and training record maintenance outlined in this policy.
- **Procurement Services** - Responsible for developing and maintaining processes for the procurement of technology resources and any third-party platforms, as well as ensuring that risk assessments are performed prior to procurement.

6. Information and Technology Resource Security Structure

Given the broad scope of this policy, it is intentionally structured to be supported by more detailed standards. This policy establishes institutional intent and minimum requirements, while governance is achieved through the supporting standards that outline the specific technical and operational requirements for full compliance with this policy.

The next twelve (12) sections of this policy will outline and establish these supporting standards.

7. Technology Resource Management Standard

Each ASU System IT Organization shall maintain a supplemental Technology Resource Management Standard, separate from this policy, which outlines the ways in which technology resources are maintained in accordance with state, federal, and university regulations and policies. At a minimum, this will include and establish the following subjects:

- Devices shall be named in alignment with the IT Organization's approved naming scheme.
- Devices shall be centrally managed through an approved Mobile Device Management (MDM) platform (e.g., Microsoft Intune, JAMF).
- Devices shall be joined to the IT Organization's institutional domain (e.g., Entra or on-premises domains).
- Devices shall display a system-use notification to users before granting access to the system. This notification must comply with Criminal Justice Information Services (CJIS) policy v6.0 control AC-8.
- Full-disk encryption shall be enabled, using an IT Organization-approved encryption standard (e.g., BitLocker with TPM 2.0).
- Local administrator privileges shall be restricted, as follows:
 - Standard users shall not have standing local administrator rights.
 - Privileged access shall be limited to authorized ASU System IT Organization personnel.
 - Authorized privileged access shall not be granted via the use of static local accounts and will instead utilize an approved Privileged Access Management (PAM) solution (e.g., Microsoft Local Administrator Password Solution (LAPS)).
- Automatic screen lock shall be enforced after no more than five (5) minutes of inactivity.
- An institutionally approved endpoint detection and response (EDR) solution (e.g., CrowdStrike) shall be installed and shall actively report to the central management console.

8. Technology Resource Vulnerability and Patch Management Standard

Each ASU System IT Organization shall maintain a supplemental Technology Resource Vulnerability and Patch Management Standard, separate from this policy, which outlines the ways in which technology resources vulnerabilities and patch versions are maintained, in accordance with state, federal, and university regulations and policies. At a minimum, this will include and establish the following subjects:

- IT Organization-approved target remediation timelines. (e.g., Critical vulnerabilities on assets processing confidential data must be remediated within 14 days.)

- Any technology resource, owned by the ASU System or connecting to ASU System networks, will be subject to vulnerability scanning, as warranted by the respective IT Organization.
- Failure to remediate an identified vulnerability within the outlined timeline, on any technology resource owned by the ASU System or connecting to ASU System networks, may result in the removal of the system or device from the network without notification.
- For the purposes of data classification, any information or scan results, detailing sensitive security flaws within ASU System technology resources, will be considered **confidential**.
- The establishment and assignment of responsibility for a centrally administered patch management system for the IT Organization's technology resources.
- Patching/upgrading major systems which could impact a substantial number of campus users must be completed during regular maintenance windows, unless an emergency maintenance window is required due to the criticality of the patch/upgrade.

9. Network Security Standard

Each ASU System IT Organization shall maintain a supplemental Network Security Standard, separate from this policy, that outlines the ways in which network resources are maintained in accordance with state, federal, and university regulations and policies. At a minimum, this will include and establish the following subjects:

- All access to network resources shall be authenticated, authorized, and restricted to approved users, devices, and services.
- All network infrastructure devices shall be configured, using documented, security hardened baselines, and shall not operate with vendor default credentials.
- All network infrastructure shall be regularly assessed for vulnerabilities, and security patches and updates shall be applied within acceptable timeframes based on risk and criticality.
- All third-party, vendor, and remote network connections shall be explicitly approved, documented, securely configured, and annually reviewed for continued necessity.
- All network traffic shall be logically or physically segmented, based on risk, function, and data classification. This segmentation shall be documented and supplemented with data flow diagrams.
- Examples of both appropriate and inappropriate use of network infrastructure.
- Each ASU System campus shall develop and enforce disciplinary procedures for tampering with networking infrastructure (e.g., Wireless Access Point (WAP) removal). This shall be reflected in the student, faculty, and staff handbooks for each ASU System campus, and a clear reporting structure will be established for

the campus IT Organization to report instances of this to the respective disciplinary body.

10. Technology Resource Physical and Environmental Security Standard

Each ASU System IT Organization shall maintain a supplemental Technology Resource Physical and Environmental Security Standard, separate from this policy, which outlines how the infrastructure, necessary to provide physical resources and users a safe and secure working environment, is managed. This standard is maintained in accordance with state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- How credential-based electronic physical access requests are structured and processed to ensure that access requests are handled in a secure manner.
- How credential-based electronic physical access is audited to ensure that accounts only have access to necessary locations across sites.
- Requirements for technology resource-related physical infrastructure installations, include the following:
 - Network cabling requirements, including rating, plenum vs. non-plenum, shielding, and coloring.
 - Fiber optic cabling and connector requirements.
 - MDF and IDF minimum requirements.
 - Exposed wiring requirements.
- MDF and IDF Physical Access Security Controls, including, but not limited to the following:
 - Point(s) of entry must be secured with either key-based or credential-based electronic access controls.
 - Key and credential-based electronic access to such spaces must be limited to only IT Organization staff.
 - Keys to access these spaces shall be managed only by IT Organization staff.
 - The room cannot be a shared space or be utilized for any unauthorized purpose (e.g. custodial closet, general storage, general workspace).
- MDF and IDF Environmental Security Control requirements.
- MDF and IDF Physical and Environmental security auditing requirements.

11. Logical Access Security Standard

Each ASU System IT Organization shall maintain a supplemental Logical Access Security Standard, separate from this policy, which establishes standards for account creation, management, and information system management across all systems and accounts within the university. This standard is maintained in accordance with state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- Restrictions regarding duplicated passphrases used to access campus information systems.
- Establishes security levels for use in determining account security requirements.
- Establishes minimum passphrase length requirements based on account security level.
- Establishes minimum passphrase complexity requirements based on account security level.
- Establishes passphrase rotation schedules based on account security level.
- Establishes account lockout thresholds based on account security level.
- Restrictions regarding the management and use of default administrative accounts on endpoints, in alignment with the requirements outlined in this policy for the technology resource management standard.
- Restrictions regarding the configuration, use, and access of local user accounts in alignment with the requirements outlined in this policy for the technology resource management standard.
- Detailed account management requirements to ensure that accounts are handled in a secure manner during their lifecycle.

12. Artificial Intelligence Governance Standard

Each ASU System IT Organization shall maintain a supplemental Artificial Intelligence Governance Standard, separate from this policy, which outlines how AI agents, tools, and processing are maintained in accordance with state, federal, and university regulations and policies. At a minimum, this will include and establish the following subjects:

- Information regarding the AI and ADT approved for use on the campus.
- Information regarding the AI-powered, meeting transcription and recording tools approved for use on the campus.
- Enforcement and monitoring mechanisms of AI and ADT usage on the campus.
- Information outlining the ethical use of AI on campus, ensuring transparency in its official use.
- Defined platform-review cadence and risk-management steps for AI and ADT utilized on the campus.
- Data, classified as **confidential** or **regulated**, is not permitted for entry to any AI agent, tool, or processing method, unless explicitly authorized.
- Internal data is permitted for entry to AI agents, tools, and processing methods on university-maintained-and-approved platforms.

13. Risk Assessment and Vendor Management Standard

Each ASU System IT Organization shall maintain a supplemental Risk Assessment and Vendor Management Standard, separate from this policy, which outlines the ways in which technology resource risk is assessed and the relevant ways that technology vendors are managed. This standard is maintained in accordance with state, federal, and university

regulations and policies and, at a minimum, will include and establish the following subjects:

- Security documentation requirements for vendor risk assessments to be performed. (e.g., SOC 2, ISO 27001).
- Information regarding which security documentation is required, based on the class of data the technology or digital service will interact with.
- Vendor security documentation review cadence.
- Vendor security documentation storage and management.
- Minimum vendor security requirements, based on the class of data the technology or digital service interacts with.
- Enforcement and non-compliance requirements.

14. Compliance Framework Implementation and Assurance Standard

Each ASU System IT Organization shall maintain a supplemental Compliance Framework Implementation and Assurance Standard, separate from this policy, which outlines the ways in which external compliance frameworks are managed and audited, in order to ensure compliance with their requirements. This standard is maintained in accordance with state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- An exhaustive list of each compliance framework that ASU System campuses are required to comply with.
- Shared compliance controls for each listed compliance framework, including the following:
 - Maintaining a formal internal audit schedule for each framework. This audit will serve as a self-study of university compliance and will be used to determine gaps for formal remediation. This internal audit shall occur no less than once every 12 months.
 - Maintaining a formal audit procedure for each compliance framework.
 - Establishing scope of responsibility for each framework. This will ensure that the correct stakeholders are identified and held accountable for their portion of framework compliance requirements.
- Unique compliance controls and requirements for each individual compliance framework.
- Monitoring and enforcement mechanisms to ensure that all ASU System campuses are regularly reviewing and attesting to the requirements for each compliance framework.

15. Incident Response Plan

Each ASU System IT Organization shall maintain a supplemental Incident Response Plan, separate from this policy, which outlines the ways in which the IT Organization would respond to an IT security incident or emergency. This standard is maintained in accordance

with state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- Law enforcement and external entity notification information. (e.g. FBI, University Police Department, City Police)
- Containment and evidence preservation requirements.
- Roles, responsibilities, and decision-making authority details.
- Post-incident review checklist.
- Security Panel or IT Organization specific group tasked with incident response) contact information.
- A template incident report within an appendix.
- A responsibility matrix detailing which responsible parties are charged with certain duties.
- A full step-by-step guide detailing the ways in which a potential incident should be worked from the first notification/initial discovery.

16. Business Continuity and Disaster Recovery Plan

Each ASU System IT Organization shall maintain a supplemental Business Continuity and Disaster Recovery Plan, separate from this policy, which outlines the ways in which the IT Organization plans to ensure continuity of business operations and recovery from an environmental disaster. This standard is maintained in accordance with state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- An incident classification matrix that outlines the ways that incidents and disasters will be categorized.
- The establishment of a Crisis Assessment and Management Team (CAMT) within each IT Organization that is responsible for evaluating incidents, assigning crisis classification, authorizing plan activation, and providing executive updates.
- Recovery objectives based on both incident classification and resource criticality.
- IT Organization backup and data protection practices that ensure both restoration from a severe incident and retention in alignment with campus and state requirements and regulations.
- A formal restoration sequence, with critical services, such as E911 and communication methods being the first in the sequence for restoration.
- Internal and external communication requirements and responsibilities.
- A formal testing, training, exercise, and review process that requires, at a minimum, that the following activities be completed by the IT organization:
 - Business Continuity & Disaster Recovery tabletop exercises are conducted annually to validate roles, decision making authority, escalation paths, and internal and external communication coordination.

- Comprehensive After Action Reviews (AARs) are completed following annual exercises, as well as declared major incidents to document lessons learned, identify gaps, and develop corrective action plans. Corrective actions are tracked to completion.
- Targeted technical recovery tests for critical enterprise systems, communications infrastructure, ERP data, and cloud hosted services are conducted on a recurring basis, not less than annually, and may be scheduled more frequently for systems classified as Critical or Priority.
- Backup restoration drills are performed quarterly to validate data recoverability, backup integrity, immutability protections, and alignment with defined RTO and RPO targets.

17. Technology Resource User Education Standard

Each ASU System IT Organization shall maintain a supplemental Technology Resource User Education Standard, separate from this policy, which outlines the ways in which the IT Organization plans to ensure that users are adequately educated on basic technology resource topics and skills. This standard is maintained in accordance with state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- New user training requirements for faculty, staff, students, contractors, affiliates, and members of the ASU System community.
- Ways that on-demand educational documents are maintained and stored for user access.
- Methods for contacting the IT Organization's help desk, or tier 1 user support staff, for assistance.
- Procedures for finding and accessing *ad hoc* training sessions that may be provided throughout the semester.
- Information regarding mandatory, technology resource specific, training, such as Criminal Justice Information Services (CJIS) training.
- Information regarding mandatory AI and ADT training.
- Information regarding annual employee compliance training required by the Board of Trustees.
- Information regarding IT Organization tabletop exercises.
- Techniques for finding ways that the effectiveness of the user education program is monitored and updated.

18. Enterprise Resource Planning (ERP) Standard

Each ASU System IT Organization shall maintain a supplemental Enterprise Resource Planning (ERP) Standard, separate from this policy, which outlines the ways in which the IT Organization plans to ensure that ERP technology resources are effectively managed, maintained, and utilized by relevant users. This standard is maintained in accordance with

state, federal, and university regulations and policies and, at a minimum, will include and establish the following subjects:

- ERP governance structure, including institutional data steward roles and responsibilities, decision-making authority, and cross-functional stakeholder participation.
- Governance processes for shared ERP tables, configurations, integrations, and enterprise-wide data structures, including stakeholder review, approval, communication, and change management requirements.
- Data standardization, integrity, and institutional data management requirements for institution-specific ERP tables, configurations, and data elements.
- ERP integration, change management, patch management, testing, deployment, and vendor coordination requirements.
- ERP access provisioning, least privilege, segregation of duties, service account management, and annual access review requirements.
- Direct Banner ERP access shall be audited no less than once per year.
- Platforms that integrate with the Banner ERP system shall have their access audited no less than once per year.
- Requirements for protecting Confidential and Regulated institutional data within the ERP environment, including applicable AI governance restrictions and data handling requirements.
- ERP incident response, recovery, business continuity, backup, and vendor coordination requirements for cloud-hosted and institutionally managed ERP services.
- Compliance, vendor management, and third-party risk management requirements associated with ERP operations, including applicable regulatory, contractual, and institutional obligations.

19. Policy Review

This document will be reviewed and reaffirmed annually, or upon significant changes to university IT governance, systems, or regulatory requirements.

Effective Date: October 16, 2026

Next Review Date: October 16, 2027

Version: 1.0

Referenced Policies, Standards, and Procedures:

- Data Security and Classification Policy
- Arkansas Act 848

(Adopted by the Arkansas State University System Board of Trustees on October 16, 2026,
Resolution 26-50.)

ARKANSAS STATE UNIVERSITY SYSTEM BOARD OF TRUSTEES

A Resolution Recognizing the Significant Contributions of
Marvin Hagaman and the Hagaman Family
to Arkansas State University (A-State)

WHEREAS, the Board of Trustees has retained unto itself the authority to name facilities and programs of the campuses within the Arkansas State University System; and

WHEREAS, Marvin Hagaman was an educator, coach, and community leader, who as an ASU Indian, co-captained the ASU football team, and later served as a valued member of its football coaching staff which helped guide the Indians to the 1970 National Championship, leaving a lasting impact on the proud tradition and success of the program; and

WHEREAS, the Hagaman Family has demonstrated a long-standing commitment to the university and to A-State Athletics through their philanthropic support, which has benefited student-athletes and university programs over the years, and they have chosen to enhance and redesignate that existing endowed support to further strengthen A-State Football and the student-athlete experience; and

WHEREAS, it is appropriate that the legacy of Marvin Hagaman and the contributions of the Hagaman Family be permanently recognized;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Arkansas State University System that the Defensive Coordinator's Office, within the Centennial Bank Football Operations Center on the A-State campus, shall be known henceforth as the:

Coach Marvin Hagaman Defensive Coordinator's Office

DULY ADOPTED AND APPROVED this 16th day of October 2026

Robert G. Rudolph Jr., Chair

Paul Rowton, Vice Chair

Price C. Gardner, Secretary

Gary Harpole, Member

Jerry Morgan, Member

Carole Farmer, Member

Heather Maxey, Member

Todd Shields, President

EXECUTIVE SUMMARY

Contact: Calvin White (870) 972-3030

ACTION ITEM: Arkansas State University (A-State) requests approval of the proposed bylaws for Arkansas State University Strategic Endeavors, Inc. (A-State Strategic Endeavors, Inc.).

ISSUE: The bylaws establish ASU's governance structure, authority to act on projects, and other matters that would require Trustee approval.

BACKGROUND:

- A-State Strategic Endeavors, Inc. is a nonprofit organization, established to support the university in providing a structure for partnerships and transactions that advance the university's educational and facilities' needs.
- Potential uses include projects involving campus facilities, research, infrastructure, and partnerships with private entities.
- The proposed bylaws establish the organization's board structure, its authority to consider transactions, and the circumstances under which a project must also come before the ASU System Board of Trustees.
- A copy of the proposed bylaws for A-State Strategic Endeavors, Inc. is attached to this resolution.

RECOMMENDATION/RESOLUTION:

Be it resolved that the proposed bylaws for Arkansas State University Strategic Endeavors, Inc., are approved, effective immediately.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair

BYLAWS OF
ARKANSAS STATE UNIVERSITY STRATEGIC ENDEAVORS, INC.
A NON-PROFIT ARKANSAS CORPORATION

ARTICLE I.
DEFINITIONS

The terms set forth below shall have the following meanings unless otherwise required by the context in which they may be used:

Act. The term "Act" shall mean the Arkansas Nonprofit Corporation Act of 1993, as amended.

Articles of Incorporation. The term "Articles of Incorporation" shall mean the Articles of Incorporation of the Corporation filed with and accepted by the Secretary of State of the State of Arkansas, on the 14th day of May, 2026, and as thereafter amended.

Board. The term "Board" shall mean the Board of Directors of the Corporation.

Board Committee. The term "Board Committee" shall mean any committee created by the Board.

Bylaws. The term "Bylaws" shall mean these Bylaws of the Corporation except where reference is specifically made to the bylaws of another corporation, entity, or unit.

Code. The term "Code" shall mean the Internal Revenue Code of 1986, as amended and future corresponding revenue laws of the United States.

Corporation. The term "Corporation" shall mean Arkansas State University Strategic Endeavors, Inc., an Arkansas nonprofit corporation.

State. The term "State" shall mean the State of Arkansas.

ARTICLE II.
PURPOSE

SECTION 1. Purpose. It is intended that the Corporation will qualify at all times as an organization exempt from federal income tax under Sections 501(a) and 501(c)(3) of the Code, that it will qualify at all times as an organization to which deductible contributions may be made pursuant to Sections 170, 642, 2055 and 2522 of the Code, and that it will qualify as a public charity pursuant to Section 509(a)(1) of the Code, and not as a private foundation under the Code. The Corporation is organized and shall be operated exclusively for charitable, scientific, literary and educational purposes, such purposes having the meaning ascribed to them under the authorities interpreting the provisions of Section 501(c)(3) of the Code, or any corresponding provisions of subsequent Federal tax laws, and the Corporation shall pledge its assets for use in performing these

purposes (which pledge, however, is intended, and shall be construed, to be a dedication of such assets to the accomplishment of such purposes and does not create a lien or security interest and the Corporation may encumber its assets and revenues to secure the payment of its debts and performance of its duties in the accomplishment of those purposes). In accomplishment of such purposes, the Corporation shall be organized, and at all times operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Arkansas State University and Arkansas State University Foundation, Inc. and their supported organizations. To the extent required by Section 501(c)(3) and Section 509(a)(3) of the Code, no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, any director, officer or other private person; provided, the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

SECTION 2. Public Benefit Corporation. The Corporation is a public benefit corporation within the meaning of the Act § 4-33-140 formed for charitable, scientific, or educational purposes within the meaning of Section 501(c)(3) of the Code, but only to the extent and in such manner that such purposes constitute exclusively charitable, scientific, or educational purposes within the meaning of Section 501(c)(3) of the Code.

SECTION 3. No Private Inurement. No part of the net earnings or the property of this Corporation shall inure to the benefit of or be distributable to, its directors, officers, members or other private individuals or persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for goods and services rendered and to make payments in furtherance of the purposes set forth in the paragraph just above. The Corporation shall not carry on propaganda or otherwise attempt to influence legislation in any manner which is not permitted under the Code.

ARTICLE III.

OFFICES

SECTION 1. Principal Office. The principal office of the Corporation in the State of Arkansas shall be located in the City of Jonesboro, Arkansas. The Corporation may have such other offices, either within or without the State of Arkansas, as the Board may designate or as the business of the Corporation may require from time to time.

SECTION 2. Registered Office. The Corporation shall continuously maintain in the State of Arkansas a registered office, and a registered agent as required by the Act. The address of the registered office may be changed from time to time by the Board.

ARTICLE IV.

MEMBERSHIP

SECTION 1. No Member. The Corporation shall have no members; however, as further specified below, certain actions of the Corporation shall require the approval of the Arkansas State University System (the "System"), an agency and instrumentality of the State of Arkansas, acting through its Board of Trustees (the "Board of Trustees").

SECTION 2. Relationship to the Board. Except as expressly provided in these Bylaws or the Articles of Incorporation, the general management, control, and direction of the business and affairs of the Corporation shall be vested in the Board. The rights reserved to the System under these Bylaws are oversight and approval rights and shall not be construed as day-to-day management authority. The System and the Board shall consult in good faith on matters of mutual concern to the Corporation and the Supported Organizations.

ARTICLE V.
SUPPORTED ORGANIZATIONS AND P3 INVESTMENT AUTHORITY

SECTION 1. Supported Organizations. The Corporation is organized and shall at all times be operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the following organizations (each a “Supported Organization” and collectively the “Supported Organizations”):

- (a) Arkansas State University, a constituent institution of the Arkansas State University System; and
- (b) Arkansas State University Foundation, Inc., an Arkansas nonprofit corporation.

SECTION 2. Maintenance of Qualifications. The Corporation shall at all times maintain its qualification as a supporting organization within the meaning of Section 509(a)(3) of the Code with respect to the Supported Organizations, and shall be operated in a manner consistent with such qualification. Any amendment to these Bylaws or the Articles of Incorporation that would alter the identity of the Supported Organizations, the Corporation’s purposes, or the Corporation’s relationship to the Supported Organizations shall require the prior written consent of each Supported Organization in addition to the approval of the System.

SECTION 3. Responsiveness to Supported Organizations. The Corporation shall be responsive to the needs and demands of the Supported Organizations. In furtherance of such responsiveness, the Corporation shall:

- (a) Provide each Supported Organization, upon written request, with such information as is reasonably necessary for the Supported Organization to determine whether the Corporation is carrying out its charitable and educational purposes in a manner consistent with this Article;
- (b) Notify each Supported Organization in writing at least sixty (60) days in advance of any proposed amendment to the Articles of Incorporation or these Bylaws that would alter the Corporation’s stated purposes, governance structure, investment authority, or the identity of the Supported Organizations;
- (c) Provide each Supported Organization with a copy of the Corporation’s annual report, IRS Form 990, and audited financial statements (if any) within thirty (30) days of their completion or filing; and

(d) Provide each Supported Organization with advance written notice of any proposed Public-Private Partnership Transaction as set forth in Section 4 of this Article V, at least sixty (60) days prior to the Board's approval of such transaction, or such shorter period as the Supported Organization may agree in writing.

SECTION 4. Annual Certification. The Board shall annually certify in writing to each Supported Organization that the Corporation's activities during the preceding fiscal year furthered the educational and charitable purposes of such Supported Organization. Such certification shall be delivered within sixty (60) days following the close of each fiscal year and shall be included in or accompany the annual report delivered pursuant to Section 3(c) of this Article V.

SECTION 5. Public-Private Partnership Investment Authority.

