

The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at trustees@sc.edu. Electronic or other copies of original minutes are not official Board of Trustees' documents.

University of South Carolina

BOARD OF TRUSTEES

June 30, 2011

The University of South Carolina Board of Trustees met on Thursday, June 30, 2011, at 1:15 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Eugene P. Warr, Jr., Vice Chairman; Mr. Herbert C. Adams; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. W. Lee Bussell, Sr.; Mr. Mark W. Buyck, Jr.; Mr. Thomas C. Cofield; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Dr. C. Dorn Smith, III; Mr. John C. von Lehe, Jr.; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr.; Mr. Charles H. Williams; and Dr. Mitchell M. Zais. No members were absent.

The faculty representative, Dr. Patrick D. Nolan, and the student representative, Mr. Joe Wright, were present.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Academic Affairs and Provost Michael D. Amiridis; Chief Financial Officer Edward L. Walton; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; Vice President for Human Resources Chris Byrd; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Associate Vice President for Business Affairs, Finance and Planning Division, Helen T. Zeigler; Associate Vice President for Research and Graduate Education Timothy A. Mousseau; Associate Vice President for Finance and Personnel, Division of Student Affairs, Stacey Bradley; Associate Vice President for Facilities Tom Quasney; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Beaufort Jane T. Upshaw; Dean of USC Salkehatchie Ann Carmichael; Dean of USC Sumter C. Leslie Carpenter; Dean of University Libraries Thomas McNally; Director of Athletics Eric C. Hyman; Director of the Department of Internal Audit Philip Iapalucci; Director of Capital Budgets and Financing, Division of Finance and Planning, Charlie Fitzsimons; Director of Employee Communications, Division of Human Resources, Debra Allen; Incoming Dean of the College of Education Lemuel W. Watson; Incoming Dean of the College of Social Work Anna Scheyett; Incoming Dean of the South Carolina Honor's College Steven Lynn; Assistant Dean for Undergraduate Studies in Humanities, Arts, and Social Sciences, College of Arts and Sciences, Mary Ann Byrnes; Interim Executive Director of the Carolina Alumni Association Amy Stone; Director of Facilities Planning and Programming, University Architect Derek Gruner; Executive Associate Athletics Director Kevin O'Connell; Chief Financial Officer, Department of

Athletics, Jeff Tallant; Associate Athletics Director Charles Waddell; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Special Assistant to the President J. Cantey Heath; Vice Chancellor for Business and Finance, USC Aiken, Ginger S. Hudock; Director of the Office of Media Relations Margaret Lamb; University Technology Services Production Manager Justin Johnson; Board staff members Barbara Salmons, Terri Saxon and Vera Stone; and members of the media.

Chairman Loadholt 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 to the members; and a quorum was present to conduct business.

Chairman Loadholt welcomed Mr. Hugh Mobley, the newly-elected representative from the 6th Judicial Circuit, and everyone else. He invited Board members and members of the University family to introduce themselves.

Mrs. Lamb introduced members of the media who were in attendance.

At Chairman Loadholt's request, The Reverend John R. Cook, Campus Minister, Presbyterian Student Association, delivered the Invocation.

Following the Invocation, Mr. Buyck requested that it be included in the minutes.

Let us pray.

God of amazing grace, we give you thanks for your continued blessings, coming to us back to back - truly back to back - back all the way to the beginning of this great university over 200 hundred years ago. And we trust your blessings will continue to shower down upon the University of South Carolina!

God of great blessings, we are thankful for this Board and for its hard work, its devotion, and its determination to follow your call to leadership of this University, thereby enriching this community, state, country and world through teaching, learning, and serving. The fruits of this Board's labors can be seen through the champion witness of our students and alumni on the fields of sport, education, business, and service from fields right here in Columbia, to fields across our state, to fields across our globe.

God of all times, while we are particularly proud this day of the witness and work of our student-athletes on a particular field in Omaha, may this Board and this University not rest upon its laurels. In this "bases loaded jam" of economic times, help this Board continue to fight and "battle" each and every day as they seek to faithfully serve all the students learning and growing in our midst. This day, as the Board tackles the budget and business of the University, give them your wisdom, your grace, and your vision. We pray their work and their teamwork continues to produce champions in countless fields for all the years to come!

In your holy name we pray! Amen.

Chairman Loadholt stated that there were personnel matters relative to recommendations for honorary faculty titles, appointments with tenure, tenure and promotion recommendations and an honorary degree nomination which were appropriate for discussion in Executive Session.

Chairman Loadholt called for a motion to enter Executive Session. Mr. Allen so moved and Mr. Williams seconded the motion. The vote was taken and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Amiridis, Mr. Walton, Mr. Byrd, Dr. Pruitt, Dr. Hogue, Dr. Plyler, Ms. Dodenhoff, Mr. Parham, Ms. Lawrence, University Chancellors, Mr. Heath, Ms. Brunelli, Mrs. Hanna, Mrs. Martin, Ms. Mills, and Mrs. Lamb.

Return to Open Session

I. APPROVAL OF MINUTES: The following 4 sets of minutes were circulated by email to the Board for review and were presented for approval:

- A. Academic Affairs and Faculty Liaison Committee, March 18, 2011
- B. Buildings and Grounds Committee, April 15, 2011
- C. Executive Committee, April 15, 2011
- D. Board of Trustees, April 15, 2011

The minutes were approved as corrected.

II. COMMITTEE REPORTS

- A. Ad Hoc Committee on Legislative Relations:
(The Honorable Thad Westbrook, reported)

The Ad Hoc Committee on Legislative Relations met on Tuesday, June 14th.

The Committee discussed the current status of legislative relations at the University and various possibilities for moving forward in order to continue to strengthen that effort the relations. Insights relative to how other universities operate within that realm were also shared.

President Pastides believed that the University had taken a big step forward this year by being better connected to the Board of Trustees relative to important legislative and political matters.

Ms. Lawrence explained that during the budget meeting the previous week, it had been requested to generate a list of talking points regarding the University's unrestricted net assets. Like the state of South Carolina, USC strives to keep a reserve equal to five percent of the budget.

Mr. Walton had remarked that all of the balance money on a financial statement was not really indicative of money that could be spent freely, but rather an amount that could be used to operate the University without having to borrow money. A balance sheet, was basically a management tool to hold on to enough cash to operate the University for a brief time period.

- B. Academic Affairs and Faculty Liaison Committee:
(The Honorable William W. Jones, Jr. reported)

The following personnel matters had received all appropriate academic and administrative approvals and were presented without objection to the Academic Affairs and Faculty Liaison Committee on June 17th and, as appropriate, to the full Board in Executive Session earlier today.

1. Honorary Faculty Titles: Fourteen requests for honorary faculty titles were e-mailed with the materials for this meeting. The following individuals will be awarded titles effective with their retirement:

For the title Distinguished Professor Emerita:

- Harriett Williams

For the title Distinguished Professor Emeritus:

- a. Professor Colin Bennett
- b. Professor Martin Donougho
- c. Professor Walter Edgar
- d. Professor Huynh Huynh
- e. Professor Richard Jennings
- f. Professor Johnny Jensen
- g. Professor Wilson Kistler, Jr.
- h. Professor Gordon Smith
- i. Professor Rick Stephens
- j. Professor Roland Tuttle, Jr.
- k. Professor David Willer

For the title Professor Emerita:

- Lila Meeks

For the title Librarian Emerita:

- Alma Creighton

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these fourteen honorary faculty titles as presented. Mr. Bussell seconded the motion. The vote was taken and the motion carried.

2. Appointments with Tenure: The following eleven (11) requests for appointments with tenure were e-mailed with the meeting materials.

- a. Dr. Sara Campbell would be awarded tenure at the rank of Professor at USC Aiken.
- b. Dr. Mark Ferguson would be awarded tenure at the rank of Professor in the Management Science Department, Moore School of Business; in addition, Dean Teegen requested that he be named a Distinguished Business Foundation Fellow.
- c. Dr. Franz Geiger would be awarded tenure at the rank of Professor in the Arnold School of Public Health. In addition, Dean Chandler requested that he be appointed the chair of the Center of Economic Excellence in Nanoenvironmental Research and Risk Assessment.
- d. Dr. Mahmud Khan would be awarded tenure at the rank of Professor in the Department of Health Services Policy and Management, Arnold School of Public Health; he will also serve as chair of that department.
- e. Dr. Michelle Martin would be awarded tenure at the rank of Professor in the School of Library and Information Sciences, College of Mass Communications and Information Studies. Dean Bierbauer requested that she be named the inaugural Augusta Baker Chair in Childhood Literacy.
- f. Dr. Svitlana Mayboroda would be awarded tenure at the rank of Associate Professor in the Department of Mathematics, College of Arts and Sciences.
- g. Dr. Thomas Moore would be awarded tenure at the rank of Professor in the Division of Natural Sciences and Engineering at USC Upstate. He will also serve as the new Chancellor of that campus.
- h. Dr. John Regalbuto would be awarded tenure at the rank of Professor in the Department of Chemical Engineering, College of Engineering and

Computing. In addition, Dean Ambler requests that he be named the Center of Economic Excellence Endowed Chair in Renewable Fuel Cells for the Fuel Cell Economy.

i. Dr. Elizabeth Regan would be awarded tenure at the rank of Associate Professor in the College of Hospitality, Retail, and Sport Management. In addition, Dean Mihalik requested that she be appointed as Director of the Integrated Information Technology Program.

j. Dr. Anna Scheyett would be awarded tenure at the rank of Professor in the College of Social Work. She will serve as dean of the college.

k. Dr. Lemuel Watson would be awarded tenure at the rank of Professor in the Department of Educational Leadership and Policies, College of Education. He will serve as dean of the college.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these eleven appointments with tenure as presented. Mr. Whittle seconded the motion. The vote was taken and the motion carried.

Mr. Jones asked President Pastides to introduce the three new deans. He deferred to Provost Amiridis, since he had directed the Dean searches. Provost Amiridis recognized each dean and provided a very brief bio on each.

Dr. Steven Lynn, Dean of the South Carolina Honors College as of July 1, 2011
Dr. Anna Scheyett, Dean of the College of Social Work, as of August 1, 2011
Dr. Lemuel Watson, Dean of the College of Education, as of August 1, 2011

Following the introduction of each Dean, they briefly addressed the Board. The Board welcomed the new Deans.

Provost Amiridis expressed his gratitude, on behalf of the University, to the outgoing Deans: Dean of the College of Education Les Sternberg, who had served in that position for eleven years; Dean of the College of Social Work Dennis Poole, who had served in that position for six years; and Dean of the School of Music Tayloe Harding, who had served as the Interim Dean of the South Carolina Honors College, for the last year.

3. Tenure and Promotion Recommendations: Two lists of tenure and promotion recommendations were mailed with the materials for this meeting. They had received all appropriate approvals and were presented to the Committee and to the Board without objection.

a. Columbia Campus: From USC Columbia, the names and brief curriculum vitae of those faculty members who are recommended for promotion to professor, promotion to associate professor with tenure, promotion to associate professor, promotion to professor with tenure, tenure at associate professor and tenure at librarian, were listed in the meeting materials.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these USC Columbia tenure and promotion recommendations as presented. Mr. Hubbard seconded the motion. The vote was taken and the motion carried. [Exhibit A]

b. University Campuses: From the campuses other than Columbia, the names and brief curriculum vitae of those faculty members who are recommended for promotion to professor and promotion to associate professor with tenure were also listed in the materials.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these tenure and promotion recommendations as distributed. Mr. Lister seconded the motion. The vote was taken and the motion carried. [Exhibit A]

4. Terminations:

- a. Bachelor of Science in Business and Technology Education, USC Columbia:
- b. Master of Arts in Teaching (M.A.T.) in Business Education, USC Columbia:
- c. Bachelor of Fine Arts (B.F.A.) in Art Studio (Intermedia Studies concentration only, retain all other concentrations and degree), USC Columbia:

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval to terminate these three academic degrees as described in the materials. Mr. Cofield seconded the motion. The vote was taken and the motion carried.

5. Name Changes:

- a. Bachelor of Fine Arts in Art Studio with a concentration in Graphic Design, USC Columbia:
- b. Bachelor of Fine Arts in Art Studio with a concentration in Sculpture, USC Columbia:
- c. Bachelor of Arts in Communication with a concentration in Communication Studies, USC Upstate:

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of the name changes as presented. Mr. Mobley seconded the motion. The vote was taken and the motion carried.

6. New Program - Bachelor of Arts in Communication Studies,

USC Beaufort: On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval to establish the Bachelor of Arts in Communication Studies at USC Beaufort, as described in the materials. Mr. Whittle seconded the motion. The vote was taken and the motion carried.

7. New Center - Center for Child Advocacy Studies, USC Upstate:

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval to establish the Center for Child Advocacy Studies, USC Upstate as stated in the meeting materials. Mr. Lister seconded the motion. The vote was taken and the motion carried.

8. Establishment of Fixed Term Chairs for Recruitment and Retention in the School of Medicine:

This request from Dean Hoppmann of the USC School of Medicine would create ten (10) fixed term chairs for the recruitment and retention of faculty members of any rank. In accordance with University policy, these would be limited to three years for the initial term, with the possibility of being extended for a second three-year term.

The titles for the proposed fixed chairs are:

USC School of Medicine Professor of
USC School of Medicine Associate Professor of, or
USC School of Medicine Assistant Professor of
A specific medical discipline such as Neurology, Pulmonary, Pediatrics, or a Basis Science area, etc. to be tailored to the applicable Faculty or Recruit and Opportunity.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval to approve the Establishment of Fixed Term Chairs for Recruitment and Retention in the School of Medicine as presented. Mr. Bussell seconded the motion. The vote was taken and the motion carried.

9. USC Aiken Faculty Manual Changes:

Proposed changes to the USC Aiken *Faculty Manual* were e-mailed with the meeting materials and have received all appropriate academic and administrative approvals. A majority of the changes were not substantive, but editorial or to bring the Manual into compliance with current practices and titles.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of the proposed changes to the USC Aiken *Faculty Manual* as stated in the meeting materials. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.
[Exhibit B]

10. Removal of Honorary Degree Candidates from Table:

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved to remove the names of the following honorary degree recipients from the table:

Justice Sonia Sotomayor
J. Bryant Wright
M. Edward Sellers
Vice Admiral Regina M. Benjamin
John C. Stockwell
Karen Parfitt Hughes
Paula Harper Bethea
William Lamar Bethea, Jr.
Eugene Scott Sawyer
Timothy William Simmons
Norman J. Arnold
Robert D. Coble

Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

In addition, Dr. Patrick Nolan, Chair of the Faculty Senate, reported that members of the Faculty Liaison Committee were meeting on a regular basis to discuss current faculty issues and hoped to have a more active voice within the Academic Affairs Committee. In the future, various topics would be presented to the committee for discussion and consideration.

C. Intercollegiate Athletics Committee:
(The Honorable William C. Hubbard reported)

The Intercollegiate Athletics Committee met on June 17th. Mr. Raymond Harrison, Associate Director of Athletics Academics and Student Services, reported on student academic and athletic accomplishments, and the Athletics Department's current activities: the departmental GPA for Spring 2011 was 3.137; This was the 9th consecutive semester that the departmental GPA exceeded 3.0; 14 teams maintained a GPA of 3.0 or better in Spring 2011; 110 student-athletes were on the President's list; 335 student-athletes on the Dean's List; 699 were on the Athletics Director's Honor Roll; 91 student-athletes had graduated; 13 student-athletes were on track to graduate in August; 15 of 19 sports matched or surpassed its highest mark in the five year history of the APR (Academic Progress Rate); 13 teams, including football, ranked above the national average for public institutions; 5 teams posted a perfect single year APR score of 1000; Student-athletes logged over 3,700 hours of community service during the 2010-11 academic year.

Mr. Hubbard noted that the above were all "significant improvements," and he commended Mr. Hyman and Mr. Harrison and their staff.

Mr. Tallant presented an overview of the FY 2011-2012 Athletics Department Budget. Projected Revenue was nearly \$79 million and Expenditures and Transfers was approximately \$78 million. The total Revenue over Expenditures and Transfers was \$658,507. The ending fund balance for the new fiscal year was projected to be \$12,042,581.

The proposed Department of Athletics budget was approved by the Committee for inclusion in the University's FY 2011-2012 budget recommendation of the Executive Committee.

Mr. O'Connell had reviewed the timeline for current and future construction projects: the projected completion dates for the Athletics Village projects (parking garage, August 2011; tennis complex, October 2011; coaches support building, Summer 2012). The projected completion date for the Farmers Market project is August 2012.

The Joint Board Review Committee gave Phase I approval on June 1st to the new softball stadium and renovation of the football practice fields. Also, Phase I approval for both projects was granted by the Budget and Control Board on June 14th.

The total cost for the Williams-Brice Stadium (WBS) Video Board and Video Control Room Projects was \$6,500,000. Philanthropic donations totaling \$5,250,000 had been generated to facilitate the funding of this project. This project was considered to be very attractive in generating additional philanthropic donations.

