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University of South Carolina
BOARD OF TRUSTEES

October 14, 2016

The University of South Carolina Board of Trustees met at 2:45 p.m. on Friday, October 14, 2016, in the C. Edward Floyd Boardroom at My Carolina Alumni Center.

Members present were: Mr. John C. von Lehe Jr., Chairman; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck Jr.; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell III; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Mr. Tommy D. Preston Jr.; Dr. C. Dorn Smith; Mr. Eugene P. Warr Jr.; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr.; and Mr. Charles H. Williams. Absent from the meeting were Mr. Chuck Allen; Mr. William W. Jones Jr.; and Ms. Molly M. Spearman.

Also present were faculty representative August E. "Augie" Grant and student representative Michael Parks.

Others present were: President Harris Pastides; Secretary Amy E. Stone; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Provost Joan T.A. Gabel; Chief Financial Officer Leslie Brunelli; Vice President for Human Resources Chris Byrd; Vice President for Information Technology William F. Hogue; Chief Communications Officer Wes Hickman; Executive Director of Audit & Advisory Services Pam Doran; Athletics Director Ray Tanner; Vice President for System Planning and USC Upstate Interim Chancellor Mary Anne Fitzpatrick; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Al Panu; Palmetto College Chancellor Susan Elkins; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; University Treasurer Pat Lardner; Executive Director of My Carolina Alumni Association Jack W. Claypoole; Director of Strategic Planning and Assessment Cameron Howell; College of Engineering Dean Hossein Haj-Hariri; Dean for the College of Hospitality, Retail and Sport Management Haemoon Oh; Chief Financial Officer for the College of Hospitality, Retail and Sport Management Scott Kaplan; College of Arts and Sciences Senior Associate Dean for Natural Sciences Robert Thunell; Office of On Your Time Initiatives Director Shelley Dempsey; Kay Dorrell, Director of Finance and Administration in the College of Engineering and Computing; Professor Elizabeth A. Reagan, Integrated Information Technology; USC Aiken Executive Vice Chancellor

for Administration and Finance Joe Sobieralski; USC Beaufort Executive Vice Chancellor for Academic Affairs Eric Skipper; USC Board of Visitors Chairman Hollis "Chip" Felkel; Chief of Staff, President's Office, J. Cantey Heath Jr.; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Chairman von Lehe called the meeting to order and stated that notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated; and a quorum was present to conduct business. Mr. Hickman introduced members of the media in attendance: Cassie Cope with *The State*.

Chairman von Lehe then invited The Reverend Father Michael Platanis, representing USC's Orthodox Christian Fellowship, to deliver the invocation.

Motion for Executive Session

Chairman von Lehe next called for a motion to enter Executive Session for personnel matters related to the awarding of an honorary academic title, appointment with tenure and an honorary degree nomination. Mr. Preston so moved and Mr. Cofield seconded the motion. The vote was taken and the motion carried.

Chairman von Lehe invited the following persons to remain: President Pastides, Secretary Stone, the President's Executive Council, Dr. Grant, Mr. Parks, and Ms. Doran.

Executive Session

Return to Open Session

II. Approval of Minutes

The following 17 sets of minutes were presented for approval:

- A. Audit and Compliance Committee, August 19, 2016
- B. Executive Committee, August 19, 2016
- C. Board of Trustees, August 19, 2016
- D. Executive Committee, Called Meeting to Elect Committees, August 19, 2016
- E. Minutes for Each of the Board's Six Standing Committees to Elect Chair, August 19, 2016
- F. Academic Affairs and Faculty Liaison Committee, September 16, 2016
- G. Buildings and Grounds Committee, September 16, 2016

- H. Executive Committee, Called Meeting, September 16, 2016
- I. Board of Trustees, Called Meeting, September 16, 2016
- J. Intercollegiate Athletics Committee, September 16, 2016
- K. Health Affairs Committee, September 16, 2016
- L. Ad Hoc Committee on Strategic Planning, September 16, 2016

Chairman von Lehe stated there were no additions, deletions or corrections and that these 17 sets of minutes stood approved as provided for review on the Board Portal.

III. Committee Reports

- A. Academic Affairs and Faculty Liaison Committee, September 16, 2016
(The Honorable Leah B. Moody reported)

Ms. Moody said that the following personnel matters received all appropriate academic and administrative approvals and were presented without objection to the Academic Affairs and Faculty Liaison Committee on September 16, 2016, and to the full Board in Executive Session earlier today.

1. Honorary Academic Title

One request for an honorary academic title was posted on the Board Portal with the materials for this meeting. If approved, the following individual will be awarded the title indicated, effective with his retirement:

For the title Distinguished Professor Emeritus: Gordon K. Haist, Jr.

On behalf of the Academic Affairs and Faculty Liaison Committee, Ms. Moody moved approval of this honorary academic title as presented. The vote was taken and the motion passed.

2. Appointment with Tenure

On behalf of the Academic Affairs and Faculty Liaison Committee, Ms. Moody moved approval of the request for appointment with tenure. The vote was taken and the motion passed to appoint the following individual with tenure:

Dr. Daniel G. Clair – Appointment with Tenure at the rank of professor in the School of Medicine.

3. New Programs

On behalf of the Academic Affairs and Faculty Liaison Committee, Ms. Moody moved approval of the requested new program Doctor of Pharmacy (PharmD) in the College of Pharmacy as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

4. Name Changes

- a. From Office of Summer, Evening and Non-Degree Programs to Office of On Your Time Initiatives, Provost Office

On behalf of the Academic Affairs and Faculty Liaison Committee,

Ms. Moody moved approval of the requested name change from Office of Summer, Evening and Non-Degree Programs to Office of On Your Time Initiatives, as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

- b. From African American Professors Program to Grace Jordan McFadden Professors Program, Provost Office

On behalf of the Academic Affairs and Faculty Liaison Committee,

Ms. Moody moved approval of the requested name change from African American Professors Program to Grace Jordan McFadden Professors Program, as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

- c. From Department of Physical Education and Athletic Training to Department of Physical Education, College of Education

On behalf of the Academic Affairs and Faculty Liaison Committee,

Ms. Moody moved approval of the requested name change from Department of Physical Education and Athletic Training to Department of Physical Education, as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

5. Program College Move – Integrated Information Technology: Move from College of Hospitality, Retail and Sports Management to the College of Engineering and Computing

On behalf of the Academic Affairs and Faculty Liaison Committee, Ms.

Moody moved approval of the move of the Integrated Information Technology Program from the College of Hospitality, Retail and Sports Management to the College of Engineering and Computing, as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

6. Program Terminations

- a. Bachelor of Arts, European Studies, College of Arts and Sciences

- b. Bachelor of Arts, Latin American Studies, College of Arts and Sciences

On behalf of the Academic Affairs and Faculty Liaison Committee, Ms.

Moody moved approval of the requested two program terminations – Bachelor of Arts in European Studies and Bachelor of Arts in Latin American Studies – in the College of Arts and Sciences, as presented

and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

7. New Programs - USC Comprehensives

a. Bachelor of Arts in Health Informatics – USC Upstate

On behalf of the Academic Affairs and Faculty Liaison Committee,

Ms. Moody moved approval of the requested new program Bachelor of Arts in Health Informatics at USC Upstate, as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

b. Bachelor of Science in Secondary Teacher Education, Biology – USC Beaufort

On behalf of the Academic Affairs and Faculty Liaison Committee,

Ms. Moody moved approval of the new program Bachelor of Science in Secondary Teacher Education, Biology at USC Beaufort, as presented and described in the materials posted on the Board Portal for this meeting. The vote was taken and the motion passed.

Ms. Moody said that the committee also received a follow-up report on the Annual Review of New Programs 2014-2016 from Provost Gabel.

B. Buildings and Grounds Committee, September 16, 2016
(The Honorable William C. Hubbard reported)

Mr. Hubbard reported that the Buildings and Grounds Committee met on September 16 and in addition to receiving several planning updates, the following items were recommended for approval by the full Board. First, Mr. Hubbard asked Secretary Stone to read this statement: “The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.”

1. Project Approvals

a. Phase I Approvals

i. Bull Street Property Preliminary Land Acquisition Project

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish this project with a budget of \$30,000 funded with Institutional Capital Project Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

ii. 1800 Gervais Street Preliminary Land Acquisition Project

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish this project with a budget of \$20,000 funded with Institutional Capital Project Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

b. Other Approvals

i. Lieber HVAC Renovation

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$995,000 to be funded with Institutional Capital Project Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

ii. School of Medicine Student Study Lounge Renovation

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$375,000 to be funded with School of Medicine Institutional Capital Project Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

iii. Richard T. Greener Sculpture Project

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$225,000 to be funded with gifts.

The vote was taken and the motion passed.

iv. Gamecock Sculpture Project at Williams-Brice Stadium

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$995,000 to be funded with gifts.

The vote was taken and the motion passed.

v. Strom Thurmond Skylight Replacement Emergency Project

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$900,000 to be funded with Institutional Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

vi. Beaufort Hilton Head Gateway Campus Chiller Project

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$633,906 to be funded with \$190,172 from a U.S. Department of Energy sub-grant and \$443,734 from a low-interest federal loan. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

vii. Lancaster Physical Plant Repairs

- Gregory Health and Wellness Center Renovations
- Bradley Arts and Sciences Building Repairs

On behalf of the Buildings and Grounds Committee,

Mr. Hubbard moved to establish and fully fund these two projects with a cumulative budget of \$700,000 to be funded with State Appropriated Capital Reserve Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

viii. Salkehatchie Physical Plant Repairs

- Nursing and Campus Facility Roof Repairs
- HVAC and Physical Plant Repairs
- Science Building Maintenance

On behalf of the Buildings and Grounds Committee,

Mr. Hubbard moved to establish and fully fund these three projects with a cumulative budget of \$750,000 to be funded with State Appropriated Proviso 118.16 Surplus Funds (\$350,000) and State Appropriated Capital Reserve Funds (\$400,000). The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

ix. Sumter Science Lab Renovation

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$1,500,000 to be funded with State Appropriated Capital Reserve Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

x. Sumter Physical Plant Repairs

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$100,000 to be funded with State Appropriated Proviso 118.16 Surplus Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

xi. Union Energy Efficiency Retrofits and Physical Plant Repairs

On behalf of the Buildings and Grounds Committee, Mr.

Hubbard moved to establish and fully fund this project with a budget of \$300,000 to be funded with State Appropriated Capital Reserve Funds. The University hereby declares its official intent, pursuant to federal regulations, to reimburse itself from the amounts of proceeds of the tax-exempt bond issue.

The vote was taken and the motion passed.

2. Gift Naming Opportunities

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of the following gift namings as recommended by the Gift Naming Opportunities Committee and distributed in the Board materials. The vote was taken and the following namings were approved:

a. College of Engineering and Computing

– “M. Bert Storey Engineering and Innovation Center”

b. School of Information and Communications

i. “Chernoff Newman Classroom”

ii. “Free Family Office”

iii. “Jason Wagenheim Office”

iv. “Kela Evans Thomas Office”

v. “South Carolina Broadcasters Association Gallery”

vi. “The State Media Company Carolina News and Reporter Suite”

- c. Darla Moore School of Business
 - “BPF Founders Terrace”
- d. School of Law
 - i. “Beverly Lovejoy Boyer Conference Room”
 - ii. “Everette and Beverly Newman Classroom”
 - iii. “John Gregg McMaster, Jr. Classroom”
 - iv. “Law Class of 1976 Clinical Conference Room”
 - v. “The Thurmond Kirchner & Timbes, P.A. Student Meeting Room” – Amendment

C. Intercollegiate Athletics Committee, September 16, 2016
(The Honorable Mack I Whittle Jr. reported)

Mr. Whittle reported that the Intercollegiate Athletics Committee met on September 16, at which time Athletics Director Ray Tanner reported on numerous items from the Athletics Department.

Most significant was that major gift revenues totaled \$12,206,552 in Fiscal Year 2016. The football game against East Carolina University was a sellout, and the Georgia and Tennessee games were expected to sell out as well. Thus far for the 2016 football season, a total of 50,339 season tickets had been sold.

A facilities update was provided on recently completed projects: the Carolina Soccer Center; signage and graphics projects on the Jerri & Steve Spurrier Indoor Practice Facility; the King Family Practice Field – Film Towers; the Gamecock Park Garnet Society Parking Lot; and at Williams-Brice Stadium the football locker room renovation, field renovation, and the zone waterproofing/seating projects.

The Cregger Track is scheduled to be complete in time for USC to host the SEC Spring Outdoor Track Championship. The Field House Conversion/Indoor Track Facility Project is expected to begin in Fall 2016. Also set to begin in Fall 2016 are the Baseball Recruiting Lounge and the Video/Media Room projects.

The Coliseum Office and Team Spaces Renovation Project, and the Golf Practice Facility are underway.

Achievements of USC student-athletes and coaches were noted. Most significant was the fact that the Gamecocks were at the top of the SEC First-Year SEC Academic Honor Roll for the 2015-16 school year for the 9th consecutive year with 99 student-athletes. More than 113 student-athletes made the SEC Spring Academic Honor Roll. Spring 2016 marks the 19th consecutive semester in which student-athletes earned a 3.0 or above grade point average.

USC placed 31st nationally and 7th in the SEC final 2015-16 Learfield Sports Directors' Cup standings. This was the Gamecocks' highest finish since the 2002-03 Season.

Gamecocks clinched the 2015-16 Palmetto Series in its inaugural year by earning 10 points, while Clemson earned 5. The award is based on overall success in head-to-head competition and academics.

Mr. Tanner named the current and former student-athletes and coaches who participated in the 2016 Summer Olympic in Rio. Most notable was Coach Dawn Staley earning her 5th gold medal as the women's basketball assistant coach.

In addition, Mr. Tanner's PowerPoint presentation included a statistical report of the student athletes in each of South Carolina's 16 judicial circuits.

D. Health Affairs Committee, September 16, 2016
(The Honorable Miles Loadholt reported)

Mr. Loadholt reported that the Health Affairs Committee of the University of South Carolina met September 16, 2016, at which time Provost Gabel provided an update on the Health Sciences Initiative. She said that the University already had a broad portfolio of health sciences and affiliated, health-related programs that included nationally ranked programs in every one of its health sciences colleges. She explained that the combination of existing academic strength, student and employer demand, federal support for research, and societal need was a recipe for success. She informed the committee that Hanover, a well-regarded research agency, had been engaged to help target high school counselors and high school students who have expressed interest in the health sciences. She added that the Student Affairs team was doing a great job in formulating a narrative aimed to send the message to potential students that "...the best university in the state to attend if you are interested in a career in the health sciences/health professions is the University of South Carolina."

The committee also heard from College of Nursing Dean Jeannette Andrews. Dean Andrews shared some highlights of recent achievements by the College of Nursing and outlined steps taken to improve the progression concerns in the undergraduate nursing program. She also provided an overview of nursing programs throughout the state.

The committee's meeting concluded with a report from the USC School of Medicine Greenville Joint Board Liaison Committee. Mr. Whittle reported that the JBLC had elected a new chairman, Greenville Health System Trustee Michelle Seaver, for the 2016-2017 academic year and had approved the budget for FY 2016-2017. Additionally, Mr. Whittle said that the JBLC had received a current overview of

GHS and an update from Dean Jerry Youkey about the USC School of Medicine Greenville Class of 2016, the school's inaugural class that graduated in May.

E. Ad Hoc Committee on Strategic Planning, September 16, 2016
(The Honorable Thad Westbrook reported)

Mr. Westbrook reported that the Ad Hoc Committee on Strategic Planning met on Friday, September 16, 2016, at which time Provost Gabel reported on the progress of the 2016-2021 Strategic Plan and Dr. Howell reported on the dashboard measures that the University has been using.

In January 2016, the strategic plan was discussed at the Board Retreat in the context of the Focus Carolina goals of Quality, Leadership, Innovation, Diversity, Access, Global Competitiveness, and Community Engagement. As the strategic planning conversations continued during the year with various University constituents, Provost Gabel said, it became apparent that the goals of the strategic plan did not need to be changed. Instead, it needed to be refreshed through a purposeful re-examination.

As a result, the seven goals of Focus Carolina were synthesized into five to provide a more accurate representation of how the University functions operationally. She identified these as: "Educating the thinkers and leaders of tomorrow; assembling a world-class faculty; spurring knowledge and creation; building inclusive and inspiring communities; and ensuring and communicating institutional excellence." With this refreshed perspective on the strategic plan, the administration needed to be sure there was no lapse in measuring accountability and success. Thus, efforts have been taken to align these themes with existing measures to ensure the University's goals are tied to something that can be measured. For the most part, she said, this is accomplished through the dashboard that represents the intersection of the University's ideas, its desire to move forward, and its accountability.

Thus, the dashboard was refreshed and its eight goals were reframed into levels of measures that tie-in to what it is that the University wants to accomplish. These levels of measure are due diligence metrics, measures of national distinction, and living the brand.

The majority of the meeting was spent with Dr. Howell discussing levels of measurement as they pertained to due diligence metrics such as enrollment and ACT/SAT scores, retention and graduation rates; national distinction as evidenced by faculty productivity and other measureable elements; and living the brand that will encompass Carolina-specific things being done and whether they are successful.

While Dr. Howell's presentation included several unofficial data points for Fall 2016, committee members learned some exciting new facts. Among these were a four-point increase in the average SAT score for USC's Capstone Scholars to 1315, which was on top of a 17% increase in the number of scholars.

In the Honor's College, there was an 11-point gain as the average SAT reached 1442. Dr. Howell also said that for the first time in the *U.S News and World Report* rankings, the University had moved into the top 50 public institutions. It also was reported that for Fiscal Year 2016, the total economic impact of USC's community service was more than \$12.7 million. This represented more than 28,092 USC volunteers giving more than 527,651 service hours and donating more than \$1.6 million.

The committee also heard from Chief Diversity Officer John Dozier who presented an analysis of the Spring 2016 undergraduate campus climate survey. The analysis of this survey is ongoing and will be followed by surveys of faculty and staff, and graduate students. The undergraduate survey will be repeated again in 2018. There is no national model for conducting climate surveys, but Dr. Dozier is talking with his colleagues in the Southeastern Conference about using similar questions in surveys on their campuses in order to develop some comparative information across institutions. The information from the surveys will be made available on the Diversity and Inclusion website. In being transparent about the information collected and providing results back to students, Dr. Dozier said he hoped that future response rates would increase.

The strategic plan update included a report from Chief Communications Officer Wes Hickman addressing the national distinction measure of brand performance. He said that the overall perception of the USC brand improved among all of the University constituent groups. Surveys by an outside firm in 2011 and 2014 yielded a variety of metrics. Some of this information was made available to the committee in the background materials for the meeting.

During the September meeting, Mr. Westbrook said he informed committee members that Board Chairman von Lehe had asked that the committee play a significant role in January's Board Retreat, specifically addressing the financial condition of the University and how that integrates into the strategic plan moving forward.

Finally, the committee discussed the opportunity to continue David Seaton's involvement with the University. Mr. Seaton who is chairman and chief executive officer of Fluor Corporation served as chairman of USC's billion dollar fund-raising campaign. Mr. Westbrook said that he and committee members expressed interest in reaching out to Mr. Seaton to identify how best to keep him active with USC, whether that was as an active participant with the Strategic Planning Committee or in another advisory role with the Board.

F. Audit and Compliance Committee, October 14, 2016
(The Honorable C. Dorn Smith, M.D., reported)

Dr. Smith reported that the Audit and Compliance Committee met earlier in the day and received reports on the following items:

- Fiscal Year 2016 Financial Statement Audit

Tom McNeish, a shareholder with Elliott Davis Decosimo, presented the draft financial statement audit for the year ended June 30, 2016. He said the auditors had completed their audit work and based on the audit procedures performed, Elliott Davis intended to issue an unmodified opinion on the University's financial statements. An unmodified opinion indicates that the University has fairly presented its financial statements in accordance with generally accepted accounting principles (GAAP). Fair presentation in accordance with GAAP is of great importance to the primary users of the University's financial statements such as bond underwriters and federal granting agencies. The University's financial statements are currently in draft form, and have been submitted as a draft to the State Comptroller General's Office due to an ongoing review of information provided by the State Treasurer's Office. The University and Elliott Davis Decosimo met the October 1 deadline for completion. In future years, the final audit report is expected to be submitted by the October 1 deadline in advance of the Board of Trustees receipt of the document. Following the completion of these statements, the University financial staff will compile the Comprehensive Annual Financial Report (CAFR) and submit that document late this fall to the Government Finance Officers Association.

- Independent Auditor's Report on Internal Control over Financial Reporting

Mr. McNeish presented the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Two items of risk were noted including the statement of capital asset activity and recording of grant revenue and accounts receivable. The University's Controller's Office has provided responses to clear these two findings and prevent their reoccurrence in subsequent years.

- System Audit Management Letter

The University's management letter includes items that are not audit findings but are possible deficiencies or weaknesses. If a significant or material weakness is identified, government auditing standards require notification to the University by Elliott Davis Decosimo. In this year of the new finance system implementation, seven items were added to the two already mentioned. The University's

Controller's Office has provided responses for each of these findings and is at work on additional system support and defining procedures to prevent their reoccurrence in subsequent years.

Ms. Doran reported to the committee that efforts were underway by management to address the finding identified in the Payment Card Industry Compliance Audit.

In her Tracking Report, Ms. Doran said that there were 15 audits with a total of 55 outstanding recommendations. Out of the 55 findings, 21 had been addressed; 13 were not yet due, and 21 had been extended.

Ms. Doran also provided an update on the development of a University Conflicts of Interest Policy. The objective is to establish an overall conflicts of interest policy inclusive of University employees and current policies and requiring an annual disclosure.

An updated copy of the Committee Matrix was provided and Ms. Doran reported on the Committee's self-assessment and talked about opportunities for improvement.

Dr. Smith noted that it was necessary to recuse himself from any action related to the next item and called on committee member Mack Whittle.

On behalf of the Audit and Compliance Committee, Mr. Whittle moved full Board approval to seek a two-year contract extension with Elliott Davis Decosimo. The vote was taken and the motion passed.

G. Executive Committee, October 14, 2016
(The Honorable John C. von Lehe Jr. reported)

Chairman von Lehe reported that during the meeting of the Executive Committee earlier in the day, four contracts were approved. These included:

- A \$200,000 option agreement effective until December 31, 2017, to purchase from SCE&G 14.6 acres located off South Assembly Street in Columbia.
- Two charter flight agreements, one each for the Men's and Women's Basketball Teams' 2016-2017 season, with STM Charters, Inc. The contract for the Men's Basketball Team was in the amount of \$559,100, while the contract for the Women's Basketball Team totaled \$489,700.
- A four-year agreement between USC's Office of Continuing Education and Conferences to provide continuing education for the S. C. Board of Cosmetology, at an estimated value of \$600,000.

The Executive Committee also heard from SEC Commissioner Greg Sankey, received the FY2016 Year-End Review from Chief Financial Officer Leslie Brunelli, and voted to assign responsibility for BTRU 2.00 University Environmental Policy Statement to the University Administration.

In addition, the Executive Committee recommended the following for approval by the full Board:

- Park 7 Group: Governmental Real Estate Lease Agreement

On behalf of the Executive Committee, Chairman von Lehe moved approval of a three-year governmental real estate lease agreement with CD/Park 7 to provide 152 units consisting of 424 beds located at 506 Huger Street for use as student housing facilities at a total cost of \$11,035,551.54. The agreement can be extended up to four additional years.

He added that coming from committee this motion did not require a second. He called for the vote and the motion passed.

IV. Report of Student Government

Chairman von Lehe called on Student Government President Michael Parks who used a brief PowerPoint presentation to underscore his report that highlighted a student-led voter registration initiative. He said that 4,261 USC students registered to vote, ranking the University second in the nation in voter registration. He added that more than 2,300 students registered on October 4, which was National Voter Registration Day.

He also highlighted the Uber Safe Ride program that provides a 25% discounted Uber ride home on Thursday through Saturday nights for students who register their accounts with their University email address and use a special promotional code.

Mr. Parks thanked the Athletics Department for working with Student Government to provide \$1 bottles of water at Williams-Brice Stadium during football season. He then spent several minutes discussing Student Government's involvement with the University's classroom improvement project. He said Student Government was using a survey process to quantify student input for the Provost's Classroom Enhancement and Scheduling Committee, which had more than a \$1 million to allocate. To date, survey responses indicate 43% of students have concerns about WiFi availability, while more than half of the respondents expressed concerns about the size and arrangement of desks in classrooms. However, he said, 75% of student respondents were satisfied with the cleanliness of classrooms.

Mr. Parks concluded his remarks by identifying three topics that needed to be addressed in the coming year: new or renovated student "community" space on campus; continued focus on improving communication to improve the USC student experience; and transportation that offsets campus expansion, allowing ease of access to campus facilities and activities.

Trustee Floyd encouraged Mr. Parks to utilize the registered student voters to support University-identified issues with elected officials on the local and state level.

V. Report of the Alumni Association

Chairman von Lehe called on Mr. Preston who said that in order to save time, he would defer his report until a future meeting. He did, however, provide Trustees with a handout detailing Homecoming events scheduled for November 4-6, 2016.

VI. Report of the President

Chairman von Lehe called on President Pastides who said with the indulgence of Trustees that he would cede his time to Chip Felkel for a brief report on behalf of the Board of Visitors. As Mr. Felkel came to the podium, President Pastides thanked him for the vision in lighting the top of Capstone for significant achievements. For the first official time, he said, the tower had been lighted the previous evening with its garnet LEDs.

Mr. Felkel, Chairman of the Board of Visitors, thanked President Pastides and Trustees. He said he was pleased to update Trustees about this Board of Visitors' project launched by former member Beth Phibbs in 2010. Capstone had its first official lighting in honor of Chairman Emeritus Gene Warr, he said. He offered impressive statistics reflecting the preliminary week of promotion for what is being called the "Achievement Tower." Despite being somewhat affected by Hurricane Matthew, he said there had been an overall reach through social media of 119,284. There were over 6,200 engagements on social media. Promotion of the Achievement Tower on Facebook reached 66,703 people, with 37 comments and 108 people sharing it. Over 1,100 people liked it, loved it, or were wowed by it. On Twitter, 45,000 people were reached, with 3,967 engagements, 51 retweets and 178 likes. On Instagram 6,920 time lapsed videos were shown. In other words, he said, the Achievement Tower is a hit. "It is a great hit."

Mr. Felkel thanked Wes Hickman and everyone who had helped the project reach fruition in such a successful fashion. "This is a great contribution that the Board of Visitors can be really proud about in terms of our contribution to the Carolina Community. We are grateful for your support and we look for many lightings as we celebrate both academic and athletic achievement at the University of South Carolina."

Motion for Executive Session

VII. Other Matters

Chairman von Lehe then called for any other matters to come before the Board. There being none, he announced there was a need for another Executive Session to discuss a proposed contractual matter related to Presidential Portraits. He added that there would be no action as a result of this

discussion and that the meeting would return to Open Session for the sole purpose of adjourning. He then asked for a motion to enter Executive Session. Mr. Mobley so moved. Mr. Fennell seconded the motion. The vote was taken and the motion was approved.

Chairman von Lehe invited the following persons to remain: President Pastides, Secretary Stone, Mr. Parham, Mr. Walton, Ms. Brunelli and Ms. Doran.

Executive Session

Return to Open Session

VIII. Adjournment

There being no other matters to come before the Board, Chairman von Lehe declared the meeting adjourned at 4:00 p.m.

Respectfully submitted,

Amy E. Stone
Secretary