(a) General Authority. In furtherance of its charitable and educational purposes and in support of the Supported Organizations, the Corporation is authorized to engage in public-private partnership transactions ("P3 Transactions") related to the campus real estate, facilities, educational and infrastructure needs of Arkansas State University. Such authority shall include, without limitation, the power to:

(1) Enter into ground leases, development agreements, and operating agreements with private partners in connection with campus real estate, education and facilities projects, including but not limited to student housing, parking facilities, research facilities, research agreements, educational partnerships, campus infrastructure and any other agreements the Corporation or the Supported Organizations determine to be in the best interest of the Supported Organizations;

(2) Hold, acquire, and dispose of equity interests, membership interests, partnership interests, or other ownership interests in special purpose entities formed in connection with P3 Transactions;

(3) Make equity contributions, capital contributions, or other investments in P3 special purpose entities;

(4) Pledge, mortgage, or encumber the Corporation's assets or interests in any public-private partnership entities as security for financing obtained in connection with P3 Transactions, subject to the applicable approval requirements set forth in these Bylaws;

(5) Provide limited guarantees or credit support in connection with P3 Transaction project financing, subject to the applicable approval requirements set forth in Article XVI, Section 9;

(6) Enter into intercreditor agreements, subordination agreements, and other financing-related documents in connection with P3 Transactions; and

(7) Receive revenues, distributions, and returns of capital from P3 Transaction investments, to be applied in furtherance of the Corporation's charitable and educational purposes.

(b) Nexus to Educational Purpose. All P3 Transactions entered into by the Corporation shall have a direct and substantial nexus to the educational and charitable purposes of Arkansas State University. Prior to entering into any P3 Transaction, the Board shall make and record in the minutes a written finding that the proposed transaction furthers the educational mission of the Supported Organizations and is consistent with the Corporation's tax-exempt status under Section 501(c)(3) of the Code.

(c) Approval Requirements. P3 Transactions shall be subject to the following approval requirements:

(1) P3 Transactions with a total project value or capital commitment of less than \$250,000.00 shall require approval by a majority vote of the Board;

(2) P3 Transactions with a total project value or capital commitment of \$250,000.00 or more, but less than \$1,000,000.00, shall require approval by a two-thirds (2/3) supermajority of the Board; and

(3) P3 Transactions with a total project value or capital commitment of \$1,000,000.00 or more, or any transaction involving a ground lease or development agreement, shall require approval by a two-thirds (2/3) supermajority of the Board, and the written approval of the ASU System Board of Trustees.

In addition, the ASU System Board of Trustees must approve any action or transaction that:

(1) Creates debt or indebtedness that might negatively impact the credit rating of the System or a Supported Organization and/or the ability of the members of any of the above to issue or refund debt;

(2) Creates a guarantee, credit support or operating-deficit support;

(3) Creates a pledge, mortgage, lien or other encumbrance;

(4) Requires the formation or investment in another legal entity; or

(5) Would place assets, debt, liabilities or contingent obligations on the financial statement of the System or a Supported Organization.

(d) Investment Committee. The Board shall establish an Investment Committee in accordance with Article VII, which shall be responsible for evaluating proposed P3 Transactions and presenting recommendations to the Board. The Investment Committee shall include at least one member with demonstrated expertise in real estate finance, P3 transactions, or infrastructure development. No P3 Transaction shall be presented to the Board for approval without a prior written recommendation from the Investment Committee, except in circumstances where the Chair of the Board determines that exigent timing does not permit such review, in which case the Investment Committee shall provide its recommendation as promptly as practicable thereafter.

(e) No Private Inurement. No P3 Transaction shall be structured or implemented in a manner that results in private inurement to any director, officer, employee, or other private person. All P3 investments shall be documented and conducted in compliance with Section 501(c)(3) of the Code and the conflict of interest provisions of Article XVI of these Bylaws.

SECTION 6. Dissolution. Upon dissolution of the Corporation, after satisfaction of all liabilities and obligations, the remaining assets of the Corporation, including any interests held in P3 entities, shall be distributed to or for the benefit of one or more of the Supported Organizations, or if such distribution is not then practicable or permissible, to such other organization or organizations organized and operated exclusively for charitable or educational purposes as shall at the time qualify under Section 501(c)(3) of the Code, as determined by the Board, consistent with applicable Arkansas law.

ARTICLE VI.

BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed by the Board, subject to any approval requirements provided herein for the System and its Board of Trustees.

SECTION 2. Specific Authority and Duties of the Board. Within the general authority of the Board described in Article VI, Section 1 of these Bylaws, the Board shall have the following authority and duties:

(a) Foster the effective implementation of the mission of the Corporation by undertaking the following actions:

- (1) Developing policies regarding relationships with external groups, agencies and organizations;
- (2) Delegating appropriate responsibility and authority for the operation of the Corporation;
- (3) Providing an annual accounting of the Board's stewardship of the Corporation and its assets; and
- (4) Supervising the Board Committees and taking action on the recommendations thereof.

(b) Foster the long-term financial stability of the Corporation by undertaking the following actions:

- (1) Reviewing the Corporation's annual operating and capital budgets;
- (2) Receiving gifts, grants, and devises; and

(3) Overseeing the appropriate maintenance of the books, records and accounts of the Corporation's business affairs and the annual preparation of an accurate statement of the operation and the assets and liabilities of the Corporation for the preceding fiscal year.

(c) Review and make recommendations to the Arkansas State University System Board of Trustees for final approval for any transaction related to the University's strategic opportunities and needs that support Arkansas State University as required hereunder.

(d) Enforce the terms and conditions of contracts of the Corporation.

SECTION 3. Number, Appointment, Tenure and Qualifications.

(a) The Board shall consist of no less than nine (9) voting members and shall be comprised of the following:

(1) The currently serving as Chancellor of Arkansas State University;

(2) The person currently serving as the Provost of Arkansas State University;

(3) The person currently serving as the CFO of Arkansas State University;

(4) The person currently serving as VC for External Affairs Director for Arkansas State University (positions identified in items 1-4, along with the System CFO, constitute the "Executive Committee");

(5) Three (3) persons which shall be "at large" directors selected by the Executive Committee, with each serving 5-year staggered terms. (The first persons to fill these positions shall draw lots for terms of 3, 4 and 5 years);

(6) Two (2) persons from the Arkansas State University System (the "System"), one being the System CFO (making up the fifth member of the Executive Committee with the persons identified above), and the other a member of the System Board of Trustees selected by vote of the System Board of Trustees; and

(b) Each director must be an individual, and must be over the age of twenty-one (21) but need not be a resident of Arkansas.

(c) While additional voting members may be added, a two-thirds (2/3) supermajority of the Board must always be comprised of officers of a Supported Organization, officers of the System or appointments made by the System Board of Trustees.

SECTION 4. Resignation of Directors; Removal of Directors.

(a) A director may resign at any time by delivering written notice to the Board, its Chair, Vice Chair or Secretary. A resignation is effective when the notice is received unless the notice specifies a later effective date. If a resignation is made effective at a later date, the pending vacancy may be filled as hereinafter described before the effective date provided that the successor does not take office until the effective date.

(b) A director may be removed with or without cause by the Executive Committee. Removal of a director as a director shall also constitute removal as an officer of the Corporation and as a member of all Board Committees. Removal of a director as a director shall be without prejudice to the contract rights, if any, of the director so removed. Election of a director as a director, however, shall not in and of itself create any contract rights.

SECTION 5. Annual and Regular Meetings. An annual meeting of the Board shall be held at the place, date and time established by the Board. At the annual meeting, the directors appointed for the coming year shall take office, the Chair shall report on the activities and financial condition of the Corporation and the directors shall consider and act upon such other matters as may be raised consistent with these Bylaws. If the day fixed for the annual meeting shall be a legal holiday in the State of Arkansas, such meeting shall be held on the next succeeding business day. The failure to hold an annual meeting at the time stated in or fixed in accordance with the Bylaws does not affect the validity of any corporate action. Regular meetings of the Board shall be held on a basis at a time and date determined by the Board from time to time.

SECTION 6. Special Meetings. Special meetings of the Board may be called by or at the request of the Chair, Vice Chair, or at least two (2) directors in office. Unless the Articles of Incorporation or these Bylaws provide for a longer or shorter period, special meetings of the Board must be preceded by at least two (2) days' notice of the date, time and place of the meeting. Notice may be delivered in person; by telephone, telegraph, teletype, electronic mail (a/k/a e-mail) or other form of wire or wireless communication; or by mail or private carrier. If no place for the meeting has been designated in the notice, the meeting shall be held at the principal office of the Corporation or such other place designated by the Board. The notice need not describe the purpose of the special meeting unless required by the Articles of Incorporation or these Bylaws.

SECTION 7. Place of Meetings. The Board may hold annual, regular or special meetings in the State of Arkansas.

SECTION 8. Quorum. Except as otherwise provided by applicable law, the Articles of Incorporation or these Bylaws, a quorum of the Board shall consist of a majority of the voting directors in office immediately before the meeting begins, as long as either the Chair, Vice Chair or Secretary are present and counted in the quorum. If less than such number necessary for a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 9. Less Than a Quorum. If less than such number of directors necessary for a quorum is present at a meeting due to a majority of directors recusing themselves as having conflicts of interest with respect to a specific matter or action, the Chair of the Board shall appoint an ad hoc committee of the remaining disinterested directors, supplemented if necessary by directors specially designated by the Board for that limited purpose, to consider and determine such matter or action; provided, that any such determination shall be reported to the full Board and, where the matter or action is also subject to approval by the Arkansas State University System Board of Trustees under these Bylaws, shall remain subject to that approval.

SECTION 10. Manner of Acting. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board unless applicable law, the Articles of Incorporation or these Bylaws require the vote of a greater number of directors. No board member may vote on any issue, motion, resolution or other matter which directly or indirectly may inure to his or her private benefit.

SECTION 11. Action Without A Meeting. Unless the Articles of Incorporation or these Bylaws provide otherwise, action required or permitted to be taken at a Board meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. Such a consent has the effect of a meeting vote and may be described as such in any document.

SECTION 12. Vacancies. Unless the Articles of Incorporation or these Bylaws provide otherwise, if a vacancy occurs the Chair shall take actions as soon as reasonably possible to fill the vacancy. A vacancy in a Board seat shall not preclude the Board from acting if a Quorum is present. If the vacancy occurs in the Board of Trustees seat, the Chair shall request the appointment of a replacement by the Board of Trustees as soon as reasonably possible.

SECTION 13. Compensation. The Board will receive no compensation for serving as directors of the Corporation. By resolution of the Board, each director may be paid their expenses, if any, of attendance at each meeting of the Board. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 14. Participation by Telephonic or Other Means. Unless the Articles of Incorporation or these Bylaws provide otherwise, the Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, or by means of a remote electronic communications system, including videoconferencing technology or the Internet, if all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

SECTION 15. Chair of the Board. The Chair of the Board shall preside over all meetings of the Board. The Chair of the Board shall exercise such other powers and perform such duties as are set forth from time to time by the Board, except as otherwise provided by these Bylaws, the Articles of Incorporation, and the laws of the State.

ARTICLE VII. **COMMITTEES**

SECTION 1. General. Unless prohibited or limited by the Articles of Incorporation or these Bylaws, in addition to the Executive Committee described in Article VI above, the Board may create one or more other committees of the Board. The creation of a committee must be approved by a majority of directors in office when the action is taken. To the extent specified by the Board or in the Articles of Incorporation or these Bylaws, each committee may exercise the authority of the Board. A committee may not, however, authorize distributions; approve a dissolution, merger or the sale, pledge or transfer of all or substantially all of the corporation's assets; elect, appoint or remove directors or fill vacancies on the Board or on any of its committees; or adopt, amend, or repeal the Articles of Incorporation or Bylaws. In addition, a committee may not authorize any actions which will affect the Section 501(c)(3) tax exempt status of the Corporation or the charitable operations of the Corporation. Except as specified in these Bylaws or in any resolution creating an additional committee, the members and chairman of each committee shall be elected by the Board at the annual meeting of the Board. The chairman and all other members of each committee shall hold office for 1 year or until their successors are elected. The chairman of each committee shall be a member of the Board; however, the other members appointed to committees need not be members of the Board. The Chair of the Board shall have the power to fill any vacancies that occur on committees for the remainder of the year. The provisions of Article VI of these Bylaws, regarding notice, quorum, manner of acting, telephonic meetings and action in lieu of a meeting, shall apply to committees, except that references to the Board shall be construed as references to the committee, and references to directors shall be construed as references to the committee members. All committees shall keep minutes of their meetings, which shall be filed with the Secretary. Committees shall not exercise the power of the Board, but instead shall advise the Board.

SECTION 2. Ad Hoc Committees. Ad hoc committees may be appointed by the Board for such special purposes as circumstances warrant. Individuals not on the Board but having special knowledge or background may be appointed to serve on such committees. Activities of an ad hoc committee shall be limited to the accomplishment of those tasks for which it was appointed. The committee shall have no powers except those specifically conferred by the Board. All ad hoc committees shall report directly to the Board. Upon completion of the stated purposes for which it was formed, the committee shall be discharged.

ARTICLE VIII. **OFFICERS**

SECTION 1. Number. The officers of the Corporation shall be a Chair, Vice Chair, and Secretary. No two or more offices may be held by the same person.

SECTION 2. Election and Term of Officers. The officers of the Corporation shall be appointed by the Board. Each officer shall continue to serve until his successor is elected and qualifies or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Resignation or Removal of Officers and Agents.

(a) An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

(b) An officer's removal does not affect the officer's contract rights, if any, with the Corporation. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer. The appointment of an officer does not of itself create contract rights between the officer and the Corporation.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

SECTION 5. The Chair. The Chair shall be the principal executive officer of the Corporation and, subject to the control of the Board, shall have general supervision and control of the business and affairs of the Corporation. He or she shall, when present, preside at all meetings of the Board. The Chair may sign, alone if authorized by the Board, or with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the principal executive officer and such other duties as may be prescribed by the Board from time to time. The Chair shall report to and be accountable to the Board.

SECTION 6. Vice Chair. The Vice Chair shall, at the request of the Chair, or in the Chair's absence or disability, perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions imposed upon the Chair. The Vice Chair shall have such other duties as may be established by the Board from time to time. The Vice Chair shall report to and be accountable to the Board .

SECTION 7. Secretary. The Secretary shall (a) prepare and keep the minutes of the directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (d) authenticate records of the Corporation; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chair or by the Board. The Secretary shall report to and be accountable to the Board.

ARTICLE IX.
CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. To the extent of its authority, the Board may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Subject to approval by the Board, and the System where required, the Corporation has the authority to enter into contracts, or employment relations for the performance of certain services.

SECTION 2. Loans of the Corporation; Loans to Officers and Directors.

(a) No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by the Board, and the System as required.

(b) The Corporation may not lend money to or guarantee the obligation of a director or officer of the Corporation.

SECTION 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, companies or other depositories as the Board may select.

ARTICLE X.
INDEMNIFICATION

SECTION 1. Definitions. In this Article:

(a) "Corporation" includes this Corporation and any domestic or foreign predecessor entity of the Corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(b) "Director" means an individual who is or was a director of the Corporation or an individual who, while a director of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

(c) "Expenses" include counsel fees.

(d) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(e) "Official capacity" means: (i) when used with respect to a director, the office of director in the Corporation; or (ii) when used with respect to an individual other than a director as contemplated in Article X, the office in the Corporation held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the Corporation. "Official capacity" does not include service for any other foreign or domestic Corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise.

(f) "Party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(g) "Proceeding" means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

SECTION 2. Authority to Indemnify.

(a) Except as provided in subsection (d), the Corporation shall indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if it is determined as provided below in Section 6 that the individual:

(1) conducted himself or herself in good faith; and

(2) reasonably believed:

a. In the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in its best interests; and

b. In all other cases, that his or her conduct was at least not opposed to its best interests; and

(3) In the case of any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(b) A director's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interest of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of subsection (a)(2)(B).

(c) The termination of a proceeding by judgment, order, settlement, conviction or plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this section.

(d) The Corporation may not indemnify a director under this section:

(1) In connection with a proceeding by or in the right of the Corporation in which the director was adjudged liable to the Corporation; or

(2) In connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her.

(e) Indemnification permitted under this section in connection with a proceeding by or in the right of the Corporation is limited to reasonable expenses incurred in connection with the proceeding.

SECTION 3. Mandatory Indemnification. Unless limited by the Articles of Incorporation, the Corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he or she was a party because he or she is or was a director of the Corporation against reasonable expenses incurred by him or her in connection with the proceeding.

SECTION 4. Court Ordered Indemnification. Unless limited by the Corporation's Articles of Incorporation, a director of the Corporation who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or seek indemnification in another court of competent jurisdiction.

SECTION 5. Determination and Authorization of Indemnification.

(a) The Corporation may not indemnify a director under Article X, Section 2 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because he or she has met the standard of conduct set forth in Article X, Section 2.

(b) The determination shall be made by a majority vote of a quorum of the directors who at the time of the vote are disinterested and independent; provided, that if a quorum of disinterested and independent directors cannot be obtained, the determination shall instead be made by written opinion of independent legal counsel selected by the Board, or by a majority vote of all directors who are disinterested and independent regardless of whether they constitute a quorum;

(c) Notwithstanding the foregoing, so long as the Corporation is a public benefit corporation, no director may be indemnified until twenty (20) days after the effective date of written notice to the Arkansas Attorney General of the proposed indemnification.

SECTION 6. Indemnification of Members, Officers, Employees and Agents. Unless limited by a corporation's Articles of Incorporation:

(a) A member, officer, employee or agent of the Corporation is entitled to mandatory indemnification under Article X, Section 3, and is entitled to apply for court-ordered indemnification under Article X, Section 4, in each case to the same extent as a director; and

(b) The Corporation shall indemnify and advance expenses under this Article to an officer, employee or agent of the Corporation to the same extent as to a director.

SECTION 7. Right of Corporation to Insure. The Corporation may purchase and maintain insurance on behalf of an individual who is or was a member, director, officer, employee or agent of the Corporation or who, while a member, director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation as a member, director, officer, partner, trustee, employee or agent of another foreign or domestic Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer, employee or agent, whether or not the Corporation would have power to indemnify him against such liability under Article X, Sections 2 or 3 or applicable law.

SECTION 8. Application of Article.

(a) Unless the Articles of Incorporation or these Bylaws provide otherwise, any authorization of indemnification in the Articles of Incorporation or these Bylaws shall not be deemed to prevent the Corporation from providing the indemnity permitted or mandated by applicable law.

(b) The Board shall have power to make any further indemnity, including advance of expenses, to and to enter into contracts of indemnity with any member, director, officer, employee or agent, except an indemnity against his failure to act in accordance with the applicable standard of conduct under applicable law. Any determination as to any further indemnity shall be made in accordance with subsection (b) of Article X, Section 5. Each such indemnity may continue as to a person who has ceased to have the capacity referred to above and may inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE XI.
NOTICE

SECTION 1. Notice May Be Oral or Written. Notice may be communicated in person; by telephone, telegraph, teletype or other form of wire or wireless communication; or by mail or private carrier.

If applicable law prescribes notice requirements for particular circumstances, those requirements govern. If the Articles of Incorporation or these Bylaws prescribe notice requirements, not inconsistent with this section or other provisions of applicable law, those requirements govern.

ARTICLE XII.
WAIVER OF NOTICE; ASSENT TO ACTIONS;
INTERESTED DIRECTORS

SECTION 1. Waiver of Notice. A director of the Corporation may waive any notice required by applicable law, the Articles of Incorporation or these Bylaws, before or after the date and time stated in the notice. Except as provided below, the waiver must be in writing, be signed

by the director entitled to the notice, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

SECTION 2. Assent to Actions. A director who is present at a meeting of the Board or a committee of the Board when corporate action is taken is deemed to have assented to the action taken unless: (1) they object at the beginning of the meeting, or promptly upon their arrival, to holding it or transacting business at the meeting; (2) their dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) they deliver written notice of their dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention shall not be available to a director who votes in favor of the action taken.

SECTION 3. Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other Corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) either (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board, and the Board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors if such vote also constitutes at least a majority vote of the entire Board, (b) the contract or transaction is fair as to the Corporation as of the time it was entered into, or (c) the material facts of the transaction and the director's interest were disclosed or known to the members and they authorized, approved or ratified the transaction; and (2) the contract or transaction does not result in private inurement prohibited by Section 501(c) of the Code.

ARTICLE XIII. FISCAL YEAR

The Board shall determine the fiscal year of the Corporation, which may be changed from time to time to and may vary for tax, book, cost or other purposes, to the extent allowed by applicable law.

ARTICLE XIV. CORPORATE SEAL

The Board may provide a corporate seal, and if so provided shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE XV. AMENDMENTS

These Bylaws and the Articles of Incorporation may be amended upon the approval of the majority of the Board, subject to the approval of the System as specified above. Amendments to the Articles of Incorporation or these Bylaws may be proposed by any member of the Board. The Corporation shall provide notice of any meeting of directors and members at which an amendment is to be considered and the notice shall be in accordance with these Bylaws. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment.

ARTICLE XVI. CONFLICTS OF INTEREST

SECTION 1. Conflicts of Interest. The Corporation shall follow the policy set forth in this Article to protect the interest of the Corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state or federal laws governing conflicts of interest applicable to nonprofit and charitable corporations.

SECTION 2. Definitions. In this Article:

(a) "Interested Person" includes any director, employee of the Corporation, principal officer or member of a committee with board delegated powers who has a direct or indirect financial interest, as defined below.

(b) "Financial Interest" - a person has a financial interest if the person has, directly or indirectly, through business, investment or family:

(1) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or

(2) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or

(3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

(c) "Compensation" includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

SECTION 3. Procedures.

(a) Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

(1) An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(2) The Chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(3) After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

(1) If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee

determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

SECTION 4. Records of Proceedings. The minutes of the Board and all committees with Board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

SECTION 5. Compensation

(a) A voting member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

SECTION 6. Annual Statements. Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

(a) Has received a copy of the conflicts of interest policy,

(b) Has read and understands the policy,

(c) Has agreed to comply with the policy, and

(d) Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

SECTION 7. Periodic Reviews. To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-

exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

(b) Whether partnerships, joint ventures, and arrangements with organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

SECTION 8. Use of Outside Experts. When conducting the periodic reviews as provided for in Section 7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.

SECTION 9. Limitation of Authority. Except as provided herein, the Corporation may not enter into any contract, transaction or arrangement without the written approval of the Arkansas State University System Board of Trustees.

These Bylaws of Arkansas State University Strategic Endeavors, Inc. are adopted effective as of the _____ day of _____, 2026.

I, the undersigned Secretary of Arkansas State University Strategic Endeavors, Inc., hereby certify that the attached Bylaws of the Corporation were duly adopted by the Corporation, and that said Bylaws are in full force and effect.

IN WITNESS WHEREOF, the undersigned Secretary of the Corporation has signed this Certificate on this the _____ day of _____, 2026.

By: _____

Name: _____

Title: Secretary

EXECUTIVE SUMMARY

Contact: Pat Simms (501) 332-0245

ACTION ITEM: Arkansas State University Three Rivers (ASUTR) requests approval to add local area high schools as locations of instruction.

ISSUE: The Board of Trustees must approve all locations of instruction.

BACKGROUND:

- The Higher Learning Commission requires approval of additional locations of instruction, to be located in schools where students can complete 50% or more of a degree or certificate program. Local area high schools are offering more concurrent enrollment courses on their campuses to satisfy the requirements of the Arkansas ACCESS Law, allowing students to earn an Associate of Arts degree while attending high school.
- The university requests approval for the following high schools to be designated as additional locations of instruction:
 - Malvern High School - 525 East Highland Street, Malvern, AR 72104
 - Bryant High School - 801 North Reynolds Road, Bryant, AR 72022
 - Benton High School - 211 North Border Street, Benton, AR 72015
 - Arkansas Christian Academy - 21815 Interstate 30, Bryant, AR 72022
 - Bauxite High School - 800 School Street, Bauxite, AR 72011
 - Glen Rose High School - 14334 Highway 67, Malvern, AR 72104
 - Magnet Cove High School - 472 Magnet Cove School Road, Malvern, AR 72104
 - Ouachita High School - 258 Schoolhouse Road, Donaldson, AR 71941
 - Poyen High School - 111 North School Street, Poyen, AR 72128
 - Sheridan High School - 700 West Vine Street, Sheridan, AR 72150.

RECOMMENDATION/RESOLUTION:

Be it resolved that Arkansas State University Three Rivers is approved to add the local area high schools, listed above, as locations of instruction.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair

EXECUTIVE SUMMARY

Contact: Pat Simms (501) 332-0245

ACTION ITEM: Arkansas State University Three Rivers (ASUTR) requests approval to offer a Technical Certificate in General Technology.

ISSUE: The Board of Trustees must approve the offering of any new degree program.

BACKGROUND:

- The Saline County Career and Technical Campus currently offers Certificates of Proficiency in certain programs, which include Automotive Service Technology, Construction Technology, and HVACR. The university does not, however, offer advanced certificates for these programs. This proposal will allow high school students, who complete two years in an approved program, as well as a college-level math course and an English course, to earn a Technical Certificate in General Technology. This program equals 22-24 credit hours.
- No additional funding is required.

RECOMMENDATION/RESOLUTION:

Be it resolved that Arkansas State University Three Rivers is approved to offer a Technical Certificate in General Technology, effective immediately.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair

ARKANSAS STATE UNIVERSITY SYSTEM BOARD OF TRUSTEES

A Resolution Recognizing the Significant Contributions of
Jada and Chris Hart
to Henderson State University (HSU)

WHEREAS, the Board of Trustees has retained unto itself the authority to name facilities and programs of the campuses within the Arkansas State University System, and

WHEREAS, Jada and Chris Hart have demonstrated an extraordinary commitment to Henderson State University through their generosity, service, and steadfast support of the university and its students; and

WHEREAS, Jada and Chris Hart have been dedicated supporters of Reddie Athletics and have committed a transformational investment to ensure that its student athletes have access to enhanced resources and opportunities that support their development and overall success; and

WHEREAS, naming the strength training center, within the Formby Athletic Center, in their honor will provide lasting recognition of the Hart's extraordinary support of Henderson State University and Reddie Athletics and exemplify the impact of their generosity on current and future generations of Reddies;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Arkansas State University System, that the strength training center, within the Formby Athletic Center on the Henderson State University campus, shall be known henceforth as the:

Jada and Chris Hart Strength Training Center

DULY ADOPTED AND APPROVED this 16th day of October 2026.

Robert G. Rudolph Jr., Chair

Paul Rowton, Vice Chair

Price C. Gardner, Secretary

Gary Harpole, Member

Jerry Morgan, Member

Carole Farmer, Member

Heather Maxey, Member

Todd Shields, President

EXECUTIVE SUMMARY

Contact: Trey Berry (870) 230-5890

ACTION ITEM: Henderson State University (HSU) requests approval to purchase property located in Arkadelphia, Clark County, Arkansas.

ISSUE: The Arkansas State University System Board of Trustees (Board) must approve all purchases of real property by an Arkansas State University System institution.

BACKGROUND:

- HSU seeks to purchase a property located at 306/308 North 11th Street, Arkadelphia, Clark County, Arkansas (Property), a two-unit dwelling (or duplex) located adjacent to the HSU campus.
- The sellers have offered the Property to HSU for \$100,000, an amount slightly below the appraised value of \$116,000.
- A private donor has offered to provide the full purchase price.
- HSU intends to use the Property as short-term housing for faculty and staff, and HSU does not anticipate that significant renovations will be necessary.
- The Property appraisal is attached as Exhibit A.

RECOMMENDATION/RESOLUTION:

Be it resolved that Henderson State University is approved to purchase property located in Arkadelphia, Clark County, Arkansas, referenced above, pursuant to the terms outlined above, effective immediately, and that the Chancellor, or Chancellor's designee, is authorized to sign all documents necessary to complete the transaction.

Price C. Gardner, Secretary

Robert G. Rudolph Jr., Chair

INVOICE

Jeremy Ferguson
Preferred Appraisals, LLC
Po Box 655
Arkadelphia, AR 71923-8818

Fax Number:

Josh Kee
Henderson State University
1100 Henderson Street
Arkadelphia, AR 71999

Alternate Number:

Employer ID:

DESCRIPTION

State: AR Zip: 71923

FEES

AMOUNT

800.00

SUBTOTAL	800.00
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PAYMENTS

AMOUNT

SUBTOTAL	0
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TOTAL DUE	\$	800.00
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Borrower	Henderson State University				File No.	423-0826	
Property Address	306/308 N 11th St						
City	Arkadelphia	County	Clark	State	AR	Zip Code	71923
Lender/Client	Henderson State University						

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Preferred Appraisals, LLC
203 S 6th Street
Arkadelphia, AR 71923
(870) 230-1988

09/02/2026

Josh Kee
Henderson State University
Vice Chancellor of Advancement
1100 Henderson Street
Arkadelphia, AR 71999

Re: Property: 306/308 N 11th St
Arkadelphia, AR 71923
Borrower: Henderson State University
File No.: 423-0826

Opinion of Value: \$ 116,000
Effective Date: 09/01/2026

In accordance with your request, I have appraised the above referenced property. The report of that appraisal is attached.

The purpose of the appraisal is to develop an opinion of market value for the property described in this appraisal report, as improved, in unencumbered fee simple title of ownership.

This report is based on a physical analysis of the site and improvements, a locational analysis of the neighborhood and city, and an economic analysis of the market for properties such as the subject. The appraisal was developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice.

The opinion of value reported above is as of the stated effective date and is contingent upon the certification and limiting conditions attached.

It has been a pleasure to assist you. Please do not hesitate to contact me or any of my staff if we can be of additional service to you.

Sincerely,



Jeremy Ferguson
License or Certification #: CR2517
State: AR Expires: 06/30/2027
fergusonappraisal@gmail.com

Borrower	Henderson State University	File No. 423-0826
Property Address	306/308 N 11th St	
City	Arkadelphia	County Clark State AR Zip Code 71923
Lender/Client	Henderson State University	

APPRAISAL AND REPORT IDENTIFICATION

This Report is one of the following types:

- ☐ Appraisal Report (A written report prepared under Standards Rule 2-2(a), pursuant to the Scope of Work, as disclosed elsewhere in this report.)
- ☒ Restricted Appraisal Report (A written report prepared under Standards Rule 2-2(b), pursuant to the Scope of Work, as disclosed elsewhere in this report, restricted to the stated intended use only by the specified client and any other named intended user(s).)

Comments on Standards Rule 2-3

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification (if there are exceptions, the name of each individual providing significant real property appraisal assistance is stated elsewhere in this report).

Reasonable Exposure Time

(USPAP defines Exposure Time as the estimated length of time that the property interest being

appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.)

My Opinion of Reasonable Exposure Time for the subject property at the market value stated in this report is:

120 days +/-

Comments on Appraisal and Report Identification

Note any USPAP-related issues requiring disclosure and any state mandated requirements:

Scope of Work

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a visual inspection of the subject property, (2) inspect the neighborhood, (3) review each of the comparable sales from reliable sources, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

Intended Use / Intended User

The intended use of this appraisal report is for the Client to evaluate the subject property Purchase Price purposes. The intended user of this appraisal report is the Client.

Definition of Market Value

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

APPRAISER:

Signature:

Name: Jeremy Ferguson

State Certification #: CR2517

or State License #:

State: AR Expiration Date of Certification or License: 06/30/2027

Date of Signature and Report: 09/02/2026

Effective Date of Appraisal: 09/01/2026

Inspection of Subject: ☐ None ☒ Interior and Exterior ☐ Exterior-Only

Date of Inspection (if applicable): 09/01/2026

SUPERVISORY or CO-APPRAISER (if applicable):

Signature:

Name:

State Certification #:

or State License #:

State: Expiration Date of Certification or License:

Date of Signature:

Inspection of Subject: ☐ None ☐ Interior and Exterior ☐ Exterior-Only

Date of Inspection (if applicable):

Legal Disclaimer

File No. 423-0826

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					

The Purpose and Intended Use of the Appraisal Report:

The purpose of this appraisal report is to estimate a market value for fee simple interest of the subject property as of this appraisal date.

This appraisal report is intended for use by Henderson State University for Purchase Price purpose only. Use of this report by any other person or entity is not intended without written consent from the appraiser. This appraisal is for the sole use and benefit of the Intended user for a limited purpose and function stated below, and no other person/entity shall be entitled to rely on this appraisal without written consent from Preferred Appraisals, LLC. Further, by accepting and using this appraisal report, the Intended User acknowledges and agrees that he/she/it shall not, except as otherwise required or permitted by law, disseminate or otherwise disclose this appraisal report or the contents or components thereof to any person or entity without prior written consent from Preferred Appraisals, LLC. This appraisal report has been prepared in compliance with USPAP. This report has been digitally signed as authorized by law. It is the original, authentic and is represented as the appraising appraiser's personal signature, with the password to such signature, known only to the appraiser described in this report, as required by law.

Precedence of Comments and Conditions:

This report may contain comments, conditions, and/or certifications added by the signing appraiser and/or Preferred Appraisals, LLC. including, but not limited to this Supplemental Addendum. These items shall supersede and take precedence over all other language, requirements, or conditions contained in any reprinted and/or third-party forms or documents included in, or incorporated by reference into, the appraisal report.

Ownership of Intellectual Property and/or Data:

Preferred Appraisals, LLC. expressly retains all right, title, and interest in all patents, trademarks, trade names, trade secrets, software, data, conclusions, opinions, valuations, or other information included in, arising out of, or in any way related to this appraisal or the provision of appraisal services to the named client and/or intended user. The report and information supplied by the staff and/or agents of Preferred Appraisals, LLC. is a culmination of intellectual education, professional experience, personal investigation, and know-how, which shall at all times remain the property of Preferred Appraisals, LLC. No person shall be entitled to break down, strip out, mine, or disseminate any component or part of this report, including, but not limited to, any conclusions, valuations, opinions, or other data compilations herein. Notwithstanding, the Intended User as defined above may use this appraisal report and the contents herein for the limited purpose and intended use.

Prior Services Disclosure:

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Small Residential Income Property Appraisal Report

File # 423-0826

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.											
SUBJECT	Property Address 306/308 N 11th St				City Arkadelphia		State AR		Zip Code 71923		
	Borrower Henderson State University				Owner of Public Record Arkadelphia Wesley Foundation		County Clark				
	Legal Description W 52' of the S 127' of Lot: 3, Block: 5 of the MAdox Addition										
	Assessor's Parcel # 74-01729-000				Tax Year 2026		R.E. Taxes \$ 480				
	Neighborhood Name Arkadelphia City				Map Reference 11660		Census Tract 9536.01				
	Occupant ☐ Owner ☐ Tenant ☒ Vacant				Special Assessments \$ 0.00		☐ PUD HOA \$ 0		☐ per year ☐ per month		
	Property Rights Appraised ☒ Fee Simple ☐ Leasehold ☐ Other (describe)										
	Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☒ Other (describe) Asset Valuation										
	Lender/Client Henderson State University				Address 1100 Henderson Street, Arkadelphia, AR 71999						
	Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☒ No										
Report data source(s) used, offering price(s), and date(s). CARMLS											
CONTRACT	I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.										
	Contract Price \$ Date of Contract Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s)										
	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No										
	If Yes, report the total dollar amount and describe the items to be paid.										
NEIGHBORHOOD	Note: Race and the racial composition of the neighborhood are not appraisal factors.										
	Neighborhood Characteristics			2-4 Unit Housing Trends			2-4 Unit Housing		Present Land Use %		
	Location ☐ Urban ☒ Suburban ☐ Rural	Property Values ☐ Increasing ☒ Stable ☐ Declining	PRICE	AGE	One-Unit	55 %					
	Built-Up ☐ Over 75% ☒ 25-75% ☐ Under 25%	Demand/Supply ☐ Shortage ☒ In Balance ☐ Over Supply	\$ (000)	(yrs)	2-4 Unit	10 %					
	Growth ☐ Rapid ☒ Stable ☐ Slow	Marketing Time ☐ Under 3 mths ☒ 3-6 mths ☐ Over 6 mths	50	Low	1	Multi-Family	15 %				
	Neighborhood Boundaries The subject neighborhood consists of similar areas in Arkadelphia, North of Walnut, South of Country Club Rd, East of I-30, West of Ouachita River.			400	High	100	Commercial	10 %			
	Neighborhood Description The subject is located in the city limits of Arkadelphia. Arkadelphia is the county seat of Clark County. According to census data there were apx. 10,000 residents. Arkadelphia has a diverse economy, however the back bone of the local economy is the 2 universities, Henderson State and Ouachita Baptist.			125	Pred.	35	Other	10 %			
	Market Conditions (including support for the above conclusions) Interest rates are currently in the range of 5% to 9% which appears to be stable. The local housing market has remained active in spite of the higher rates and property values have remained stable during the last 12 months. Estimated exposure time is 90 days if actively and reasonably marketed.										
	SITE	Dimensions 127' x 52'		Area 6,604 sf		Shape Rectangular		View Residential			
Specific Zoning Classification R3		Zoning Description Multi Family Residential									
Zoning Compliance ☒ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)		Can be rebuilt if destroyed. Typical									
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No If No, describe The highest and best use is it's current use. Indicated by surrounding uses, site area, location, zoning, etc...											
Utilities Public Other (describe)		Public Other (describe)	Off-site Improvements - Type				Public Private				
Electricity ☒ ☐		Water ☒ ☐	Street Paved	☒ ☐							
Gas ☒ ☐		Sanitary Sewer ☒ ☐	Alley None	☐ ☐							
FEMA Special Flood Hazard Area ☐ Yes ☒ No		FEMA Flood Zone X	FEMA Map # 05019C0331E	FEMA Map Date 2/2/2012							
Are the utilities and/or off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe											
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe											
IMPROVEMENTS	There were no apparent adverse conditions noted at the time of the inspection. "Only typical easements allowing for egress, ingress, and utilities were noted, these do not adversely effect the subject property."										
	General Description		Foundation		Exterior Description		materials/condition		Interior materials/condition		
	Units ☒ Two ☐ Three ☐ Four	☒ Concrete Slab ☐ Crawl Space	Foundation Walls Concrete / Avg		Floors Cpt,Tile/Fair						
	☐ Accessory Unit (describe below)	☐ Full Basement ☐ Partial Basement	Exterior Walls Brick / Avg		Walls Sht.Rck./Fair						
	# of Stories 1 # of bldgs. 1	Basement Area 0 sq.ft.	Roof Surface Shingle / Gd		Trim/Finish Wood /Average						
	Type ☒ Det. ☐ Att. ☐ S-Det./End Unit	Basement Finish 0 %	Gutters & Downspouts None		Bath Floor Tile/Average						
	☒ Existing ☐ Proposed ☐ Under Const.	☐ Outside Entry/Exit ☐ Sump Pump	Window Type Wood/Average		Bath Wainscot None						
	Design (Style) Duplex	Evidence of ☐ Infestation	Storm Sash/Insulated Single Pane / Avg		Car Storage						
	Year Built ~1965	☐ Dampness ☐ Settlement	Screens Partial / Avg		☐ None						
	Effective Age (Yrs) 30	Heating/Cooling		Amenities		☒ Driveway # of Cars 2					
Attic ☐ None	☒ FWA ☐ HWB ☐ Radiant	☐ Fireplace(s) # 0 ☐ Woodstove(s) # 0		Driveway Surface Concrete							
☐ Drop Stair ☐ Stairs	☒ Other Wall furna Fuel Gas	☐ Patio/Deck None ☐ Fence None		☐ Garage # of Cars 0							
☐ Floor ☒ Scuttle	Cooling ☒ Central Air Conditioning	☐ Pool None ☒ Porch Covered		☒ Carport # of Cars 2							
☐ Finished ☐ Heated	☐ Individual ☒ Other Window	☐ Other None		☒ Att. ☐ Det. ☐ Built-in							
# of Appliances	Refrigerator 2	Range/Oven 2	Dishwasher 0	Disposal 0	Microwave 0	Washer/Dryer 0	Other (describe)				
Unit # 1 contains:	4 Rooms	2 Bedrooms	1.0 Bath(s)	841	Square Feet of Gross Living Area						
Unit # 2 contains:	4 Rooms	2 Bedrooms	1.0 Bath(s)	841	Square Feet of Gross Living Area						
Unit # 3 contains:	Rooms	Bedrooms	Bath(s)	Square Feet of Gross Living Area							
Unit # 4 contains:	Rooms	Bedrooms	Bath(s)	Square Feet of Gross Living Area							
Additional features (special energy efficient items, etc.). The subject has typical items for it's quality of construction.											
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is considered to be an average quality construction and is in overall average condition. The duplex was functional and had no functional or external obsolescence noted. The subject has typical signs of physical depreciation due to normal use and differed maintenance, this has been reflected in the effective age of the subject property.											

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IMPROVEMENTS	Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe.												
	The subject is in average condition with no apparent items that affects the livability of the home.												
	Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe. Properties in the												
	area vary in size, age, and condition, which is common to the market. The subject is considered average for the market area. This does not impact the marketability.												
Is the property subject to rent control? ☐ Yes ☒ No If Yes, describe													
The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for the subject property.													
COMPARABLE RENTAL DATA	FEATURE		SUBJECT		COMPARABLE RENTAL # 1			COMPARABLE RENTAL # 2			COMPARABLE RENTAL # 3		
	Address		306/308 N 11th St Arkadelphia, AR 71923		1402 Caddo St Arkadelphia, AR 71923			422 N 13th St Arkadelphia, AR 71923			239 Robey St Arkadelphia, AR 71923		
	Proximity to Subject				0.35 miles SW			0.21 miles NW			0.07 miles E		
	Current Monthly Rent		\$ 0		\$ 1,200			\$ 1,800			\$ 1,350		
	Rent/Gross Bldg. Area		sq.ft.		\$ 0.78 sq.ft.			\$ 0.72 sq.ft.			\$ 0.68 sq.ft.		
	Rent Control		☐ Yes ☒ No		☐ Yes ☒ No			☐ Yes ☒ No			☐ Yes ☒ No		
	Data Source(s)		Tenant		Owner			Property Manager			Owner		
	Date of Lease(s)		Month to Month		Month to Month			Month to Month			Month to Month		
	Location		Suburban		Suburban			Suburban			Suburban		
	Actual Age		~61		39			39			69		
	Condition		Average		Average			Average			Average		
	Gross Building Area		1,682		1,536			2,496			1,992		
	Unit Breakdown		Rm Count Size Sq. Ft.		Rm Count Size Sq. Ft. Monthly Rent			Rm Count Size Sq. Ft. Monthly Rent			Rm Count Size Sq. Ft. Monthly Rent		
			Tot Br Ba 1,682		Tot Br Ba 1,536 1,200			Tot Br Ba 2,496 1,800			Tot Br Ba 1,992 1,350		
	Unit # 1		4 2 1.0 841		4 2 1.0 768 \$ 600			5 3 1.1 1,248 \$ 900			5 3 2 1,100 \$ 750		
	Unit # 2		4 2 1.0 841		4 2 1.0 768 \$ 600			5 3 1.1 1,248 \$ 900			4 2 1 892 \$ 600		
	Unit # 3												
	Unit # 4												
	Utilities Included		None		None			None			None		
	Analysis of rental data and support for estimated market rents for the individual subject units reported below (including the adequacy of the comparables, rental concessions, etc.)												
	These rental comparables were deemed to be the most applicable to that of the subject. They best represent the subjects, functionality, physical condition, and location.												
	SUBJECT RENT SCHEDULE	Rent Schedule: The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.											
Leases		Actual Rents				Opinion of Market Rent							
Unit #		Lease Date		Per Unit		Total Rents	Per Unit		Total Rents				
		Begin Date	End Date	Unfurnished	Furnished		Unfurnished	Furnished					
1		None	None	\$ 0	\$ 0	\$ 0	\$ 700	\$ 700					
2		None	None	0		0	650	650					
3													
4													
Comment on lease data		Not currently leased		Total Actual Monthly Rent		Total Gross Monthly Rent							
				\$ 0		\$ 1,350							
				Other Monthly Income (itemize)		Other Monthly Income (itemize)							
				\$ 0		\$ 0							
				Total Actual Monthly Income		Total Estimated Monthly Income							
				\$ 0		\$ 1,350							
Utilities included in estimated rents ☐ Electric ☐ Water ☐ Sewer ☐ Gas ☐ Oil ☐ Trash collection ☐ Cable ☒ Other None													
Comments on actual or estimated rents and other monthly income (including personal property)													
The subject is considered to be average for the market. The estimated rents are based on monthly rentals with no utilities included. The opinion of market rent is based on comparable rental rates for similar structures. The subject is in average condition and reported market rental rates are competitive for the market.													
PRIOR SALE HISTORY	I ☒ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain												
	My research ☐ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.												
	Data Source(s) Assessor records												
	My research ☐ did ☒ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.												
	Data Source(s) Assessor records												
	Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).												
	ITEM		SUBJECT		COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3				
	Date of Prior Sale/Transfer		None (3 yrs. prior)		None (1 yr. prior)		None (1 yr. prior)		None (1 yr. prior)				
	Price of Prior Sale/Transfer		None		None		None		None				
Data Source(s)		Assessor records		Assessor records		Assessor records		Assessor records					
Effective Date of Data Source(s)		09/01/2026		09/01/2026		09/01/2026		09/01/2026					
Analysis of prior sale or transfer history of the subject property and comparable sales													
The Clark County Public Records indicated that the subject property has not transferred within the last 36 months as referenced.													

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There are	1	comparable properties currently offered for sale in the subject neighborhood ranging in price from \$	175,000	to \$	175,000	.
There are	4	comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$	73,000	to \$	178,500	.
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3		
Address	306/308 N 11th St Arkadelphia, AR 71923	412 N 15th St Arkadelphia, AR 71923	615 S 12th St Arkadelphia, AR 71923	1019 Village Dr Arkadelphia, AR 71923		
Proximity to Subject		0.32 miles NW	0.58 miles S	1.41 miles NW		
Sale Price	\$	\$ 135,000	\$ 115,000	\$ 178,500		
Sale Price/Gross Bldg. Area	\$ sq.ft.	\$ 79.04 sq.ft.	\$ 60.34 sq.ft.	\$ 93.75 sq.ft.		
Gross Monthly Rent	\$ 1,350	\$ 1,500	\$ 1,400	\$ 1,700		
Gross Rent Multiplier		90.00	82.14	105.00		
Price per Unit	\$	\$ 67,500	\$ 57,500	\$ 89,250		
Price per Room	\$	\$ 16,875	\$ 14,375	\$ 17,850		
Price per Bedroom	\$	\$ 33,750	\$ 28,750	\$ 29,750		
Rent Control	☐ Yes ☒ No	☐ Yes ☒ No	☐ Yes ☒ No	☐ Yes ☒ No		
Data Source(s)		Deed#2024/00214	CARMLS#25010496	CARMLS#26016470		
Verification Source(s)		Assessor records/Seller	Assessor rec./Inspection	Assessor rec./Inspection		
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-) Adjustment	DESCRIPTION +(-) Adjustment	DESCRIPTION +(-) Adjustment		
Sale or Financing		ArmLth	ArmLth	ArmLth		
Concessions		Conv;0	Conv;0	FHA;0		
Date of Sale/Time		04/14/2023	09/03/2025	08/03/2026		
Location	Suburban	Suburban	Suburban	Arkadelphia		
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple		
Site	6,604 sf	26,840 sf	12,632 sf	17,139 sf		
View	Residential	Residential	Residential	Residential		
Design (Style)	Duplex	Duplex	Duplex	Duplex		
Quality of Construction	Average	Average	Average	Average		
Actual Age	~61	~50	35	40		
Condition	Average	Good	Average	Good		
Gross Building Area	1,682	1,708	1,906	1,904		
Unit Breakdown	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths		
Unit # 1	4 2 1.0	4 2 1.0	4 2 1.0	5 3 1		
Unit # 2	4 2 1.0	4 2 1.0	4 2 1.0	5 3 1		
Unit # 3						
Unit # 4						
Basement Description	0	0	0	0		
Basement Finished Rooms	0	0	0	0		
Functional Utility	Typical	Typical	Typical	Typical		
Heating/Cooling	Central/Furn/Wind	Central H/AC	Central H/AC	Central H/AC		
Energy Efficient Items	Typical	Typical	Typical	Typical		
Parking On/Off Site	Carports	Onsite	Onsite	Garage		
Porch/Patio/Deck	Porches	Porches	Porches	Porch		
Net Adjustment (Total)	☐ + ☒ -	☐ + ☒ -	☐ + ☒ -	☐ + ☒ -		
Adjusted Sale Price of Comparables		Net Adj. 18.6 % Gross Adj. 26.0 %	Net Adj. 6.1 % Gross Adj. 14.8 %	Net Adj. 33.1 % Gross Adj. 33.1 %		
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)	\$	\$ 54,941	\$ 54,013	\$ 59,676		
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)	\$	\$ 13,735	\$ 13,503	\$ 11,935		
Adjusted Price Per Bedrm (Adj. SP Comp / # of Comp Bedrooms)	\$	\$ 27,471	\$ 27,007	\$ 19,892		
Value per Unit	\$ 58,000 X 2	Units = \$ 116,000	Value per GBA \$ 70 X 1,682	GBA = \$ 117,740		
Value per Rm.	\$ 14,500 X 8	Rooms = \$ 116,000	Value per Bdrms. \$ 29,000 X 4	Bdrms. = \$ 116,000		
Summary of Sales Comparison Approach including reconciliation of the above indicators of value.						
Because of the subjects location, size and age, these						
sales were considered to be the best in the market at this time. The comparables that were chosen were selected based on the similar						
characteristics they share with the subject property, such as size, age, location and date of sale. The adjustments made to the comparables were						
based on data gathered in the subjects market. In developing a final estimate of value for the subject property a weighted analysis was used in						
which the amount of weight placed on the comparables was determined by the net and gross adjustments. It is believed that the comparables						
chosen offer good support as evidenced by the net and gross adjustments.						
Indicated Value by Sales Comparison Approach \$ 116,000						
Total gross monthly rent \$	1,350	X gross rent multiplier (GRM)	85	= \$	114,750	Indicated value by the Income Approach
Comments on income approach including reconciliation of the GRM The market historically supports a GRM of 85. Arkadelphia is home to 2 universities						
and there is a stable market for rental properties.						
Indicated Value by:	Sales Comparison Approach \$	116,000	Income Approach \$	114,750	Cost Approach (if developed) \$	116,866
The Sales Comparison Approach indicated a range of values form. This approach was given considerable weight in the final estimate of value. The cost						
approach was developed and based on Marshall and Swift Cost estimates, this approach was given little weight in the final value. The income approach is						
based upon current rental rates and historic GRM, this approach was secondary considerable weight in the final estimate of value.						
This appraisal is made ☒ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been						
completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the						
following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: This Appraisal report and has						
been developed in accordance with USPAP and Lender Supplemental Standards. Estimated Exposure Time: 120 days +/-.						
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting						
conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is						
\$ 116,000 , as of 09/01/2026 , which is the date of inspection and the effective date of this appraisal.						

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ADDITIONAL COMMENTS	All adjustment are derived from market data and the appraisers knowledge of the area. The comparables chosen best reflects the subject. When necessary positive and negative adjustments have been made to the comparable properties to reflect the appraisers opinion of the market reaction to the differences between the subject and the comparables.			
	INSPECTIONS/CONDITIONS... I am not a property inspector or structural engineer. Any significant, obvious physical defects have been noted; however, FINAL DETERMINATION OF THE CONDITIONS/STRUCTURAL INTEGRITY for items including roof systems, attic spaces, crawlspaces, HAVC, electrical, plumbing and all structural areas, should be made by a QUALIFIED STRUCTURAL ENGINEER OR HOME INSPECTOR. I have utilized outside dimensions in the measuring the structures, or have taken dimensions from plans provided to me (when the improvements are proposed).			
	HAZARDOUS MATERIALS... The existence of HAZARDOUS materials (which may or may not be present on the property), was not observed, nor do we have the knowledge of the existence of such materials on or near the property; HOWEVER, I am not qualified to detect such substances (asbestos, urea-formaldehyde foam insulation, presence of radon-gas or other potentially HAZARDOUS materials), Which may or may not affect the value of the property, I have assumed that there are no such materials on or in the property, that would cause a loss in value. NO RESPONSIBILITY IS ASSUMED for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if desired.			
	The cost approach has only been developed by the appraiser as an analysis to support their opinion of the property's market value. Use of this data, in whole or in part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The appraiser assumes no liability for and does not guarantee that any insurable value estimate is inferred from this report will result in the subject property being fully insured for any loss that may be sustained. Further, the cost approach may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.			
	The site adjustment has been made based on the actual estimate difference in value of the individual comparables site value in relation to the subject site value.			
	Due to the physical nature of the subject property and the limited sales activity; it was necessary to expand the parameters of the line/net/gross adjustments. The comparables provided are the most recent and most physically, locationally, and economically similar to that of the subject. These properties offer the most accurate basis in which to analyze and reconcile and estimate an opinion of market value for the subject property.			
	The other in the land use section is "vacant". dose not impact marketability.			
	Reconciliation of Values:			
	Market Approach: \$116,000 x 40% = \$ 46,800			
	Income Approach: \$114,750 x 30% = \$ 34,425			
Cost Approach: \$116,806 x 30% = \$ 35,042				
Total: 100% = \$116,267 (\$116,000 md.)				
COST APPROACH	COST APPROACH TO VALUE (not required by Fannie Mae)			
	Provide adequate information for the lender/client to replicate the below cost figures and calculations.			
	Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)			
	The estimated site value is based on comparable land sales located within the subjects market.			
	ESTIMATED ☐ REPRODUCTION OR ☒ REPLACEMENT COST NEW			
	Source of cost data Marshall & Swift / Contractor Estimates			
	Quality rating from cost service Avg Effective date of cost data 06/2026			
	Comments on Cost Approach (gross building area calculations, depreciation, etc.)			
	The cost estimates for the gross living area are calculated from exterior measurements of the heated and cooled area. The depreciation and the effective age is based on the Age-Life Method and the appraisers judgment of the influences of the external and functional obsolescence and the physical condition of the subject property.			
	Estimated Remaining Economic Life (HUD and VA only) 30 Years			
PUD INFORMATION	PROJECT INFORMATION FOR PUDs (if applicable)			
	Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached			
	Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.			
	Legal Name of Project			
	Total number of phases Total number of units Total number of units sold			
	Total number of units rented Total number of units for sale Data source(s)			
	Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.			
	Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source			
	Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.			
	Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.			
Describe common elements and recreational facilities.				

This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, including each of the units. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Small Residential Income Property Appraisal Report

File # 423-0826

APPRAISER'S CERTIFICATION:

The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property, including all units. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison and income approaches to value. I have adequate market data to develop reliable sales comparison and income approaches to value for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Small Residential Income Property Appraisal Report

File # 423-0826

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION:

The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature

Name Jeremy Ferguson

Company Name Preferred Appraisals, LLC

Company Address 203 S 6th Street, Arkadelphia, AR 71923

Telephone Number (870) 230-1988

Email Address fergusonappraisal@gmail.com

Date of Signature and Report 09/02/2026

Effective Date of Appraisal 09/01/2026

State Certification # CR2517

or State License #

or Other (describe) _____ State # _____

State AR

Expiration Date of Certification or License 06/30/2027

ADDRESS OF PROPERTY APPRAISED

306/308 N 11th St

Arkadelphia, AR 71923

APPRAISED VALUE OF SUBJECT PROPERTY \$ 116,000

LENDER/CLIENT

Name Josh Kee

Company Name Henderson State University

Company Address 1100 Henderson Street, Arkadelphia, AR

71999

Email Address KeeJ@hsu.edu

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature

Name

Company Name

Company Address

Telephone Number

Email Address

Date of Signature

State Certification #

or State License #

State

Expiration Date of Certification or License

SUBJECT PROPERTY

☐ Did not inspect subject property

☐ Did inspect exterior of subject property from street

Date of Inspection

☐ Did inspect interior and exterior of subject property

Date of Inspection

COMPARABLE SALES

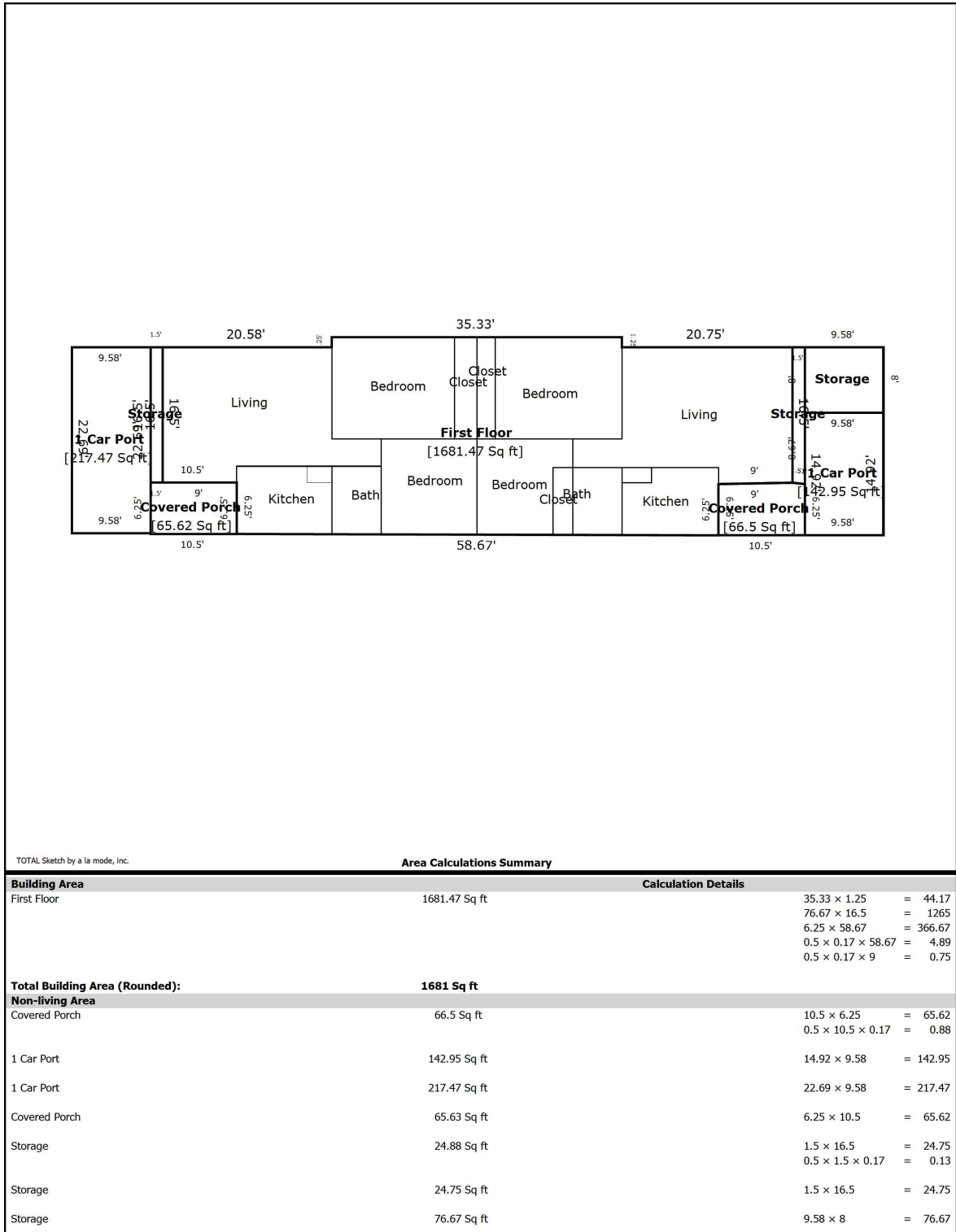
☐ Did not inspect exterior of comparable sales from street

☐ Did inspect exterior of comparable sales from street

Date of Inspection

Building Sketch

Borrower	Henderson State University				
Property Address	306/308 N 11th St				
City	Arkadelphia	County	Clark	State	AR
				Zip Code	71923
Lender/Client	Henderson State University				



Subject Photo Page

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					



Subject Front

306/308 N 11th St

Sales Price

Gross Building Area 1,682

Age ~61



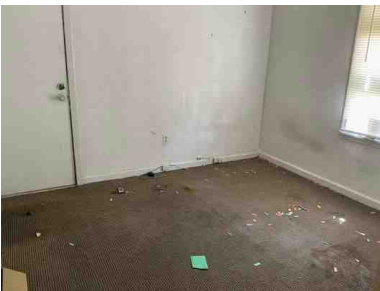
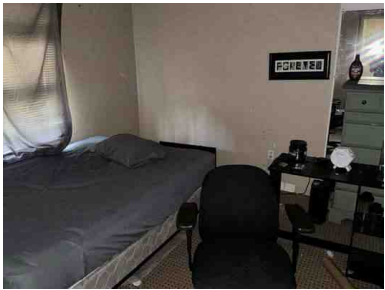
Subject Rear



Subject Street

Interior Photos

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					



Comparable Photo Page

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					



Comparable 1

412 N 15th St

Sales Price	135,000
G.B.A.	1,708
Age/Yr. Blt.	~50



Comparable 2

615 S 12th St

Sales Price	115,000
G.B.A.	1,906
Age/Yr. Blt.	35



Comparable 3

1019 Village Dr

Sales Price	178,500
G.B.A.	1,904
Age/Yr. Blt.	40

Rental Photo Page

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					



Rental 1

1402 Caddo St
Proximity to Subj. 0.35 miles SW
GBA 1,536
Age/Year Built 39



Rental 2

422 N 13th St
Proximity to Subj. 0.21 miles NW
GBA 2,496
Age/Year Built 39

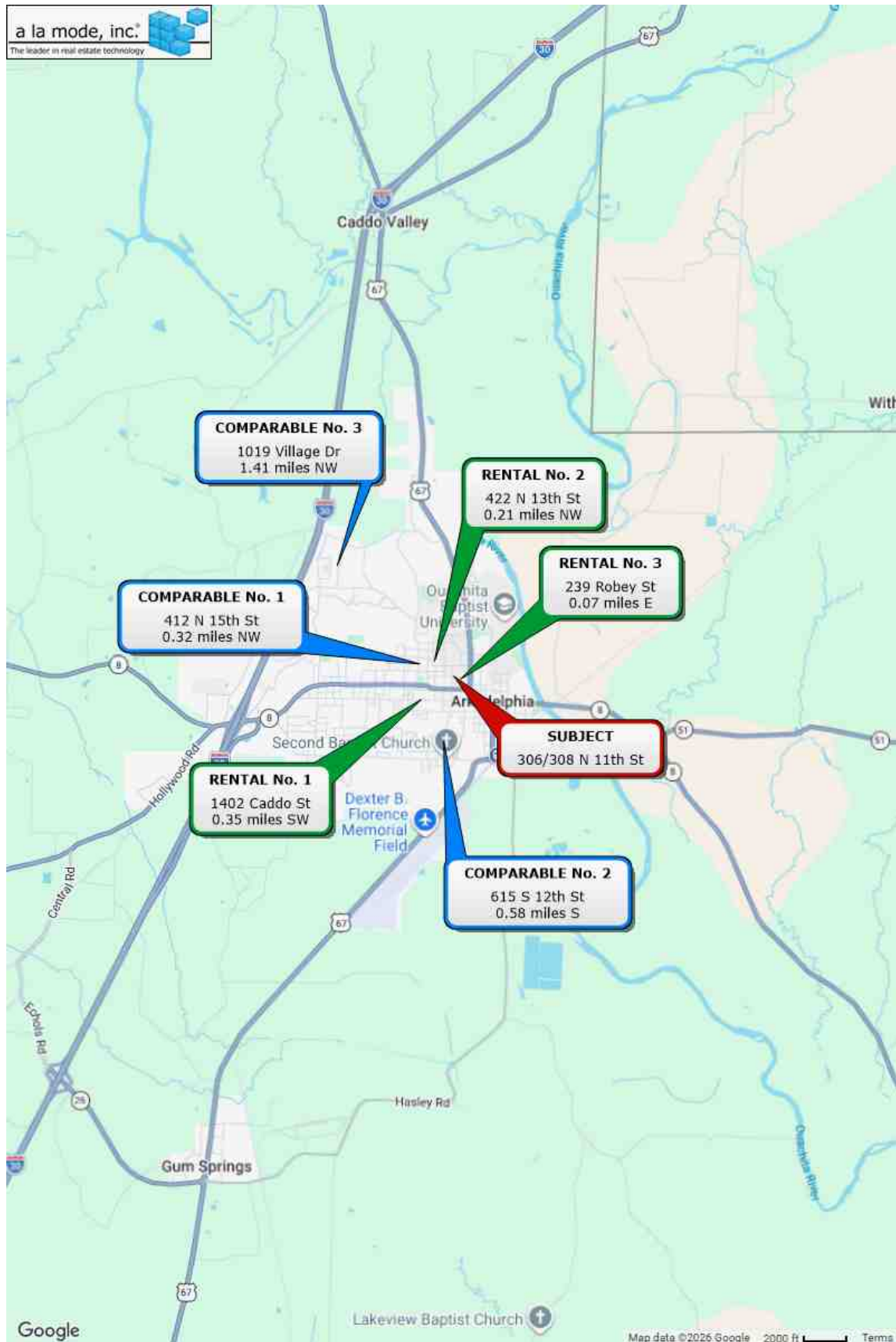


Rental 3

239 Robey St
Proximity to Subj. 0.07 miles E
GBA 1,992
Age/Year Built 69

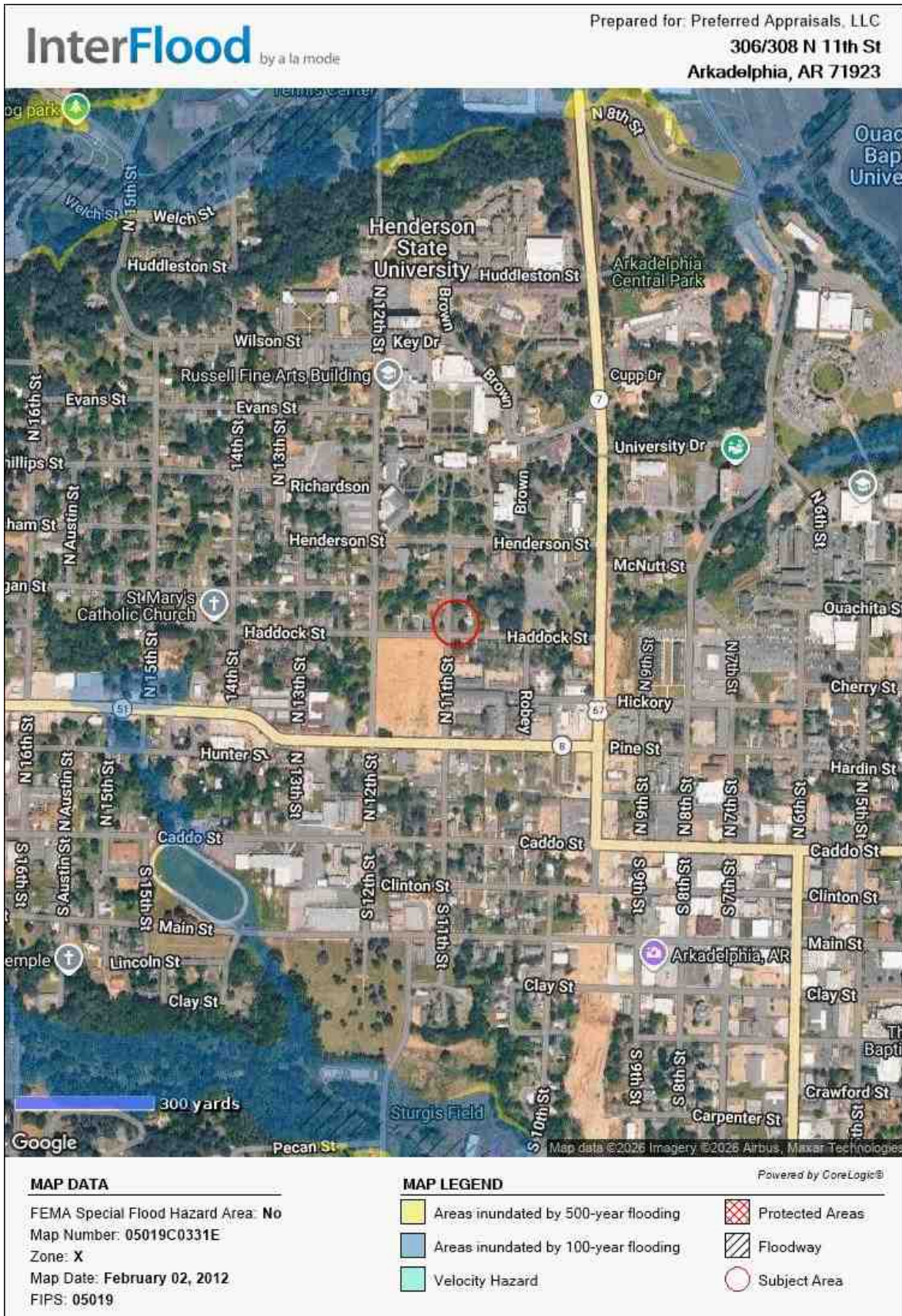
Location Map

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					



Flood Map

Borrower	Henderson State University					
Property Address	306/308 N 11th St					
City	Arkadelphia	County	Clark	State	AR	Zip Code 71923
Lender/Client	Henderson State University					



 SARAH HUCKABEE SANDERS Governor DARYL E. BASSETT Secretary of Labor and Licensing	State of Arkansas Arkansas Dept of Labor and Licensing Arkansas State Board of Appraisers, Abstracters, and Home Inspectors 900 W Capitol Ave, Suite 400 Little Rock, AR 72201 PH (501)-296-1843 https://www.arkansas.gov/alcb/	JEREMY FERGUSON 1404 HASLEY RD ARKADELPHIA, ARKANSAS 71923 LICENSE #: CR2517
THIS CERTIFIES THAT JEREMY FERGUSON IS LICENSED AS A Certified Residential Appraiser		
Given under our hand and seal this 1st day of Jul, 2026.  _____ SECRETARY OF LABOR AND LICENSING		This license expires: 06/30/2027.

Jeremy Ferguson
License #: CR2517