The committee discussed at length the video board project and voted unanimously to authorize the WBS Video Board project as presented, and to move this project forward to Buildings and Grounds Committee, the full Board, and the Procurement Office channels as rapidly as possible.

The indoor practice facility meeting was held on May 12, 2011. A request was made for a football only indoor practice facility with the following elements: Turf field

measuring 120 yards long x 65 yards wide, shower room with 2-4 stalls, restrooms and a sports medicine area. Elements to be phased in over time would include a weight room, locker room, and equipment room.

The consultant, Heery International Architect, made several recommendations for the indoor facility and recommended keeping the track facility separate from the football facility. The approximate cost of a base facility would be approximately \$14,300,000. The committee considered both this and the video board project as top priorities and both should be advanced as rapidly as possible.

Athletics will report back to the committee with more defined figures at its September meeting, for a possible Phase I approval request for the indoor practice facility.

Provost Amiridis and Dr. Rebecca (Becky) Phillip, Director of Athletic Bands and Assistant Professor, gave an overview of the goals for the marching band and the numerous upgrades and improvements already underway.

D. Buildings and Grounds Committee:
(The Honorable Mark W. Buyck, Jr. reported)

- Phase I Project Approval:

- Williams-Brice Stadium Video Board Installation:

This project is to construct the structural support with architectural cladding for the installation of a new video board at Williams-Brice Stadium. The project will also include installation of the electrical and data infrastructure required to support operations of the new board. The structure will span the Kay and Eddie Floyd Football Building in the north end zone.

The new board will replace the current scoreboard in the north end zone and will play live game action, video, serve as a scoreboard, and support advertising. The projected size of the board is 36' high x 124' long. The current scoreboard is too small to be viewed by many spectators at the stadium and does not allow for high-definition video. The video board and associated video equipment would be procured independently of this project.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish this project for Phase I Design with a budget of \$37,500 funded with Private Funds. Mr. Allen seconded the motion. The vote was taken and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

E. Audit and Compliance Committee:
(Secretary Thomas L. Stepp reported)

Since Mr. Burroughs was participating by phone, he asked Secretary Stepp to read the Committee report.

The Audit and Compliance Committee met on June 17th and Mr. McCoy reported on those items outstanding on the Audit Tracking Report. There were still three recommendations

outstanding from the Human Resources audit, which were more than six months old. All were expected to be resolved by August 2011. Both Payroll and Accounts Receivable each had one recommendation outstanding that was more than six months old. The Payroll finding, Student Fees and Refunds, and USC Aiken - Finance would be resolved in the near future.

Mr. McCoy had also reported that three internal audits had been conducted: Legal Residency; USC Aiken Campus, Office of the Vice Chancellor of Academic Affairs, Enrollment Services, and University Advancement; and Cash Receipts.

With respect to the Office of Legal Residency, there are no reportable findings in terms of significant deficiencies or material weaknesses.

There were four findings in the USC Aiken Campus, Office of the Vice Chancellor of Academic Affairs, Enrollment Services, and University Advancement audit. The first finding dealt with "E" Fund Payroll. The Campus had already been in the process of addressing this finding, during the course of the audit. Their objective was to reduce the amount of "A" funds of the Office of Conferences and Continuing Education to only campus-wide services that are non-fee generating.

The second finding dealt with deficiencies in cash receipting and deposits. In addition to the director taking a more proactive approach to periodic oversight of these processes and additional staff training, the implementation of OneCarolina would reduce the amount of cash/checks/money orders that would come through this office.

The third finding was revealed when a comparison of students' application documentation to the admissions information entered into the University's mainframe was conducted. An Admissions Data Entry error was found, and it was determined that an internal audit procedure had not been followed in this one instance.

The fourth finding was a result of a review on contracts and contract signatures to determine if they were adequately documented and were being handled in accordance with the University policy on signing contracts. Steps have been taken to correct the actions noted in this finding.

The third audit reported was Cash Receipts. The Financial Services Depository, within the Bursar's Office, is authorized to process all payments made on the Columbia and School of Medicine campuses, and is the official record keeper of deposit information. Individual departments or locations on campus collect various fines/fees and submit these receipts to the Depository, which processes the deposit and makes a record of the transaction in the applicable University account.

The Office of Financial Services had developed policies and procedures for Receipt and Handling of University Payments (BUSF 4.10). Each receipting location was required to adhere to these guidelines.

The purpose of the audit was to determine that the cash receipting areas were operating in accordance with University policies and procedures, to review internal procedures and controls, and to test financial accountability.

While some findings were specific to the Department, the majority of noted exceptions were a result of personnel not following cash receipting guidelines established by Financial Services. Of the nineteen departments tested, over twenty-six deficiencies were noted. The recommendation to provide training on cash receipting and handling not only for new hires but for current staff in cash handling positions as well, had been implemented by the Department.

In addition, a majority of noted exceptions were a result of departments not following "E" Fund guidelines established by the Budget Office. In response to these deficiencies, the Budget Office will work with units noted to close accounts, monitor recommended activity and review both excess and deficient balances.

Included in the audit report was a category "Other Issues Noted." In this finding, thirteen issues with individual departments were cited, and the Department of Internal Audit planned to follow up with these departments to verify that these issues were resolved.

Mr. McNeish, from Elliott Davis LLC, had presented a summary of the Horizon and Discovery Garages Report on Financial Statements for the years ended June 30, 2010 and 2009. No significant deficiencies or material weaknesses were noted. However, deficiencies were identified in the Internal Control area: parking garage operations, tickets, and payroll. Once brought to the attention of the appropriate staff, steps were implemented to address these areas of concern.

1. BTRU Policy #1.22 Reporting of Violations of State and Federal Laws or Regulations: Secretary Stepp noted that this policy had been referred to as the "Whistleblower" policy during the Audit and Compliance Committee discussions.

On behalf of the Audit and Compliance Committee, Mr. Burroughs moved approval of BTRU Policy #1.22 as distributed in the meeting materials. Mr. Warr seconded the motion. The vote was taken and the motion carried.

2. BTRU Policy #1.24 Internal Control Policy: On behalf of the Audit and Compliance Committee, Mr. Burroughs moved approval of BTRU Policy #1.24 as distributed in the meeting materials. Mr. Allen seconded the motion. The vote was taken and the motion carried.

The Committee approved the Designated Fund Budget for FY 2011-2012. The budget was recommended to the Executive Committee and was included in the proposed budget scheduled for consideration later in the meeting.

Mr. McCoy provided the Internal Audit Budget he drafted for FY 2011-2012 and distributed directly to the Committee. The Committee approved the proposed Internal

Audit Budget. It was included as part of the overall FY 2011-2012 University budget proposal as recommended by the Executive Committee for Board consideration.

F. Executive Committee:
(The Honorable Miles Loadholt reported)

Chairman Loadholt stated that the Executive Committee had met on June 17th and earlier in the day.

During the June 17th meeting, the Executive Committee approved the purchase of a comprehensive law enforcement operations and administration records management software package from SunGard Public Sector, Inc.

Earlier today, the Executive Committee approved a Charter Flight Agreement with Delta Airlines, Inc. to transport the football team to three away games during the upcoming season; and a one year extension of Assistant Football Coach Brad Lawing's employment agreement.

The following items had been approved for recommendation to the Board for action:

1. Contracts in Excess of \$750,000:

a. Coca Cola Vending Contract: The University was requesting approval of a contract with Coca Cola Bottling Company Consolidated to furnish drinks and vending services for the Columbia, Beaufort, Lancaster and Union campuses. The term of the contract extended from August 1, 2011 to June 30, 2018 with an annual guaranteed commission of \$465,000.

Mr. Whittle moved approval of the contract as presented. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

b. Beaufort County School District: The University was requesting approval of a memorandum of understanding between the College of Education and Beaufort County School District to offer 30 semester hours of courses to eligible employees leading to the M.Ed. in Teaching specializing in science and mathematics.

Mr. Jones moved approval of the Beaufort County School District Memorandum of Understanding as distributed. Mr. Allen seconded the motion. The vote was taken and the motion carried.

c. South Carolina Electric and Gas: The University was requesting approval of a contract with South Carolina Electric and Gas to provide electrical service to Williams Brice Stadium for a term of five years beginning August 1, 2011 and terminating August 1, 2016.

Mr. Hubbard moved approval of the South Carolina Electric and Gas contract as distributed. Mr. Jones seconded the motion. The vote was taken and the motion carried.

d. W. Graham Arader Agreement: The University was requesting approval of a contract between University Libraries and W. Graham Arader who was transferring certain prints from his collection of natural history and historic prints to be on loan to the University for a period of five years ending June 30, 2016.

During the term of the agreement, the University would have the right to purchase individual prints; unsold prints after five years would be donated permanently to the University.

Mr. Lister moved to approve the agreement with Mr. Arader as distributed. Mr. Bussell seconded the motion. The vote was taken and the motion carried.

e. Gift Agreement - Anonymous Donor: The University was requesting approval of an anonymous gift of software and hardware to be used by the College of Hospitality, Retail, and Sport Management; College of Engineering and Computing; the Moore School of Business; and the College of Education.

Mr. Whittle moved approval of the anonymous gift agreement as distributed. Mr. Cofield seconded the motion. The vote was taken and the motion carried.

f. Coca-Cola Education Sponsorship Agreement: This agreement was approved earlier in the Executive Committee.

Chairman Loadholt called for a motion to approve a Sponsorship Agreement between the University of South Carolina Athletics Department, The Coca-Cola Company and the Coca-Cola Bottling Company Consolidated, LLC, Action Sports Media, Inc., and Gamecock Sports Properties, LLC. Under the agreement, Coca-Cola would be designated as the exclusive beverage sponsor for the Athletics Department and would be granted certain advertising and signage rights at Athletics facilities, in exchange for which Coca-Cola would pay the Athletics Department the sum of \$5,912,000. The term of the agreement ended July 31, 2017.

Mr. Jones moved to approve the motion, as stated by Chairman Loadholt, to approve the agreement as distributed. Mr. Williams seconded the motion. The vote was taken and the motion carried.

2. Ratification of Appointment of USC Upstate Chancellor:

Chairman Loadholt explained that during the June 17th meeting, approval was given to hire Dr. Thomas F. Moore as Chancellor of the University of South Carolina Upstate. President Pastides was now seeking Board ratification of this appointment.

Mr. Lister moved to ratify the appointment of Dr. Thomas F. Moore as Chancellor of USC Upstate. Mr. Jones seconded the motion. The vote was taken and the motion carried.

3. Board of Visitors Appointments: The Executive Committee approved the appointments of two noteworthy alumni to the Board of Visitors as presidential appointees: Ms. Elizabeth "Betsy" Holderman Bradley and Mr. D. Hollis "Chip Felkel II. President Pastides is now seeking Board approval.

Mr. Allen moved to approve these Board of Visitors appointments as presented. Mr. Adams seconded the motion. The vote was taken and the motion carried.

4. FY 2011-2012 Budget: Chairman Loadholt stated that on June 17, 2011, the Executive Committee, with most of the members of this Board present, unanimously approved the proposed FY 2011-2012 budget.

Over the last few weeks, the administration had been working with members of the Board about the concepts contained in the comprehensive budget document.

Members were presented an initial draft and an in-depth budget briefing on Thursday, June 9th which included detailed information about the various components of the University budget.

He believed that the proposed budget had been responsibly formulated and shaped by input from the Board as the process had evolved. It had received intense scrutiny.

Chairman Loadholt called on Dr. Pastides and Mr. Walton to define the specifics of the budget. First, however, Dr. Pastides made the following remarks:

Thank you Chairman Loadholt. Before calling on Ed Walton and Leslie Brunelli, let me first thank them and their colleagues in the Office of Budget and Finance. And, let me thank you the Board for your very very hard work throughout the spring.

I believe that we have a lean budget and, more importantly, fair to the families of our state; fair in that it preserves the quality of the Carolina education and experience that we are now widely acclaimed to provide.

As we know, consumers vote with their wallets and more and more South Carolinians are accepting our invitation to attend The University of South Carolina. That is the new marketplace of higher education and I believe we are succeeding in the South Carolina marketplace.

Of course, our modest tuition increase was not taken lightly. We must and we will continue to find ways to keep improving our quality while also improving our access and maintaining our affordability.

Now I would like to ask Ed Walton to provide a brief recapitulation of the proposed Budget.

Mr. Walton explained that the University Budget needed to be, and was, treated like a "business." A majority of the University's revenue came from tuition and fees. Grants, contracts, and gifts were the second largest revenue source, followed by sales and service (Auxiliary Enterprises), and less than ten percent from State appropriations.

Mr. Walton noted that the Budget model showed that the University was not the same as it was ten years ago - it was not funded the same, didn't act the same, didn't work the same.

Mr. Walton called on Ms. Brunelli to present the details of the FY 2011-2012 Budget. She reported that the Budget included tuition increases as follows: 3.9 increase for Columbia and the system campuses graduate and undergraduate; 6.25 for the School of Medicine; 3.9 for the School of Law; and 5.0 for the College of Pharmacy.

Ms. Brunelli explained that the new tuition funds were divided into two categories. The first was the required cost increases which totaled \$8,150,000: scholarship 4 percent fee waiver increase (in-state undergraduate), increase in fringe benefits, and State Budget cut. The second category strategic priorities total \$1,600,000 for a variety of student affairs and leadership programs: University Libraries, Career Center-

Experiential Education, University 101, Student Success Center, and Leadership and Quality Enhancement Program - USC Connect.

The projected enrollment increase was expected to generate revenue totaling \$8,000,000. Those funds would be allocated as follows: faculty replenishment - Phase II; salary enhancement for faculty and staff; dean recruitment; academic program enhancement; leadership initiative; and student affairs - Registrar, Visitor Center, and Financial Aid.

Chairman Loadholt, on behalf of the Executive Committee, called for a motion to adopt the operating budget for FY 2011-2012, as presented in the materials distributed for this meeting, including tuition and fee schedules, the housing budget, and associated fee schedules, the athletics budget and the designated funds budget. Mr. Lister seconded the motion. The vote was taken and the motion carried. [Exhibit C]

III. REPORT OF THE ALUMNI ASSOCIATION:

Chairman Loadholt called on Mr. Bussell who reported that on this date, Marsha Cole would step aside as the Executive Director of the Carolina Alumni Association to take on overseeing the design and construction of the new Alumni building and managing the financing of the project, which included a significant fundraising campaign.

Mrs. Amy Stone, former President of the Carolina Alumni Association, would serve as interim executive director of the Association. Ms. Dodenhoff would start the search process for a permanent executive director.

Mr. Bussell stated that the Association anticipated being able to announce a groundbreaking date for the new Alumni Center, by Homecoming.

Under the direction of Carolina Alumni Association President-Elect Eddie Brown, the Association was close to finalizing its new Strategic Plan. The Alumni Board was expected to act on the new Plan at its September meeting.

Chairman Loadholt recognized Ms. Stone and welcomed her in her new position.

IV. REPORT OF THE PRESIDENT: Chairman Loadholt called on President Pastides who made the following remarks:

It would be impossible not to comment on our baseball team's championship, yet again, but maybe in a different way than you have seen it before. The majority of newspapers and media outlets in the country, I believe, spent more time on HOW we accomplished the repeat than on the fact that we accomplished it. The team has been referred to as a group of hardworking, well coached, high character, and therefore thoroughly inspiring young men.

I've heard from alumni and VIPs from around the world, and you can take that literally, who believe that this team's character represented the University's entire ambitions and goals and reflects our many other accomplishments as well.

I believe the board recognizes that every single day I personally and our administration communally do our best as well to represent our University's character through the promotion of citizenship and civil discourse in classrooms and around our communities and also with great sportsmanship on every one of our playing fields. I believe this commitment is being recognized and will continue to be acknowledged far and wide.

This summer, we're undertaking a consideration of our system wide organization and effectiveness. It is a study led by our Provost and will have the input of many many people. We will involve the Strategic Planning Committee and Academic Affairs Committee, and eventually the entire Board of Trustees, in what I hope and I believe will be a significant organizational advance in order to better address our mission of access to higher education for South Carolinians. You'll be hearing more about this effort in the Fall as it moves into second gear.

In the Fall, I also hope the Board will be open to holding one or more committee meetings or possibly a full board meeting at one of our non-Columbia campuses. These campuses have changed a great deal and continue to evolve quickly and I think it would be very worthwhile for you to experience this first hand - and it would be a shot in the arm for members of our beloved campuses around the State.

In closing, I imagine your July 4th, like mine, will be filled with affection for the birth of our nation, but this year the festivities will be crowned by an additional celebration of our repeat national baseball championship. I hope many of you will be able to join us at noon tomorrow for a phenomenal parade down Main Street, culminating on the Statehouse grounds.

That is my report.

V. OTHER MATTERS:

Chairman Loadholt called for any other matters to come before the Board. Mr. Williams stated that he was lucky enough to be in Omaha to witness the Gamecock's second consecutive National Baseball Championship win. He was overwhelmed by how well the Gamecock's were welcomed and treated by the people of Omaha.

Since there were no other matters, Chairman Loadholt declared the meeting adjourned at 3:10 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary