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University of South Carolina
BOARD OF TRUSTEES

October 5, 2012

The University of South Carolina Board of Trustees met on Friday, October 5, 2012, at 3 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Eugene P. Warr, Jr., Chairman; Mr. John C. von Lehe, Jr., Vice Chairman; Mr. Chuck Allen; Mr. Robert "Eddie" Brown; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck, Jr.; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Mr. Thad H. Westbrook; Mr. Charles H. Williams; and Dr. Mitchell M. Zais. Dr. C. Dorn Smith and Mr. Mack I. Whittle, Jr. were absent.

Also present were faculty representative Dr. Sandra J. Kelly and student representative Kenny Tracy.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Vice President for Academic Affairs and Provost Michael D. Amiridis; Chief Financial Officer Edward L. Walton; Vice President for Development and Alumni Relations Michelle Dodenhoff; Vice President for Human Resources Chris Byrd; Vice President for Communications Luanne Lawrence; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Athletics Director Ray Tanner; Chancellor, USC Upstate, Tom Moore; Chancellor, USC Beaufort, Jane Upshaw; USC Salkehatchie Dean Ann Carmichael; College of Mass Communications and Information Studies Dean Charles Bierbauer; College of Arts and Sciences Dean Mary Anne Fitzpatrick; School of Law Dean Robert Wilcox; Associate Vice President for Business and Finance Leslie Brunelli; Senior Vice Provost and Director of Strategic Planning Christine W. Curtis; Vice Provost and Dean of Graduate Studies Lacy Ford; Director of State Relations Trey Walker; Director of the Graduate Certificate Program in Drug and Addiction Studies, College of Social Work, Nancy Brown; Director, Academic Programs and Academic Common Market Institutional Coordinator, Office of the Provost, Kristia H. Finnigan; Senior Associate Dean for Research and Academics, Darla Moore School of Business, Brian S. Klaas; Senior Advisor, University Development, Henry McMaster; Athletics Department Chief Operating

Officer Kevin O'Connell; Associate Athletics Director and Senior Women's Administrator Judy Van Horn; Executive Director of University Boards and Public Affairs, USC Upstate, John F. Perry; Associate Vice Chancellor for Business Affairs, USC Upstate, Bob A. Connelly; Vice Chancellor for Administrative and Business Affairs, USC Upstate, Sheryl Turner-Watts; Director of Internal Audit Phil Iapalucci; Director of Capital Budgets & Financing, Division of Finance and Planning, Charlie Fitzsimons; Director of Internal Audit Phil Iapalucci; Alumni Association Executive Director Jack Claypoole; Special Assistant to the President J. Cantey Heath Jr.; Director of News and Internal Communications Wes Hickman; University Technology Services Production Manager Justin Johnson; and Board staff members Debra Allen, Leah Kososki and Terri Saxon.

Chairman Warr called the meeting to order and invited those present to introduce themselves. Mr. Hickman introduced members of the media in attendance: Andy Shain of *The State* and Thad Moore of *The Daily Gamecock*. Chairman Warr invited the Reverend John Cook of the Presbyterian Student Association to deliver the invocation.

Chairman Warr 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.

Chairman War stated that there were contractual matters relative to gift naming opportunities, as well as personnel matters that included recommendations for honorary faculty titles, appointments with tenure, and honorary degree nominations which were appropriate for discussion in Executive Session

Chairman Warr called for a motion to enter into Executive Session. Mr. Westbrook so moved and Mr. Mobley seconded the motion. The vote was taken and the motion carried.

Chairman Warr invited the following persons to remain: President Pastides, Secretary Stone, members of the President's Executive Council, Ms. Hanna and Mr. Hickman.

Return to Open Session

I. APPROVAL OF MINUTES:

The following 13 sets of minutes were circulated by email to the Board for review and were presented for approval:

- A. Called Executive Committee, August 3, 2012
- B. Board of Trustees, August 3, 2012
- C. Executive Committee, August 3, 2012
- D. Academic Affairs and Faculty Liaison Committee, August 3, 2012
- E. Audit and Compliance Committee, August 3, 2012
- F. Buildings and Grounds Committee, August 3, 2012
- G. Health Affairs Committee, August 3, 2012
- H. Intercollegiate Athletics Committee, August 3, 2012
- I. Student-Trustee Liaison Committee, August 3, 2012
- J. Called Health Affairs Committee, August 17, 2012
- K. Called Board of Trustees, September 21, 2012
- L. Health Affairs Committee, September 21, 2012
- M. Academic Affairs and Faculty Liaison Committee, September 21, 2012

There were no additions, deletions or corrections to the minutes; therefore, they stood approved as distributed.

II. COMMITTEE REPORTS

- A. Intercollegiate Athletics Committee
(The Honorable Mark W. Buyck, Jr., reported)

The Intercollegiate Athletics Committee met on September 21, 2012. Mr. Tanner presented information about the achievements of University of South Carolina student athletes, as well as an update of athletic facilities and departmental goals.

In addition, Mr. Tanner's PowerPoint presentation included a statistical report of the 175 student athletes in each of the 16 South Carolina judicial circuits.

Mr. Tanner recognized Lashinda Demus for winning a silver medal this summer at the London Olympics in the 400-meter hurdles with a time of 52.77, the fastest second-place Olympic time in history; and Jason Richardson for winning a silver medal in the 110-meter hurdles with a time of 13.04.

In other matters, it was announced that Mr. Hubbard had been invited to participate in a panel presentation about intercollegiate athletics at the Association of Governing Board's April 2013 National Conference on Trusteeship entitled "Athletics: The Board's Role in Oversight."

- B. Buildings and Grounds Committee
(The Honorable William W. Jones, Jr., reported)

The Buildings and Grounds Committee met on September 21 and the following items require Board approval.

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. Phase I Approvals

a. Sumwalt College Laboratory Renovations – On behalf of the Buildings and Grounds Committee, Mr. Jones moved to establish this project for Phase I Design with a budget of \$28,500 funded with Institutional Funds. Mr. Buyck seconded the motion. The vote was taken and the motion carried.

b. College of Mass Communications Broadcast Studio Construction

On behalf of the Buildings and Grounds Committee, Mr. Jones moved to establish this project for Phase I Design with a budget of \$22,500 funded with Private Funds. Mr. Lister seconded the motion. The vote was taken and the motion carried.

2. Phase II Approvals: Preston College Bathroom and Flooring Renovations

On behalf of the Buildings and Grounds Committee, Mr. Jones moved to fund Phase II design and construction for a total project budget of \$1.5 million funded with Housing Maintenance Reserve Funds. Mr. Westbrook seconded the motion. The vote was taken and the motion carried.

3. Land Acquisition: Williams Street Property Acquisition – On behalf of the

Buildings and Grounds Committee, Mr. Jones moved to acquire the property with a total project budget of \$575,000 to be funded with Athletic Operating Funds. Mr. Fennell seconded the motion. The vote was taken and the motion carried.

4. Other Approvals

a. Bursar-Registrar Office Expansion – On behalf of the Buildings and Grounds Committee, Mr. Jones moved to establish and fully fund this project with a budget of \$995,000 to be funded with Institutional Capital Project Funds. Mr. Mobley seconded the motion. The vote was taken and the motion carried.

b. 2013 Classroom Enhancement Projects – On behalf of the Buildings and

Grounds Committee, Mr. Jones moved to establish and fully fund the 2013 classroom enhancement projects with the budgets listed: LeConte College Classroom Enhancements at \$400,000 and Booker T. Washington Auditorium Classroom Enhancement at \$300,000. Ms. Moody seconded the motion. The vote was taken and the motion carried.

c. National Advocacy Center Elevator Controls/Equipment Room Upgrades

On behalf of the Buildings and Grounds Committee, Mr. Jones moved to establish and fully fund this project with a budget of \$485,000 to be funded with Department of Justice Funds. Mr. Mobley seconded the motion. The vote was taken and the motion carried.

d. School of Medicine 15 Medical Park Air Handler Replacement

On behalf of the Buildings and Grounds Committee, Mr. Jones moved to establish and fully fund this project with a budget of \$260,000 to be funded with School of Medicine Institutional Capital Project Funds. Mr. Williams seconded the motion. The vote was taken and the motion carried.

e. 2012 Deferred Maintenance Projects – On behalf of the Buildings and

Grounds Committee, Mr. Jones moved to approve the following deferred maintenance projects with the budgets and funding sources listed, noting that approval is contingent upon availability and release of State funds:

- USC Columbia 2012 Deferred Maintenance – \$4,687,733 (\$4,687,733 SC Education Lottery Funds). Mr. Burroughs seconded the motion. The vote was taken and the motion carried.
- USC Aiken 2012 Deferred Maintenance – \$841,761 (\$553,795 Capital Reserve Funds; \$287,966 SC Education Lottery Funds). Mr. Fennell seconded the motion. The vote was taken and the motion carried.
- USC Beaufort 2012 Deferred Maintenance – \$393,353 (\$327,207 Capital Reserve Funds; \$66,146 SC Education Lottery Funds). Mr. Buyck seconded the motion. The vote was taken and the motion carried.
- USC Upstate 2012 Deferred Maintenance – \$1,108,261 (\$729,126 Capital Reserve Funds; \$379,135 SC Education Lottery Funds). Mr. Lister seconded the motion. The vote was taken and the motion carried.
- USC Sumter 2012 Deferred Maintenance – \$481,157 (\$367,869 Capital Reserve Funds; \$113,288 SC Education Lottery Funds). Mr. Fennell seconded the motion. The vote was taken and the motion carried.

The following three projects were presented for information.

- USC Lancaster 2012 Deferred Maintenance: \$208,697 – This project addresses multiple maintenance needs in the Gregory Health and Wellness Center; the Medford Library; and Maintenance Building. (\$137,302 Capital Reserve Funds; \$71,395 SC Education Lottery Funds)
- USC Salkehatchie 2012 Deferred Maintenance: \$177,806 – This project addresses multiple maintenance needs. Work will include Allendale Science Building and Library HVAC replacement, Walterboro covered walkway repair and renovation, Hut interior repair and renovations, Education Building porch decking replacement, and Education Building Annex roof repair/replacement. (\$116,979 Capital Reserve Funds; \$60,827 SC Education Lottery Funds)

- USC Union 2012 Deferred Maintenance: \$81,001 – This project will fund the replacement of the chiller for the Central Building on the USC Union campus. (\$53,290 Capital Reserve Funds; \$27,711 SC Education Lottery Funds)

5. Project Budget Adjustments

a. South Energy Plate Frame Heat Exchanger – On behalf of the Buildings and Grounds Committee, Mr. Jones moved to increase the budget for this project by \$50,000, resulting in a total project budget of \$350,000 funded with Institutional Funds. Mr. Mobley seconded the motion. The vote was taken and the motion carried.

b. East Energy Deaerator Tank Replacement – On behalf of the Buildings and Grounds Committee, Mr. Jones moved to increase the budget for this project by \$125,000, resulting in a total project budget of \$545,000 funded with Institutional Funds. Mr. Williams seconded the motion. The vote was taken and the motion carried.

6. Gift Naming Opportunities

On behalf of the Buildings and Grounds Committee, Mr. Jones moved to approve those gift namings as recommended by the Gift Naming Opportunities Committee and distributed in the Board materials.

- a. Athletics Department:
“The Nord Family Scoreboard” at Carolina’s Tennis Complex
- b. Moore School of Business:
“The Ryan T. Walker and the Walker Family Classroom”

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

Also in the meeting, the Committee was briefed on three Administrative Notifications:

- Maxcy College Renovation

Administrative approval was obtained to increase the budget for this project by \$249,900. When the project was bid, all bids exceeded the construction budget. The increase provided sufficient construction contingency to allow construction to proceed in Summer 2012.

The increase was funded with a transfer of Housing Maintenance Reserve Funds remaining in the completed Preston College HVAC Renovation project. The increase resulted in a total budget of \$3,999,900 funded entirely with Housing Maintenance Reserve Funds.

- Jones Physical Sciences Center Electrical Services Repair/Restoration

On July 9, 2012 there was a major power outage at Jones Physical Sciences Center. The project was declared an emergency in order to restore power as quickly as possible. An emergency generator

supplied temporary power to the research laboratories and classroom space. Permanent power was restored on July 15, 2012. The project will be completed in late November when a refurbished breaker is received and installed. The buss raceway that failed was installed when the facility was constructed (1967). The project budget is \$275,000 and is funded with Renovation Reserve Funds.

- Assembly Street Elevator Installation/Tunnel Improvements

In February 2012, the project for Assembly Street Safety Improvements was approved with a budget of \$4 million. This project, developed in conjunction with the South Carolina Department of Transportation (DOT) and the City of Columbia, will accomplish pedestrian safety improvements on Assembly Street from the intersections of Pendleton Street to Blossom Street. The project is to also include the installation of an elevator to improve accessibility to the tunnel under Assembly Street and improvements to the tunnel. Improvements are to include lighting upgrades, security cameras, and painting.

While the majority of the work is being executed by the DOT, the elevator installation and tunnel improvements are to be executed by the University and funded with \$750,000 of the \$4 million approved for the overall project.

Mr. Walton provided a detailed update on the Five-Year Plan construction projects, their budgets, and project status.

The Committee received a detailed update on the following projects: Moore School of Business; Maxcy College; Farmers Market; Williams-Brice Stadium Video Board; Horizon Ground/4th floors; Discovery Floors 3-5; Assembly Street Safety; Petigru; Student Health Center; Women's Quad; Rice Athletic Center; and Booker T. Washington.

Ms. Zeigler also updated the Committee on project regulatory actions for calendar year 2012.

C. Health Affairs Committee
(The Honorable C. Edward Floyd reported on behalf of Dr. Smith)

The Health Affairs Committee met on Friday, September 21. Executive Dean Joseph DiPiro presented an update of the South Carolina College of Pharmacy (SCCP). The merged college, he stated, had been in existence for seven years.

Recent highlights included a \$30 million gift from Bill and Lou Kennedy, USC alumni, the previous year; a satellite campus at the Greenville Hospital System (GHS); \$10.5 million in total National Institutes of Health (NIH) funding for FY 2011 (both campuses); National Association of Boards of Pharmacy professional licensing exam pass rate of 96 percent for first time takers; and

recognition of Dr. Jean Nappi as the Pharmacy National Teacher of the Year.

Dean DiPiro was enthusiastic about the possibility of growing the pharmacy program in Greenville. Both full time and part time faculty members of the GHS clinical staff are teaching. All of the third and fourth year students begin the pharmacy program either in Columbia or Charleston; after two years they could choose to transfer to Greenville.

He described the extensive curriculum changes as dynamic with an emphasis on “active learning” methods. Wherever possible, traditional learning has been replaced by patient simulation labs, flexible online courses, and dual degree programs.

Dr. DiPiro characterized the college as a “performance metric driven organization”; several key performance indicators have been identified including graduating student satisfaction; faculty satisfaction; number of peer-reviewed journal publications; NIH funding ranking; number and percent of graduates who continue additional formal training; and private funds received by the College.

He also discussed various cultural changes which have occurred since the merger. In the area of diversity, the number of women deans and directors has increased from none in 2004 to 6 in 2012; admitted underrepresented minority students from 7 percent in 2004 to 13.5 percent in 2012.

In addition, the College has become increasingly entrepreneurial. Currently, six startup companies are housed within the College.

In conclusion, Dr. DiPiro summarized that the vision of the South Carolina College of Pharmacy is to have the quality of its teaching, research and service programs to be comparable to the top 10 colleges of pharmacy in the United States.

Dr. Floyd reported on the September 4th meeting of the USC School of Medicine-Greenville Joint Board Liaison Committee in Greenville. The newly elected officers of the 2016 Charter Class and the first student to accept admission were introduced.

Also in the meeting, Dr. Jerry R. Youkey, Dean of the USC School of Medicine-Greenville, presented the profile of the matriculated charter class. The 53 students were selected from 1,444 applications and 298 interviews. A majority of the students came from Clemson, USC and Furman University.

Dr. Youkey also reported that the USC School of Medicine-Greenville was accredited in October 2011. The next visit of the Liaison Committee on Medical Education is scheduled July 13-14, 2014. The full accreditation visit will occur during the senior year of the charter class.

D. Academic Affairs and Faculty Liaison Committee
(The Honorable Thad H. Westbrook reporting)

The following personnel matters received all appropriate academic and administrative approvals and, where appropriate, were presented to the full Board in Executive Session.

1. Honorary Faculty Titles: Three 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 Research Professor Emerita:
Professor Suzanne R. Thorpe

For the title Research Professor Emerita:
Professor Malathi K. Kistler

For the title Professor Emeritus:
Professor David L. Keisler

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

2. Appointments with Tenure: On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved approval to award tenure to the following three individuals:

Dr. Jeannette Andrews at the rank of Professor in the College of Nursing. She will serve as Dean of that college beginning January 1, 2013.

Dr. John Brown at the rank of Professor in the South Carolina College of Pharmacy.

Dr. James Glimm at the rank of Professor in the Department of Mathematics, College of Arts and Sciences and as the SmartState Endowed Chair in Data Analysis, Simulation, Imaging, and Visualization.

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

3. New Programs: On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved approval to establish the following two programs:

a. Bachelor of Arts in Environmental Studies, USC Columbia

b. Post-Baccalaureate Certificate in Social Work with Military Members, Veterans, and Military Families, USC Columbia

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

4. New Institute: Institute for the Mind and Brain, USC Columbia – On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved to approve the establishment of the Institute for the Mind and Brain, USC Columbia. Mr. Jones seconded the motion.

The vote was taken and the motion carried.

5. Program Name Change – On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved approval to change the name of the Bachelor of Science in Business Administration in Insurance and Risk Management to the Bachelor of Science in Business Administration in Risk Management and Insurance.

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

6. Department Name Change – On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved to change the name of the Department of Pharmaceutical and Biomedical Sciences to the Department of Drug Discover and Biomedical Sciences.

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

7. Establishment of Fixed Term Chairs – On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved to approve the establishment of Fixed Term Chairs for Recruitment and Retention in the College of Social Work. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

8. USC Columbia Faculty Manual Changes – On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Westbrook moved to approve the USC Columbia *Faculty Manual* changes as distributed in the materials. Mr. Brown seconded the motion. The vote was taken and the motion carried.

Mr. Westbrook also reported that two presentations were made to the Committee as part of the Academic Updates segment of its agenda, which seeks to highlight various academic areas. Provost Amiridis scheduled the presentations, which earlier today included:

- Dr. Scott Weiss, Director of Bands and conductor of the USC Wind Ensemble, presenting an overview of the Wind Ensemble's concert tour of China during spring break this past year.
- Dr. Andy Gillentine, Chair of the Department of Sport and Entertainment Management in the College of Hospitality, Retail, and Sport Management, discussing the opportunity that 49 students were offered to work at the Olympics in London this summer.

E. Audit and Compliance Committee
(The Honorable J. Egerton Burroughs reported)

1. External Audits:

a. Annual Financial Audit for FY 2012 – Tom McNeish, Shareholder with Elliott Davis, presented the financial statement audit for the year ended June 30, 2012. The auditors had completed their audit work and based on the audit procedures performed, Elliott Davis intended to

issue an unqualified opinion on the University's financial statements. An unqualified opinion indicates that the University has fairly presented its financial statements in accordance with generally accepted accounting principles (or "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 were currently in draft form, have been submitted to the State Comptroller General and would be finalized upon approval by the Board of Trustees. Following the completion of these statements, the University financial staff will compile the Comprehensive Annual Financial Report (or "CAFR") and submit that document late this fall to the Government Finance Officers Association.

b. Elliott Davis Energy Report – At the request of University Administration, Elliott Davis was asked to review the Energy Contract to examine the accuracy of two primary assertions:

- i. The services to be provided by the Energy contract (including the construction of the Biomass Facility) were procured in compliance with the State Procurement Code and the University's procurement policy.
- ii. The savings that have been guaranteed and reported to the University by JCI have been computed accurately.

Elliott Davis has completed their audit work and intends to issue an opinion indicating that both of the above assertions are fairly stated in all material respects. The report draft provided by Elliott Davis includes best practice recommendations related to certain conditions identified in the course of examining the above assertions. The Energy Contract Performance Audit is currently in draft form and will be finalized upon approval by the Board of Trustees.

2. Internal Audits:

- a. International Student Services
- b. English Programs for Internationals (EPI)

Mr. Iapalucci reviewed with the Committee the International Programs – International Student Services audit report. The report highlights the regulatory challenges that exist in maintaining compliance with federal and state immigration/visa requirements for the University's international students. The audit noted only minor exceptions. However, Mr. Iapalucci cautioned that maintaining

compliance with federal and state immigration/visa requirements would be an ongoing challenge particularly as international student enrollment increases and additional regulatory burden is added. The Office of the Provost recognizes the challenging regulatory environment and has requested that the area be audited on a regular basis.

Mr. Iapalucci also shared the results of the English Programs for Internationals (EPI) audit which noted no significant findings. EPI is a separate department from International Programs.

3. Tracking Report – Mr. Iapalucci distributed the Internal Audit Tracking Report to members and noted acceptable progress has been made regarding the open items. Mr. Iapalucci offered that University administration was actively working to address audit issues. One payroll recommendation has a revised implementation date to reflect a staffing issue. The new implementation date is March 2013.

4. Review Board and President Expenditures – The Committee received the final FY12 Board and President Expenditures Report.

F. Executive Committee
(The Honorable Eugene Warr, Jr. reporting)

During a meeting earlier today, the Executive Committee approved contracts valued in excess of \$250,000. These included:

- Receipt of Endeavor, a 2001 chestnut Warmblood gelding from Glen Youell LLC & Clearview Inc. The appraised fair market value of the horse is \$250,000.
- A six-year and two-month lease of Suite #1000 on the 10th floor of 1301 Gervais Street, beginning December 1, 2012, and ending January 21, 2019, for use by the University's College of Hospitality, Retail and Sport Management. The monthly rent will be \$4,384.37 the first year, increasing to \$5,146.87 during the last two months of the lease. Total expected cost during the full term of the lease is \$340,075.
- A contract for the Arnold School of Public Health to supply employee services to the non-profit S.C. Institute of Medicine and Public Health. The Institute will pay a service fee that covers the gross wages of six employees, as well as all benefit costs and work-related out of pocket expenses for the employees.
- A Charter Flight Agreement with Delta Air Lines, Inc. under which the Gamecock Men's Basketball team will be transported to 10 away games during the 2012-2013 season at a cost of \$326,972.
- A four-year employment contract for USC Upstate Head Men's Basketball Coach Edward G. Payne with a base salary of \$146,000 plus incentives.
- An amendment to the University's contract with Ticketmaster that establishes the percentage of TicketExchange Royalties to which the University is entitled.
- Six indefinite delivery contracts for professional mechanical engineering consultant services valued at \$500,000 each were approved for RMF Engineering, Peritus Engineers and

Associates, GMK Associates, Inc., Swygert & Associates, Mechanical Design, Inc., and Davis & Floyd, Inc.

The following contracts valued at \$1 million were approved by the Executive Committee earlier today for recommendation to the Board for action:

1. Indefinite Delivery Contracts: The University requests approval of two-year contracts with 5 companies to provide fire alarm contracting services and two-year contracts with 10 other companies for general contracting services. Indefinite Delivery Contracts provide the University a way of having companies readily available to respond to construction projects and other facility-related needs in a timely manner. These companies were selected through a competitive solicitation process approved by the State Engineer; they are: Bank and Business System, E International Security, Burriss Electrical, Boykin Contracting, Palmetto State Electrical, I&E Specialties, Boykin Contracting, Solid Structures, Lindler Construction, Weber Construction Company, Hammer Construction, Penn Contracting, Pizzuti Builders, MOTA Industrial Services, and MAR Construction.

On behalf of the Executive Committee, Chairman Warr moved approval of the Indefinite Delivery Contracts as distributed. Mr. Buyck seconded the motion. The vote was taken and the motion carried.

2. E-Learning Support for Palmetto College and Graduate Courses: As provided in the meeting materials, the University proposed to enter into a multiple-year contract not to extend beyond August 31, 2019, with Academic Partnerships LLC to provide services for online educational courses design and development, technology infrastructure, and administrative support service. Specifically, the company would provide services for courses and programs designated by the University in connection with development of online educational courses as part of Palmetto College, and the conversion, development, enrollment management, marketing and other services of specified graduate-level educational classes to online educational classes offered at the graduate level.

Academic Partnerships would provide all services for the undergraduate courses and programs as part of Palmetto College at no charge. The company would be paid based on a stipulated credit hour fee for services related to graduate courses – specifically \$217 per credit hour for MBA classes, with the rate for other graduate classes set at \$153 per credit hour for in-state students and \$261 per credit hour for out-of-state students enrolled in online courses developed under this agreement.

On behalf of the Executive Committee, Chairman Warr moved approval of this contract. Mr. Westbrook seconded the motion. The vote was taken and the motion carried.

3. Reimbursement Resolution – School of Law: Provided to the Board for consideration was a resolution to allow the University to reimburse itself from bond proceeds up to \$35 million. Doing this would allow the University to utilize bond proceeds to cover the costs that it would incur related to the New Market Tax Credits, which the administration anticipated being one of the funding sources for the Law School. Of course, any other costs relating to the Law School would also be eligible for reimbursement from bond proceeds. Those could be architect/engineering costs, legal fees, construction, etc.

This resolution does not provide authority to actually issue the bonds. A separate bond resolution would be brought to the Board at a later time once it was determined exactly how much the University would need to borrow through bonds.

On behalf of the Executive Committee, Chairman Warr moved approval of this resolution. Mr. Jones seconded the motion. The vote was taken and the motion carried.

4. USC Upstate Palmetto House Purchase: As provided in the meeting materials, USC Upstate sought approval to proceed with the purchase of the Palmetto House residence hall facility that was previously approved by the Board in 2007. The purchase was planned for 2013 in a joint revenue bond issue with USC Columbia at a purchase price of \$12.3 million. This purchase was postponed from the 2009 series housing revenue bond issue due to economic conditions. The opportunity to terminate at a fixed cost on Sept. 25, 2012, at \$192,000 was established in the original financing agreement which could be absorbed with minimal impact into the new bond with a significantly lower interest rate.

On behalf of the Executive Committee, Chairman Warr moved approval of this purchase. Mr. Lister seconded the motion. The vote was taken and the motion carried.

Chairman Warr also reported that during the Executive Committee's meeting earlier in the day, a report on the review of the Board's Bylaws was received from Mr. Jones and Mr. Bethea. The results of this review were emailed to the Board on Thursday, October 4.

As required by the current Bylaws, these proposed changes were brought to the Executive Committee for review prior to being recommended to the full Board for its review and approval. The Executive Committee has requested additional time to review the proposed changes to the Bylaws before discussing them and making a recommendation to the full Board.

Finally, the Executive Committee discussed Dr. Pastides's outstanding service to the University and approved a proposal related to the President's compensation, for the full Board to consider. On behalf of the Executive Committee, Chairman Warr moved approval to: (1) request that the USC Educational Foundation increase the annual supplement it provides to Dr. Pastides by the sum of \$125,000; (2) to request that the USC Educational Foundation fund a retention incentive for Dr. Pastides in the sum of \$50,000 annually for the next five years, to be paid to Dr. Pastides in a lump sum only if Dr. Pastides remains as president for the full five-year period; and (3) upon approval by the USC Educational Foundation of the above to authorize Mr. Warr as Chairman to update the terms and conditions of Dr. Pastides' employment. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

III. FUND-RAISING UPDATE

Mr. McMaster provided an update on the fundraising for the Law School. He announced "great progress" toward the \$75 million needed for the new facility; specifically that \$66,127,000 had been received. If active pledges were included, the total was at \$67,320,000. He noted several options were being developed for obtaining the balance of funds necessary for the project, announcing pending pledges that would take the total to \$69,858,000. He also recognized support by U.S. Senator Lindsey Graham, State Attorney General Alan Wilson and the State Legislature's approval of \$10 million in funding. There was a lot of excitement about the project, he reported.

In response to a Trustee question as to the amount of private dollars raised, Mr. McMaster said that since the final fund-raising stage started in July 2011, there were about \$3,751,000 in "high confidence" pledges, and another \$2 million identified as "fair confidence" pledges.

IV. REPORT ON STATEWIDE HR REFORMS FOR HIGHER EDUCATION

Mr. Byrd reported on work that had taken place related to the 2011 legislation to provide regulatory relief for high education institutions in the areas of procurement and capital project management. The legislation also included some HR opportunities, calling for a representative group from higher education institutions to study, develop and recommend a separate comprehensive human resources system for the public institutions of higher learning and technical colleges in the state. Among the items that the committee had identified to recommend be adopted were: an updated classification and pay system that would help align higher education in South Carolina to better compete; regulations to give more appropriate operating flexibility to higher education institutions; and

policies to address the unique needs of higher education compared to state agencies. This would result in greater efficiency in the way HR operates, providing more flexibility where needed while maintaining an appropriate degree of transparency that was needed in an HR operation in a public institution; and would enhance the ability to have an internally equitable and externally competitive pay system, give a greater ability to respond to market changes and meet the needs of individual institutions. Work continues, with recommendations due January 15. Once recommendations were presented in the spring, they would go to the Budget and Control Board for review and implementation.

V. PRESENTATION OF UNIVERSITY MARKETING CAMPAIGN

Ms. Lawrence shared that there were three ESPN networks on campus, two of which were also filming for ABC News. The TV crews were filming at 42 different academic locations. ESPN Roadshow indicated to her that it would return next year after discovering the University's beautiful campus. She then began her report about the University's first integrated marketing campaign launched in mid-September, which is a system-wide campaign. She presented a PowerPoint summarizing details discovered through market research related to in-state audiences of parents, staff, community, faculty, alumni and students. Findings included: the University's reputation came in fourth place against its peers and peer aspirants, which will improve after three years of running the newly launched integrated marketing campaign; the University was not perceived as an innovative campus; and the University was not perceived as delivering personalized attention as a result of publicity about the University's growth. Another area of concern revealed by the market research was the poor perception of national reputation for excellence. Words people closely associated with the University were committed, ambitious, confident, and accessible; however, accessible was not a word used for the Columbia campus, it was a word for the system.

Ms. Lawrence showed a chart that indicated what factors needed to improve on completion of the campaign, including academic excellence – which was a combination of successful graduates, outstanding faculty, and strength in research. The University has all of the attributes, but not the sum total perception of academic excellence.

As the campaign was formulated, it was based on the President's mission that this campus, this University would be known for leadership. This will center on USC Connect that will allow students to graduate with an experience in undergraduate research, internships, community service or an international experience, giving them a unique position in the market place. They would have learned

leadership, as well as manifested leadership. They will have practiced it and will have a portfolio that they present upon graduation that demonstrates they have exercised leadership. It is education in action. The second message of the campaign is an in-state message that a student does not need to spend five years to obtain a degree. For the first time in the history of the institution a full summer session will be offered, which combined with online classes will make graduation in four years possible.

The integrated marketing plan has three sub goals attached to it. First, an internal campaign to teach the campus how to brag about itself; second, overcome alumni perception of how the institution has changed since they graduated; third, a national campaign focused on areas where the Admission Office recruits and where the Alumni Association has defined its core markets, which includes the I-95, Houston, Dallas, Los Angeles and Chicago.

The visual identity system has been cleaned up, reducing 200 logos to a single logo and creating a series of templates for use across campus. A strategy named No Limits was created supporting University students' belief that if they can get to the University there are no limits to what they can achieve. Ms. Lawrence presented the creative concept of No Limits, showing Trustees examples of the stories that will be told through the strategy — stories ranging from the extraordinary to the ordinary. She then shared the “tail feather” t-shirt logo and provided Trustees with t-shirts after showing Trustees the new television spot featuring the Horseshoe with the alma mater playing and the tag line, “As a Gamecock, there are no limits to what you can achieve.” No Limits has been incorporated in all Admissions materials, McKissick and Campus banners, in and out-of-state billboards, as well as the t-shirts of which more than 600 have been handed out for the ESPN GameDay on the Horseshoe. Part of the marketing strategy is Carolina and King, the University's new facility in Charleston that was featured on the front page of the Post and Courier newspaper. And, the Carolinian magazine has been redesigned as part of the campaign.

In response to Trustee questions, Ms. Lawrence said the campaign will use South Carolina in referencing the University out-of-state and Carolina will be used in-state; that the campaign was developed in-house with the marketing research contracted with an outside firm; and that USC Connect and leadership emphasis will put the University on the map nationally. How best to reference the University in athletic contexts will continue to be explored with the new Athletics Director. The regional campuses will use the No Limits campaign, but USC Aiken, Beaufort and Upstate need unique

regional identities because they compete with the Columbia campus for students. Support will be provided to help, but funding is not included as part of the integrated marketing campaign.

VI. REPORT OF THE ALUMNI ASSOCIATION

Mr. Brown presented the Alumni Association report.

My Carolina has been working with the University to ensure the great work done by our volunteers and staff is in alignment with your vision and that of the University's executive leadership. While we had hoped to present you our new agreement by now, two significant changes in our thinking and business practice have slightly slowed our progress. However, both of these developments are going to ensure we have a stronger and more effective relationship between My Carolina and the University.

First, while we are a separate not-for-profit and building the Alumni Center entirely with private funds, we have elected to follow state procurement and state engineering guidelines to ensure that the University has unrestricted access to our new alumni home. We have met with the state engineer and been assigned a project manager from his office and we anticipate releasing our first request for qualifications for construction management in the coming weeks. While this process varies from our original plan, we believe it is important to walk the same lines the University would walk in a similar project so as not to create any misunderstanding with the General Assembly or state leaders.

Additionally, Ed Walton and Helen Zeigler met with the materials management office of the State Budget and Control Board and shared with them our current facility and programming planning and received their blessing to offer a sole-source agreement to My Carolina. Because of the unique nature of our more than 160+ year relationship with USC, it was clear to them that competing this funding agreement would waste both time and money. As you may recall, this is the first time since 1990 that we have revamped our agreement, and our restructuring of priorities will ensure alignment with the University's vision and the new strategic plan created by our Board of Governors.

We believe that while these two actions have slowed our original timeline, they are both clearly in the best interest of the University and My Carolina's strong relationship with USC. In the coming weeks we will share with you more details about our progress on both the Alumni Center and our operating agreement with the University. We're incredibly excited about our future together and are convinced that our way forward is not only clearly aligned with state systems, it more importantly will help us more effectively serve the alumni support needs of the University of South Carolina.

VII. REPORT OF THE PRESIDENT

Thank you, Mr. Mobley, for planning and hosting an outstanding day in Lancaster for Patricia and me yesterday.

First, we had an opportunity to update Lancaster area Rotarians on the progress we're making at Carolina.

Then we went to the dedication of the USC Lancaster Native American Studies Center on Main Street, in a brand new cultural center. Special kudos to John Catalano who spearheaded this multi-year endeavor, with significant contributions from the city, the county, and many private community members. This center is home to the largest collection of Catawba

Indian pottery in existence, including the magnificent Tom Blumer pottery collection. I encourage you to visit this gem...you may think you're in an LA museum, not in downtown Lancaster!

After the dedication, we met with members of the local delegation and we ended the evening at a wonderfully festive reception hosted by Hugh, Donna and their family with well over 100 Lancers and Gamecocks. Thank you to Thad for coming as well.

Next Wednesday, Governor Haley will be hosting a higher education summit at the State Museum in Columbia. I'm pleased that I will be on the major panel, one dealing with 'Funding, Regulatory Relief, and Resources for Higher Education.

It will be moderated by Ken Wingate, Senators John Courson and John Matthews, Representatives Brian White and Chip Limehouse, FMU president Fred Carter, and Trident Tech President Mary Thornley.

At the summit, I will assert what I said at the State of the University address on September 19, that this is South Carolina's best moment to reform higher education funding while increasing accountability. If we do it well and right, higher education around the country will take note. That is where we should be, in front of the wave, not in the froth of the wake.

You know that October is the busiest month of the academic year, frantic would be a better word...always has been, always will be. This month alone, I count over 300 special lectures, cultural, and athletic events around the system.

And we're in the midst of a voter drive, the continued push to develop our leadership initiative, and the early phase of our integrated marketing campaign, No Limits.

I could highlight any of these 300 events, I'll highlight...no, not the football game...but an event that raised at least \$7,200 in donations and 453 pounds of food for Harvest Hope Food Bank.

On Wednesday, Carolina Dining and Sodexo began the "Beat Hunger – Beat Georgia" promotion and I understand donations of money and canned goods will go through October 11.

As for this t-shirt, I may be wearing it under the traditional garnet sports jacket on Saturday!

I plan to be on the Horseshoe later this evening, when pizza is delivered at midnight and at 2:15 a.m. – I will not be there for that. Breakfast is served at 6 a.m., to be followed by the official opening of ESPN GameDay at 9 a.m.

I'm told several million will tune in, so several million more people will learn what we already know, that we have one of the most beautiful core campuses of any university in America.

I just received a note that the Horseshoe is already crowded.

I look forward to seeing some of you at brunch at the Presidents House tomorrow, 10 a.m. until noon, and later at the pregame event at ETV, and again at the game.

Above all, I value your confidence in me and I will continue to honor that confidence to the best that Patricia and I have to give.

That is my report, Mr. Chairman, and Go Gamecocks!

VIII. OTHER MATTERS

Mr. Buyck reminded members of the Board of the dedication program for the Graduate Science Building in honor of former President John Palms at 4 p.m. on November 16. Chairman Warr also reminded the Board that there would be an Operational Review meeting for Trustees earlier in the day on November 16.

Chairman Warr also announced that the Board Retreat would be held on February 3 and 4 at Williams-Brice Stadium, with the Buildings and Grounds Committee meeting on Sunday with Audit and Compliance the following morning, followed by the full Board.

Chairman Warr then called for an executive session to discuss a personnel matter. Mr. von Lehe so moved and Ms. Moody seconded the motion. The vote was taken and the motion carried.

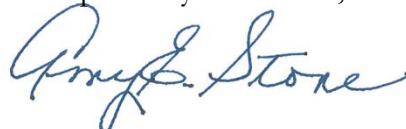
Chairman Warr invited the following persons to remain: President Pastides, Secretary Stone, Mr. Walton, Mr. Byrd, Dr. Amiridis and Mr. Heath.

Return to Open Session

IX. ADJOURNMENT

Since there were no other matters to come before the Board, Chairman Warr declared the meeting adjourned at 5:45 p.m.

Respectfully submitted,



Amy E. Stone
Secretary