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University of South Carolina
BOARD OF TRUSTEES

August 17, 2018

The University of South Carolina Board of Trustees met at 2:15 p.m. on Friday, August 17, 2018, in the Alumni Center's C. Edward Floyd Boardroom.

Members present were: Mr. John C. von Lehe Jr., Chairman; Mr. Hubert F. Mobley, Vice Chairman; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck Jr; Mr. Thomas C. Cofield; Mr. Robert F. Dozier Jr.; Mr. A. C. "Bubba" Fennell III; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. Toney J. Lister; Mr. Miles Loadholt; Ms. Leah B. Moody; Ms. Rose Buyck Newton; Dr. C. Dorn Smith III; Mr. Eugene P. Warr Jr.; and Mr. Thad H. Westbrook; with Mr. Charles H. Williams joining by telephone.

Also present were Strategic Advisor David Seaton, USC Columbia Faculty Senate Chairman Marco Valtorta and USC Columbia Student Government President Taylor Wright.

Others present were: President Harris Pastides; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Provost Joan Gabel; Chief Operating Officer Edward L. Walton; Chief Financial Officer Leslie Brunelli; Vice President for Student Affairs Dennis A. Pruitt; Chief Advancement Officer and Senior Advisor to the President Paula Harper Bethea; Vice President for Information Technology Doug Foster; Vice President for Human Resources Caroline Agardy; President & Chief Executive Officer of University Foundations Jason Caskey; Chief Communications Officer Wes Hickman; Athletics Director Ray Tanner; Chief Audit Executive Pam Doran; USC Aiken Chancellor Sandra Jordan; Palmetto College Chancellor Susan Elkins; USC Upstate Chancellor Brendan Kelly; University Treasurer Pat Lardner; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Executive Director for Strategic Initiatives Jack Claypoole; USC Beaufort Chief Information Officer Eddie King; 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 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. Secretary Heath confirmed Trustee Williams had joined the meeting by telephone.

Chairman von Lehe called on Trustee Buyck who welcomed the new President and Chief Executive Officer of the USC Foundations Jason Caskey.

Mr. Hickman said no members of the news media were in attendance.

Chairman von Lehe invited The Reverend Tom Wall with the Methodist Student Ministry to deliver the invocation.

Motion for Executive Session

Chairman von Lehe requested a motion and second for an Executive Session for personnel matters related to the President's annual performance appraisal and for the receipt of legal advice related to two pending claims.

Mr. Cofield made the motion, which was seconded by Ms. Moody. The vote was taken, and the motion passed.

The following persons were invited to remain: President Pastides, Secretary Heath and Mr. Seaton.

Executive Session

When there were no other matters appropriate for discussion in Executive Session, Chairman von Lehe declared the meeting returned to Open Session.

Return to Open Session

II. Approval of Minutes

- A. Academic Affairs and Faculty Liaison Committee, June 8, 2018
- B. Audit and Compliance Committee, June 8, 2018
- C. Intercollegiate Athletics Committee, June 8, 2018
- D. Ad Hoc Committee on Strategic Planning, June 8, 2018
- E. Executive Committee, Called, June 8, 2018
- F. Subcommittee on Honorary Degrees, Called, July 10, 2018
- G. Buildings and Grounds Committee, Called, July 11, 2018
- H. Board of Trustees, Called, July 11, 2018

There being no additions, deletions or corrections, Chairman von Lehe said these eight sets of minutes stood approved as submitted.

III. Committee Reports

A. Ad Hoc Committee on Strategic Planning, Called, August 7, 2018 (The Honorable Thad Westbrook reported)

– Focus Carolina 2023 | Excellence Rising

The Ad Hoc Committee on Strategic Planning met in a called meeting on Tuesday, August 17, 2018, and unanimously recommended Board approval of the strategic plan, Focus Carolina 2023 | Excellence Rising, Trustee Westbrook said, adding:

As you are aware, the strategic plan has been detailed in materials provided for the Board's February and June 2018 meetings; as well as in a presentation to the Board of Trustees at its January 2018 Retreat. Following our June meetings, I joined Provost Gabel in several additional discussions about the plan with individual Trustees before appearing today to recommend full Board approval of this plan on behalf of the Ad Hoc Committee on Strategic Planning.

Chairman von Lehe called for any discussion of the committee's motion. There being none, the vote was taken, and the motion was approved.

Trustee Westbrook continued his report, noting the committee reviewed activities following its meeting on June 8 and briefly discussed the need to begin hearing from University campuses outside of Columbia about their strategic planning efforts.

In addition, committee members agreed its next step is the review and discussion of the University's Equity and Inclusion Strategic Plan. This is one of the many individual plans supporting the University's overall strategic effort, he said. Concluding his report, Trustee Westbrook said the committee will meet October 19 to receive an update on the strategic plan's dashboard, which is used to measure individual metrics and targets associated with each strategic objective.

B. Audit and Compliance Committee, August 17, 2018 (The Honorable C. Dorn Smith III, M.D., reported)

– Chief Audit Executive Annual Performance Appraisal

The Audit and Compliance Committee met earlier in the day and presented two items for action.

Trustee Smith moved approval to increase the compensation for the Chief Audit Executive by 2%.

Chairman von Lehe called for any discussion of the committee's motion. There being none, the vote was taken, and the motion was approved.

Trustee Smith next moved approval to increase the Directors and Officers Insurance policy from \$5 million to \$20 million.

Chairman von Lehe called for discussion and Trustee Hubbard requested the motion be carried over to the next scheduled Board meeting to allow for a cost-benefit analysis from the administration, as well as to obtain information about duplication of coverage provided by the state liability policy.

Trustee Hubbard officially moved to make his request a substitute motion, taking precedence over the committee motion. Trustee Fennell seconded the motion. The vote was taken, and the motion was passed with Trustee Westbrook voting against the substitute motion to underscore his concern that the issue be quickly resolved.

During the Audit and Compliance Committee meeting, Trustee Smith reported Chief Audit Executive Pam Doran presented the Audit and Advisory Services' Annual Report and noted formatting changes to two Board policies: 1.20. Dishonest Acts and Fraud, and 1.24 Internal Control Policy. Ms. Doran also discussed recommendations for improvement as addressed in the NCAA Rules Compliance Audit, the PeopleSoft Travel and Expense Module Audit, and the University Plane Review.

Mr. Parham reported to the Audit and Compliance Committee on his review of the University's Directors and Officers Insurance coverage.

In the Tracking Report, Ms. Doran said 7 of the 32 audit findings noted in June 2018 had been implemented. Of the remaining 25 findings, 13 were deferred and 12 were not yet due. She reported efforts were underway to address the concerns in the remaining findings and those posing the greatest risk.

Additionally, Audit & Advisory Services' external Quality Assurance Review Reports were presented; and the committee was provided an Updated Committee Matrix.

Before moving to the next agenda item, Trustee Fennell asked about his recommendation that the Audit and Compliance Committee place a two-year or other specific limit on Tracking Report findings. Trustee Smith said the recommendation would be placed on the agenda for the next Audit and Compliance Committee meeting.

C. Student-Trustee Liaison Committee, August 17, 2018
(The Honorable Thomas C. Cofield reported)

Student Government Association (SGA) officers from USC Columbia and the University's Comprehensive Universities (USC Aiken, USC Beaufort, and USC Upstate) participated in a panel discussion earlier in the day, Trustee Cofield said. The SGA officers joined the committee around the board table while other SGA members and advisors observed from the gallery.

In advance of the meeting, he said advisors were asked to discuss topics with SGA officers and submit a list for the panel discussion. Dr. Dennis Pruitt led the discussion on several following topics, including:

- Why did you run for Student Government?
- How do you manage your obligations as a student leader?
- What are some of the students' "hot button" issues on your campus?

Prior to the panel discussion, Trustee Cofield said USC Columbia Graduate Student Association (GSA) Treasurer Billy Quinlan gave an informative report about GSA's 2018-19 initiatives: professional development, social events, health & wellness, graduate student funding, and advocacy.

D. Executive and Governance Committee, August 17, 2018
(The Honorable John C. von Lehe Jr. reported)

During the meeting of the Executive and Governance Committee earlier today, Chairman von Lehe said 15 contracts were approved. These included:

- Approval of two endowed scholarship gift agreements. The late Distinguished Professor Emeritus John K. Adams designated the University a beneficiary of \$44,000 to establish The John K. Adams Fund for Students in the School of Music. The Charles H. Overton, Jr. Endowed Scholarship Fund was established with \$251,963 from the estate of Mr. Overton, an alumnus of the University.
- Approval of a six-year agreement, ending August 31, 2024, for Apogee Telecom, Inc. to provide cable television services for USC Beaufort at a cost of \$442,910.88.
- Approval of a five-year agreement for USC Union to contract academic library services to the Union County Library System's Carnegie Library at a cost of \$569,140. The arrangement will free space on USC Union's campus for classroom and office use, while increasing student access to library services.
- Approval of a four-year extension of a lease agreement for 2,600-square-feet of space at 220 Stoneridge Drive in Columbia for use by the South Carolina Rural Health Research Center at a total cost of \$234,328.74.
- Approval of a seven-year lease agreement for 5,140-square-feet of space at 1330 Lady Street in Columbia for use by the USC's Psychology Department at a cost of \$669,228.
- Approval of a five-year software services agreement with T2 Systems, Inc. to provide parking management operations system software for the Columbia campus at a cost of \$429,734.79.

- Approval of six academic cooperation agreements for the Darla Moore School of Business.

These included:

- Two agreements are with Facultad de Economía y Negocios, Universidad de Chile, in Santiago. One agreement involves development of a dual degree doctoral program and is expected to generate \$400,000. The second establishes a Master's in International Business (MIB) cooperation agreement allowing FEN students to pursue a MIB at USC, which is expected to generate revenue of \$450,000.
- A five-year agreement with the EGADE Business School of Instituto Tecnológico y de Estudios Superiores de Monterrey in Mexico to support two programmatic initiatives, expected to generate \$450,000. One initiative allows Tecnológico de Monterrey faculty and students to matriculate into USC's doctoral business administration program and the second establishes a dual doctoral degree program.
- A memorandum of understanding with ESSEC Business School in France to establish a double-degree program for a Master in International Business from USC and an Advanced Master in Strategy and Management in International Business from ESSEC. This agreement is expected to generate \$462,500.
- A five-year agreement with Sungkyunkwan University in South Korea allowing its students to pursue a Master of International Business degree at USC, which is expected to generate \$462,500 in revenue.
- A similar five-year agreement with Foreign Trade University in Hanoi, Vietnam, also was approved and is expected to generate \$462,500 in revenue.

Chairman von Lehe said the Executive and Governance Committee also recommended three items for approval by the full Board.

1. Hyland Software, Inc. Hosting Agreement

On Behalf of the Executive and Governance Committee, Chairman von Lehe moved approval of a renewable website hosting agreement with Hyland Software, Inc. at a cost of \$70,200 per year. The vote was taken, and the motion was passed.

2. Beijing International Studies University, Academic Cooperation Agreement

On Behalf of the Executive and Governance Committee, Chairman von Lehe moved approval of a memorandum of agreement with Beijing International Studies University to establish a collaborative education program in which qualified students successfully completing the first year of their

undergraduate curriculum at BISU will be transferred into selected fields of study at USC, ultimately earning a bachelor's degree awarded by both institutions in Tourism Management and Hospitality Management. The value of this agreement is \$6.5 million. The vote was taken, and the motion was passed.

3. State Institution Bonds, Refunding Resolution

On Behalf of the Executive Committee, Chairman von Lehe moved approval of a resolution to issue State Institution Refunding Bonds for \$5.2 million to be used to refund outstanding Series 2009B State Institutions Bonds, which are projected to result in substantial debt service savings. The Series 2009B bonds funded projects on the Aiken and Upstate campuses. The complete resolution and supporting material as prepared by the Pope Flynn law firm was made available on the Board Portal for Trustees to review. The vote was taken, and the motion was passed.

IV. Board of Trustees Bylaws Amendments

A. Student-Trustee Liaison Committee Change

Chairman von Lehe said an update to the Board of Trustees Bylaws redefining the name and mission of the Student-Trustee Liaison Committee to System and Student Affairs Committee was placed on the table at the Board's June 22 meeting.

Chairman von Lehe called for discussion. Noting his service as past chair of the Student-Trustee Liaison Committee and the importance of students, Trustee Fennell moved to amend the motion to change the committee name to Student and System Affairs Committee. The amendment was seconded by Trustee Cofield. A vote was taken on the amendment approved. Chairman von Lehe then called for a vote on the motion as amended, and the motion as amended was passed.

B. Miscellaneous Updates

Several other updates to the Board of Trustees Bylaws were discussed and approved earlier in the day during the Executive and Governance Committee meeting. Chairman von Lehe said he would forgo detailing the updates since everyone was present for that meeting.

There being no further discussion, he said the recommendation of the Executive and Governance Committee to approve these updates will lay on the table to be voted on at the next regularly scheduled meeting of the full Board as required by the Bylaws.

Chairman von Lehe called on Dr. Valtorta who said the bylaws need consistency in referring to the name of the USC Columbia Faculty Senate. Mr. Parham said such scrivener errors could be corrected before the bylaws come forward for a vote at the next meeting.

V. President's Annual Performance Appraisal

Chairman von Lehe said:

I speak on behalf of the full Board in thanking Harris Pastides for 10 wonderful years at the helm of this great institution and we look forward with great expectations to the leadership he will provide during the upcoming year. I would like to take a moment to note for the record some of the comments from his performance review:

Dr. Harris Pastides' tenth year as President of the University of South Carolina was a resounding success. Members of the Board of Trustees noted particularly:

- how well he “marshals the talents and efforts of the students, faculty, staff and the Board”
- he is the “most approachable President since I’ve been on the Board for three decades”
- he is a visionary who “anticipates the needs of the University and the State well in advance”
- “his leadership roles nationally and globally bring positive and much-needed recognition to Carolina”
- “he is keenly focused on the ‘big picture’ and long-range planning, while at the same time addressing detailed needs and issues”
- “I would not trade President Pastides for any other college or university president in the country.”

He is a master juggler – simultaneously focusing on the overall financial viability of our institution, expanding quality and quantity of enrollment, developing top-ranked programs, strengthening diversity and inclusion, raising campus spirit de corps to new heights, achieving record-setting research funding and private support – at one of the most efficiently managed universities in the country.

Harris, thank you for serving as President of the University of South Carolina.

President Pastides thanked the Chairman, noting such comments are reflective of the team which supports him.

VI. Report of the President

Chairman von Lehe called on President Pastides who thanked everyone for their endorsement and for the well wishes as he and Patricia celebrated 10 years in the President's House on August 1.

Ten years is a significant amount of time in anyone's life, especially in one position. Therefore, I'm announcing today that I am honored to have the opportunity to keep the University moving forward to even greater heights in the future.

I'm in the midst of doing a roadshow around the state, meeting with editorial boards. I've been to *The State*, *The Post and Courier* in Charleston, and this week, the *Florence Morning News*. I plan to do more of that in the weeks and months ahead. If you have a local newspaper that you would like me to visit and meet

with the editorial staff, let me know. We plan to do Charlotte, Greenville and many others.

In terms of Admissions, our numbers are still preliminary, but we expect to welcome the largest number of students in the history of our University system. Over 13,000 new Carolinians will be joining us this weekend. Here in Columbia, we will have about the same number as last year – between 5,850 and 5,900 freshmen coupled with about 2,000 transfer students. So about 8,000 new students here in Columbia.

African American freshman enrollment is up by 15% over last year and 40% over two years ago. South Carolina residents in the freshman class will be up by 7% over the year before and it will also be the most academically talented class we've ever had as measured by their SAT and ACT.

I will be helping to welcome our new students on Monday at 9 p.m. at a rally on the Horseshoe. First Night is returning to the Horseshoe this year as Cocky and I will lead them in their first official Gamecock cheer.

I'm also looking forward to being with some of you who can make it on Wednesday, August 22, when we will have Convocation at Colonial Life Arena.

We continue to be optimistic about the Higher Education Opportunity Act and we plan to work hard for it.

I convened a meeting of the Council of Presidents, of which I am chair, earlier this week that included members of the Commission on Higher Education, Senator Sheheen and others were here and we discussed the Higher Education Opportunity Act, the chances for a bond bill – which are closer than before and still so far, but we will work hard for that – and the Student Bill of Rights.

The conversation was civil and productive.

I will also be meeting with all student body president's, chaired by our own President Taylor Wright, as we discuss a legislative agenda and many other important things.

We had a bumper crop enrolled in summer student here at the University this past summer. It was 22% greater than the year before. Students are now studying year-round in an effort to graduate on their time, or On Your Time as we call it. I'm especially proud that 61% of seniors who took one or more courses reported that would be the difference between them graduating on time in May or not being able to – that's a tremendous achievement for all of us. If you are interested in the number, we had over 700 students enrolled full time during the summer semester here at USC Columbia.

We are proud to welcome a new collection to the Thomas Cooper Library and the South Carolina Political Collections – the papers and memorabilia of former South Carolina Governor and Secretary of Education, Dick Riley. We also welcomed President Clinton for the occasion on August 6, as well as so many leading figures across our state and beyond. It was a great day for the University.

Just a few parting shout outs:

- Williams-Brice Stadium was one of only 10 sports and entertainment facilities nationwide recognized for its leadership in safety and security. This is a

testament to the great work of our team in Law Enforcement & Safety and the Athletics Department.

- Congratulations go out to our student athletes – six of our athletic teams were recently recognized by the NCAA for having an Academic Progress Rate in the top 10% of all teams in the United States. They were baseball, women’s volleyball, beach volleyball, tennis, cross country, and men’s tennis.
- The UofSC website, sc.edu, has been ranked No. 5 in a report on the websites of the 50 largest universities in the nation. Our website was noted for its clear navigation, brand identity and ease of use by key audiences, that would be users of the website.

Please join me on Wednesday, September 12, at 11 a.m. on the Horseshoe when I will give my State of the University Address followed by a Pizza Party at noon on Greene Street the day before the campus community will be recognizing Patricia as an event called “A More Healthy, More Local, More Pastides” event on Greene Street.

We’ve got a lot to do, we’re so excited to have people coming back. People often ask me; how do you feel with all of them coming back? But I tell them that in fact it is our favorite time of the year. It’s a little more crowded, parking is harder, but this is why you are all here.

VII. Election of Permanent Chairman

Chairman von Lehe called for nominations for the election of a permanent chairman. Vice Chairman Mobley nominated Mr. von Lehe to serve for an additional two years. Trustee Moody seconded the nomination. Chairman von Lehe called for a motion and second to close nominations. Vice Chairman Mobley so moved, and Trustee Moody seconded the motion. The vote was taken, and the motion passed.

Vice Chairman Mobley then moved the election of Mr. von Lehe as Permanent Chairman, which was seconded by Trustee Moody. The vote was taken, and the motion passed.

VIII. Election of Vice Chairman

Chairman von Lehe called for nominations for election of a Vice Chairman. Trustee Westbrook nominated Mr. Mobley to serve an additional two years. Trustee Moody seconded the nomination. Trustee Smith moved the nominations be closed and Mr. Mobley be elected by acclamation. Trustee Moody seconded the motion. The vote was taken, and the motion passed.

IX. Election of Executive and Governance Committee

Each August in even years, Chairman von Lehe said the Board elects members of the Executive and Governance Committee, except for those members who are members of the Executive and Governance Committee by virtue of the office they hold.

Chairman von Lehe called for nominations. Vice Chairman Mobley nominated Trustee Miles

Loadholt; whose nomination was seconded by Trustee Smith.

Trustee Smith nominated Trustees Toney Lister and Eddie Floyd. Trustee Lister's nomination was seconded by Trustee Westbrook and Trustee Floyd's nomination was seconded by Vice Chairman Mobley.

Trustee Smith moved the nominations be closed the slate of candidates be elected by acclamation. Trustee Buyck seconded the motion. The vote was taken; and the motion passed.

X. Other Matters

In other matters, Chairman von Lehe announced appointment of Thad Westbrook to replace Hugh Mobley as the Board's representative to the S.C. Research Foundation. In making the new appointment, Chairman von Lehe thanked Mr. Mobley for his service on the foundation's board.

Chairman von Lehe reminded Trustees to sign and return as appropriate the Conflict of Interest forms located at their seats. He also noted the 2019 Meeting Schedule had been emailed to each Trustee and a hard copy provided at their seats.

XI. Adjournment

Before adjourning, Chairman von Lehe said,

“My fellow board members, I've had the pleasure and honor of serving in a number of capacities during my life – as president of the Taxation Bar, president of the S.C. Bar Foundation, recipient of the CPA Association's Service to Community Award, chairman of the State Museum Commission; treasurer of Footlight Players Theatre and Dock Street Theatre; treasurer and vice president of the Charleston Preservation Society; and recipient of the Order of the Palmetto. But none of this can compare to the honor and pleasure I have in serving as your Chairman. From the bottom of my heart, thank you for this honor and trust.

With no other matters to come before the committee, Chairman von Lehe declared the meeting adjourned at 3:30 p.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary