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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

June 22, 2018

The Executive Committee of the University of South Carolina Board of Trustees met at 10:00 a.m. on Friday, June 22, 2018, in the Alumni Center's C. Edward Floyd Boardroom.

Members present were: Mr. John C. von Lehe Jr., Chairman; Mr. Hubert F. Mobley, Board Vice Chairman; Dr. C. Edward Floyd; Mr. Toney J. Lister; Mr. Miles Loadholt; and Mr. Eugene P. Warr Jr.

Other Trustees present were: Mr. Egerton Burroughs; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell III; Mr. William C. Hubbard; Ms. Leah B. Moody; Ms. Rose Buyck Newton; Mr. Tommy D. Preston Jr.; Dr. C. Dorn Smith III; and Mr. Thad H. Westbrook; with Mr. Mack I. Whittle Jr. and Mr. Charles H. Williams joining by telephone.

Also present were Columbia Faculty Senate Chairman Marco Valtorta and Columbia Student Government President Taylor Wright.

Others present were: President Harris Pastides; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; USC Provost Joan Gabel; USC Advancement Team Leader Paula Harper Bethea; Chief Financial Officer Leslie Brunelli; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Information Technology Doug Foster; Vice President for Human Resources Chris Byrd; Equal Opportunity Programs Director Cliff Scott; Chief Communications Officer Wes Hickman; Palmetto College Chancellor Susan Elkins; USC Upstate Chancellor Brendan Kelly; USC Beaufort Chancellor Al Panu; USC Aiken Chancellor Sandra Jordan; Chief Audit Executive Pam Doran; University Treasurer Pat Lardner; University Budget Director Joe Sobieralski; University Controller Mandy Kibler; Associate Vice President for Finance Kelly Epting; Associate Vice President for Administration and Finance and Medical Business Affairs Jeffrey L. Perkins III; Athletics Department Chief Financial Officer Jeff Tallant; Executive Director of Economic Engagement William D. "Bill" Kirkland; Director of State Government & Community Relations Derrick Meggie; College of Arts and Sciences Dean Lacy Ford; College of Education Dean Jon Pedersen; Executive Director for Strategic Initiatives Jack Claypoole; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; USC

Beaufort Vice Chancellor for Finance and Operations Earle Holley; USC Upstate Vice Chancellor for Administrative and Business Affairs Sheryl Turner-Watts; College of Engineering and Computing Senior Associate Dean for Academic Affairs Jed Lyons; College of Education Assistant Dean for Enrollment Management and Academic Program Development Rob Dedmon; Arnold School of Public Health Associate Dean for Clinical Public Health Ronnie D. Horner; Arnold School of Public Health Associate Dean of Faculty Affairs and Curriculum James W. Hardin; Clinical Associate Professor of Exercise Science, Arnold School of Public Health, Jim Mensch; Interim Chair of the Department of Physical Education, College of Education, Linda Nilges-Charles; Cynthia Lister, wife of Trustee Toney Lister; Ann Loadholt, wife of Trustee Miles Loadholt; Secretary of Inclusion and Equity, USC Columbia Student Government, Lyric Swinton; Board of Visitors Member David Hastings; University Technology Services Production Managers Matt Warthen; Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Chairman von Lehe called the meeting to order and stated notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated; and a quorum was present to conduct business.

Mr. Hickman introduced news media in attendance: Chris Lorensen with *The Daily Gamecock*; Seanna Adcox with *The Post and Courier* newspaper in Charleston; Rodney Welch with *Free Times*.

II. Contracts

Chairman von Lehe called on Mr. Parham for presentation of contracts.

A. WISH International, Inc. Agreement

Mr. Parham said the University's English Programs for Internationals (EPI) sought approval of an agreement with WISH International, Inc. Founded in 1987, WISH International is located in Tokyo, Japan, and serves as an educational consultant for Japanese students desiring to study English as a second language at United States institutions.

Under the agreement, WISH International will refer eligible students to study at the USC English Program for Internationals, he said. After referred students are accepted, have paid the EPI tuition in full, and complete the first 35 days of study at EPI, EPI will pay WISH International as follows:

- For the first five students referred by WISH International, EPI will pay 15% of the basic tuition paid by the students for their first term of enrollment;
- If WISH refers 6-10 students who enroll in the same term, EPI will pay 17.5% of basic tuition paid by these students for their first term of enrollment;

- If WISH refers more than 10 students who enroll in the same term, EPI will pay 20% of the basic tuition paid by these students for their first term of enrollment.

EPI offers five cohorts of classes each year, each term lasting about eight weeks. EPI students pay \$2,000 per term in basic tuition and \$500 per term in fees. Many students enroll for multiple terms in order to acquire a proficiency in English as a second language. Approximately 350 students enroll each year.

The five-year agreement will begin upon approval by the Board and will end May 15, 2023. The agreement may be terminated by either party at any time upon 30 days written notice and it will terminate automatically if WISH fails to refer at least five students in a calendar year who enroll in EPI. If WISH refers 10 students per term each year of the contract, Mr. Parham said WISH will be paid \$17,500 per year under the contract, and USC will receive net tuition of \$82,500 per year.

Chairman von Lehe called for a motion to approve the WISH International, Inc. agreement. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

B. Psychology Department Lease, 2221 Devine Street

Mr. Parham said the Psychology Department sought approval to renew its current lease for 5,486 square feet of space in a state-owned building located at 2221 Devine Street in Columbia. Psychology has used this space as the site of its research activities since 2006. As required, the lease is the standard Lease Agreement for Agency Use of State-Owned Property.

The one-year lease begins July 1, 2018 and will automatically renew for additional one-year periods unless either party provides 90 days' notice of its decision not to renew. Either party also may terminate the lease at any time upon 90 days' notice, and USC may terminate the lease upon 30 days' notice if public space becomes available to replace this space. Mr. Parham said the annual rental cost is \$61,936.94 and includes all utilities, water, HVAC maintenance and custodial services.

Chairman von Lehe called for a motion to approve the Psychology Department's lease at 2221 Devine Street. Dr. Floyd so moved. Mr. Warr seconded the motion. The vote was taken, and the motion was approved.

C. Academic Analytics, LLC Contract Extension

On August 9, 2013, Mr. Parham said the Executive Committee approved a four-year agreement with Academic Analytics, LLC. That contract allowed the Provost to access a proprietary database of information maintained by Academic Analytics about more than 270,000 faculty at approximately 400 colleges and universities nationally, separated by academic discipline.

The Provost has been using this data to benchmark and analyze the productivity of the University's faculty and academic units by comparing them with faculty and academic units at other colleges and universities in categories such as: size of departments; the number and amount of federal research grants awarded; the number of published books and journal articles; and the number of times the faculty members' publications are cited elsewhere. This is the information Trustees see on the dashboard the Provost has created as part of the University's strategic plan.

The original contract has been extended once by the Board and the current contract expires December 31, 2018. Thus, the Provost is seeking approval to extend the term of the contract for an additional four-year term, beginning January 1, 2019 and ending December 31, 2022, during which USC will pay Academic Analytics \$639,300.

Chairman von Lehe called for a motion to approve the extension of the contract with Academic Analytics, LLC. Mr. Warr so moved. Mr. Mobley seconded the motion. Dr. Valtorta cautioned the University to maintain vigilance as to the quality of data being used from Academic Analytics. The vote was taken, and the motion was approved.

D. Johns Hopkins Fulfillment Services Agreement

Mr. Parham said approval of a Fulfillment Services Agreement with Johns Hopkins University Press (Johns Hopkins) was sought to allow the USC Press to outsource its book warehouse responsibilities to Johns Hopkins.

Currently, when USC Press publishes a book, hard copies of the book are warehoused in a USC facility until they are sold. USC Press spends about \$248,000 annually on personnel and warehouse costs, Mr. Parham said. Under the proposed contract, books published by USC Press will be physically warehoused at Johns Hopkins. When a customer orders a book, the order will be directed to Johns Hopkins, which will "fulfill" the order, collect the costs and purchase price directly from the customer, and ship the book to the customer.

Each month, Johns Hopkins will transfer to USC Press the amount of monthly book sales it has collected, less a commission for its services. That commission is 11% on print format books sold, and 6% on electronic format books sold, he said. The oldest university press in the nation, Johns Hopkins currently provides these same services to 12 scholarly publishers including the Georgetown University Press, the University of Pennsylvania Press, and the University of Washington Press.

USC Press' sales for fiscal year 2019 are project to be \$934,000. USC Press estimates that Johns Hopkins will receive \$132,000 in annual commissions, which is more than \$100,000 less than the \$248,000 USC Press would spend if it continued to warehouse its own books.

The Fulfillment Services Agreement consists of the primary agreement with Johns Hopkins, and three sub-agreements, which include:

1. an Amazon Umbrella Contract allowing Johns Hopkins to act on behalf of USC Press and sell its books to Amazon at an agreed-upon discount;
2. a Canadian Distribution via Brunswick Books Agreement under which Johns Hopkins will handle warehousing and distributing USC Press books in Canada;
3. a software license from Johns Hopkins to USC Press for Allbooks Database Software, a title management database allowing USC Press books to be included in the list of books advertised and available for purchase from Johns Hopkins' websites, which should result in more sales.

The annual license fee for the software is \$5,000.

Mr. Parham said the total payments to Johns Hopkins during the five-year term of the contract, which would begin September 1, 2018, are estimated at \$726,000. This agreement is the result of an RFP process handled in accordance with the South Carolina Procurement Code.

Chairman von Lehe called for a motion to approve the agreement with Johns Hopkins Fulfillment Services. Mr. Lister so moved. Mr. Loadholt seconded the motion.

Trustee Burroughs asked how the agreement affects USC Press employees, and what would happen to the building in which books are now warehoused.

Mr. Parham said the USC Press' warehouse is currently staffed by two full-time and two part-time employees. One full-time position will be eliminated immediately. The other full-time position is the business manager who will transition to the Press' offices at 1600 Hampton Street. The two part-time positions are expected to be eliminated during 2018. He said he did not know what the University-owned building would be used for in the future.

The vote was taken, and the motion was approved.

E. Ellucian Company, LP Software Agreement

Mr. Parham said approval was sought for a Master Service Agreement with Ellucian Company, LP. Under the agreement, Ellucian will continue to provide maintenance and support of the Banner software modules the University has implemented, as well as software updates. Those modules are

listed in Exhibit 1 to the agreement, a copy of which was included in the Board's agenda materials, and they pertain primarily to the Banner student and financial aid system.

University Technology Services will pay Ellucian \$454,561 for year one of the contract, increasing by 4% per year for the next four years. Mr. Parham said the total cost of the contract over the five-year term, which begins July 1, 2018, will be \$2,462,049.

Chairman von Lehe called for a motion to recommend full Board approval of the software agreement with Ellucian Company, LP. Dr. Floyd so moved. Mr. Warr seconded the motion. The vote was taken, and the motion was approved.

F. USC Aiken Dining Services Contract

Mr. Parham said USC Aiken sought approval of a new food service agreement with Aramark Educational Services, LLC.

The seven-year agreement, which would begin July 1, 2018, covers all dining locations on the USC Aiken campus, and certain on-campus catering. Mr. Parham summarized the essential provisions of the contract under which Aramark will be the exclusive provider of dining services at USC Aiken and will be responsible for all aspects of the dining program.

All USC Aiken students living on campus will be required to purchase a meal plan as part of their housing agreement, he said. The cost of the various meal plan options is set by the contract, and USC Aiken must approve any subsequent price increases. Aramark also will have the exclusive right to provide concession sales at USC Aiken athletics events, and catering services on USC Aiken's campus, subject to exceptions approved by the chancellor.

In exchange for the rights granted by the contract, which resulted from a competitive solicitation pursuant to the S.C. Procurement Code, Aramark will pay USC Aiken on a monthly basis a 6% commission on all net sales, with a minimum commission guarantee of \$125,000 in year one, with \$5,000 increases in each of the subsequent years. Mr. Parham said the minimum amount USC Aiken will receive during the life of the contract is \$980,000. If the 6% commission on net sales exceeds the minimum guarantee in any year, the difference will be split 60% to USC Aiken and 40% to Aramark. As a benchmark, he noted, gross dining sales at USC Aiken totaled \$2,390,000 in fiscal year 2016-17.

Additionally, Aramark is required to make an investment of \$50,000 to upgrade equipment, fixtures and facilities in year six of the contract, and is required to spend not less than 1% of gross sales annually on replacement of smallware such as glasses and plates. For its services, Aramark will receive a fixed management fee of 5% of gross sales. Mr. Parham said the contract seeks to ensure the quality of food

served by Aramark is maintained at an appropriate level, and to ensure Aramark provides dining services of the highest level.

USC Aiken can terminate the contract for convenience upon 120 days' notice. If this is done, he said, USC Aiken is obligated to reimburse Aramark for the unamortized balance of its investment in facilities and equipment as of the date of termination, provided USC Aiken had approved in advance those investments and the amortization schedule.

USC Aiken also can terminate for cause in the event of a material breach of the contract by Aramark upon 30 days' notice unless Aramark cures the breach within 10 days. If USC Aiken materially breaches the contract and fails to cure within 30 days of receipt of notice, Aramark has the right to file a request for contract resolution with the state's chief procurement officer in accordance with the S.C. Procurement Code.

In conclusion, Mr. Parham said Aramark is required to indemnify USC Aiken, and to maintain appropriate insurance.

Chairman von Lehe called for a motion to recommend full Board approval of the USC Aiken Dining Services Contract subject to the parties executing an agreement acceptable to University Counsel. Mr. Mobley so moved. Mr. Loadholt seconded the motion. Chancellor Jordan responded to a question from Trustee Fennell, confirming students would see a slight increase in price over the previous year. The vote was taken, and the motion was approved.

G. USC Upstate Dining Services Contract

Mr. Parham said USC Upstate sought approval of a new food service. The contract is with Sodexo Operations, LLC.

Beginning July 1, 2018, the seven-year agreement covers all dining locations on campus, concession sales at athletics events, and on-campus catering. Noting the contract was similar to the one at USC Aiken, Mr. Parham summarized the essential provisions of the contract under which Sodexo will be the exclusive provider of dining services at USC Upstate and will be responsible for all aspects of the dining program.

In exchange for the rights granted by the contract, Mr. Parham said, Sodexo will pay USC Upstate on a monthly basis a commission on all net sales, as follows: 10% of the first \$1,500,000 in meal plan revenues; 15% of meal plan revenues in excess of \$1,500,000; 8.5% of retail sales; 15% of catering revenues; and 8.5% of concession sales. Dining sales for fiscal year 2016-17 totaled \$3,865,000 at USC Upstate.

Mr. Parham said Sodexo will not be paid a management fee for its services. In addition to the commission USC Upstate will receive, the contract requires Sodexo to make two investments in capital improvements to USC Upstate's dining facilities:

1. The current dining services contractor made a capital investment in USC Upstate's dining facilities that has not been fully amortized as of the end of the contract – that is, June 30, 2018. So, Sodexo is required to buy out the remaining unamortized amount in the sum of \$190,465.75. This obligation prevents USC Upstate from having to fund the buyout.
2. Additionally, the contract requires Sodexho to invest \$2,300,000 to enhance current dining facilities and construct new dining facilities in the George Dean Johnson Jr. School of Business and the USC Upstate library. Sodexo will depreciate any capital investment on a straight-line basis.

Mr. Param said the termination provisions and indemnity provisions are the same as in the USC Aiken contract.

Chairman von Lehe called for a motion to recommend full Board approval of the USC Upstate Dining Services Contract subject to the parties executing an agreement acceptable to University Counsel. Mr. Lister so moved. Mr. Warr seconded the motion. The vote was taken, and the motion was approved.

H. Evening Post Publishing Newspaper Group, Inc. Publishing Agreement

Mr. Parham said the Gamecock Club and the Athletics Department sought approval to enter into a publishing contract with Evening Post Publishing Newspaper Group, Inc. (Evening Post), which is a subsidiary of Evening Post Industries, a privately held national company engaged in media and marketing services. Evening Post publishes daily and community newspapers, including *The Post and Courier* in Charleston, S.C.

This contract is virtually identical to the publications agreement the Gamecock Club has had for the past five years with Aiken Communications, Inc., which was approved by the Board on June 17, 2013. Under the new contract, Mr. Parham said the Evening Post will publish a magazine and website on behalf of the Gamecock Club for distribution to or access by Gamecock Club members. The two-year contract would begin July 1, 2018 and either party may terminate it upon 12 months written notice.

Under the contract, he said the Evening Post will publish annually 12 editions of a full-color print magazine of professional quality commensurate with the quality of booster club publications at other SEC institutions. Each edition will consist of a minimum of 40 pages, including covers; content relating to University athletics events, Athletics Department and Gamecock Club news and information, and features

on staff, student-athletes, and recruiting; and six pages allocated to the Athletics Department at no charge for its use in disseminating information to Gamecock Club members or promoting events, competitions and special recognitions. The Evening Post also will publish an electronic edition of each magazine published and an internet website and associated mobile or tablet application.

The Gamecock Club will provide the Evening Post the name, address and email address of Gamecock Club members; secure from the Athletics Department access to the sidelines, press box, interview room, locker room and other locations; provide assistance in identifying potential advertisers; and obtain from the University a license to use designated University marks associated with the Athletics Department. As part of the approval being sought, Mr. Parham clarified, Athletics was asking the University to authorize the Evening Post to use the logos associated with Athletics solely in connection with the publications.

In exchange for the receiving the publication services, he said the Gamecock Club will pay the Evening Post an annual subscription fee of \$21 per subscribing member of the Gamecock Club. The Gamecock Club guarantees the Evening Post total annual subscription fees of not less than \$252,000, which is the cost for 12,000 members to subscribe. The contract also provides that the subscription fees paid by the Gamecock Club shall not exceed a maximum cost of \$300,000 in any contract year regardless of the number of subscribing members. The Gamecock Club had 13,883 members last fiscal year, which would equate to \$291,543 in subscription fees, and has exceeded 14,000 this fiscal year, Mr. Parham said. The agreement also requires the Evening Post to indemnify the University and the Gamecock Club from liability arising from the publications.

Chairman von Lehe called for a motion to approve the publishing agreement with the Evening Post Publishing Newspaper Group, Inc. Mr. Mobley so moved. Mr. Loadholt seconded the motion. Mr. Parham confirmed for Trustee Cofield that the University's insurance coverage offered full protection for issues arising as a result of this contract. The vote was taken, and the motion was approved.

I. STM Charters Flight Agreement

Mr. Parham said approval was sought for a charter flight agreement with STM Charters, Inc. for the 2018 football season. Under the agreement, which is the standard charter flight agreement reviewed by the Board on multiple occasions, STM will transport the football team to four away games at a total cost of \$376,042. The away games are Vanderbilt on September 22, Kentucky on September 29, Ole Miss on November 3, and Florida on November 10.

Chairman von Lehe called for a motion to approve the STM Charters Flight Agreement. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

J. Gamecock Club Affiliation Agreement

The USC Gamecock Club is a non-profit organization incorporated under section 501(c)(3) of the Internal Revenue Code, Mr. Parham said. It has its own tax ID number, and it has legal status separate from and independent of the University and the Athletics Department. For that reason, the University's external auditors have determined for accounting purposes the Gamecock Club must be considered a component unit of the University, just as the University's foundations and the Alumni Association are component units.

This past fiscal year (2017), the University's Controller's Office and Athletics Department took the necessary steps to separate the Gamecock Club's accounts and transactions from the Athletics Department and to treat the Gamecock Club as a component unit. Previously, he said, all Gamecock Club transactions were processed through the Athletics Department.

It is now necessary for the University to establish an affiliation agreement with the Gamecock Club that confirms this "arms-length" relationship. Mr. Parham said the agreement is virtually identical to the affiliation agreements the Board has approved with the University's foundations. As a component unit, the Gamecock Club will be audited separate from the Athletics Department and will be required to provide its annual audited financial statement to the University for inclusion in the University's annual financial statements.

Chairman von Lehe called for a motion to recommend full Board approval of the Gamecock Club Affiliation Agreement. Dr. Floyd so moved. Mr. Warr seconded the motion. Mr. Parham confirmed for Trustee Smith that the Gamecock Club as a 501(c)(3) is not required to follow the S.C. Procurement Code and would be free to select its own external auditors. The Athletics Department Chief Financial Officer Jeff Tallant said the Gamecock Club audit needs had been discussed with the accounting firm of Elliott Davis, which would perform the club's first audit as a component unit of the University.

The vote was taken, and the motion was approved.

III. University Risk Assessment and Audit Plan FY 2018-19

Chairman von Lehe said the Office of Audit & Advisory Services had provided the Executive Committee a copy of its annual audit plan for review and approval. The plan was approved by the Audit and Compliance Committee on June 8. Chairman von Lehe noted members of the Executive Committee attended that meeting and heard Ms. Doran's presentation of the plan. He then called for a

motion and second to approve the plan as required by Board Policy 1.06. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

IV. Board of Trustees Bylaws Amendment

Chairman von Lehe said many Trustees offered comments and suggestions to the proposed bylaws changes regarding modifications to the name and jurisdiction of the Student-Trustee Liaison Committee. After additional review and discussion of those recommendations, he said, the Ad Hoc Committee on Bylaws had brought the amendment back for reconsideration. He called on Mr. Parham to present the revised bylaws amendment.

Mr. Parham said included in agenda materials were the proposed modifications to the bylaws as recommended by the committee. The charge to the Ad Hoc Committee on Bylaws on this issue was to solely consider the restructure of what currently is called the Student-Trustee Liaison Committee. The purpose being to address the President's desire that a Board committee be created to focus on University system issues.

The Ad Hoc Committee on Bylaws completed its work and had two recommendations to present. First, it recommended the name of the Student-Trustee Liaison Committee be changed to the System and Student Affairs Committee and all references in the bylaws be updated to reflect this. The second recommendation was for the stated purpose and jurisdiction of the new System and Student Affairs Committee be stated as follows in Section 7 of Article VIII of the bylaws:

The Committee shall function as the University System committee of the Board and shall be charged with the consideration of issues of System-wide application not otherwise expressly delegated by these Bylaws to another standing committee of the Board, including such matters as System administrative services, strategic planning, enrollment management, campus safety and security, federal and state regulatory compliance, alumni affairs and fund raising. The Committee shall be kept informed of all matters affecting the efficient management and operation of the System and shall meet from time to time with the President and Chancellors, and with the student government presidents of each System campus.

A draft of the Ad Hoc Committee on Bylaws' work was submitted to the President and shared with the Chancellors for their consideration. Chancellor Panu suggested the phrase "institutions and campuses" be used in the final sentence related to the committee's purpose and jurisdiction. With this modification, the final sentence would read, "The Committee shall meet from time to time with the President and Chancellors, and with the student government presidents of each System institution and campus." This change also is supported by the President.

Mr. Parham said the motion would be to recommend full Board approval of the amendments to the

bylaws proposed by the Ad Hoc Committee establishing the System and Student Affairs Committee subject to the modification recommended by Chancellor Panu. Chairman von Lehe called for a motion. Mr. Mobley so moved. Mr. Lister seconded the motion.

Trustee Fennell said he preferred the name of the committee be Student and System Affairs Committee. He then asked the President to address if the additional responsibilities of the committee would be handled by adding an additional meeting.

President Pastides said oftentimes issues are discussed as related to the Columbia campus and then during a committee's discussion the question arises as to how other campuses deal with that issue. The expanded jurisdiction of this committee will improve discussion of issues of systemwide relevance. Secretary Heath said two additional meetings had been added to the calendar to accommodate the expanded jurisdiction.

The vote was taken, and the motion was approved.

Before leaving the bylaws discussion, Trustee Mobley requested consideration be given to evaluating the use of a consent agenda in full Board meetings and the process by which that could be achieved. He noted this could be a highly efficient move since most of the work is done in committee. Chairman von Lehe agreed this was a good idea and would be discussed later in another meeting.

V. University's FY2018-19 Annual Operating Budget

Prior to beginning the budget discussion, Chairman von Lehe said it would be necessary to conduct a called meeting for approval of the University's budget following action on the state budget by the South Carolina General Assembly. He asked Trustees to hold available the morning of July 11 for such a meeting.

Joining Trustees at the meeting table for the budget discussion were Chief Operating Officer Ed Walton, Chief Financial Officer Leslie Brunelli and University Budget Director Joe Sobieralski.

Chief Operating Officer Ed Walton opened the discussion thanking Trustees for the new process of a single meeting with the entire Board instead of holding a series of small group meetings. Numerous questions had been answered following the budget presentation at a called meeting on June 8, he said, and more information would be provided during today's meeting to aid Trustees in approving the budget.

Mr. Walton said the General Assembly had not yet reconvened to address its Conference Committee budget, which was expected happen June 27-28. Rumors indicated legislators were "generally ok" with the state budget's recurring money, but there was an impasse regarding one-time money allocations, which could affect some of the University's capital money although the University would be

able to work through whatever might occur.

If legislators are unable to reach an agreement, Mr. Walton said it was expected a continuing resolution would be issued so the state and the university would have the authority to maintain operations. In addition to the need for the General Assembly to agree upon and approve a budget, he said, the Board of Economic Advisors had certified nearly \$200 million in new money for the state. The General Assembly would have to deal with that; perhaps in January 2019 or it could reconvene earlier to address the new money.

Since the June 8 meeting, Ms. Brunelli has refined and inserted estimated revenue from increased enrollment, as well as initiatives for emergency management at the University's Palmetto College campuses, and revenue had been adjusted to reflect additional scholarship support from Athletics. There remains an \$11 million gap in total new estimated resources and total new costs and initiatives, Mr. Walton said, asking for additional input from Trustees as to any tuition increase they might consider for FY19.

Mr. Walton said Ms. Brunelli had information she could review, or they would be happy to answer questions by telephone or visit with Trustees in their home districts. "We want to spur conversation rather than our feeding you information," he said.

In response to a Trustee comment on revenue, Mr. Walton said without the Board's guidance on enrollment the numbers would not be at the current level. Across the United States, he said higher education is learning the necessity of growing customer base instead of growing price. Trustee Westbrook asked about the anticipated size of the freshman class, which Dr. Pruitt described as better and more students, with more diversity and more in-state students. He estimated there would be between 5,865 and 5,910 students, with the number of transfer students remaining approximately 1,500.

Ms. Brunelli said the document provided Trustees mirrored the information provided on June 8, with the first pages detailing the initiatives. The only changes are inclusion of the Palmetto College campuses safety and security initiative and additional funding for the President's initiative for student success and career development. She said the funding as noted by Mr. Walton includes the unbudgeted enrollment increase of about \$6.9 million from the current year since anticipated enrollment increases are not budgeted until students enroll.

On the revenue side, she said, the draft budget represented the best possible state funding for all campuses, which is a hybrid of the House amended budget and the Senate version of the state budget. Also included are the current year's tuition rates for all campuses. The draft budget also includes academic fee changes, which in number are less than they've been in prior years but there are some increases. She noted

this would be the final year of phasing in an engineering fee totaling \$1,500 per student. The \$1,500 School of Law fee also would be paid by all law students this year. Fee changes on campuses outside of Columbia are relatively minor, she said, including course and lab fees and parking and security fees. The document also includes the sources and uses statements for each campus without the tuition information.

In response to Trustee Mobley's question about tuition at the University's two-year campuses, Ms. Brunelli said the under 75-hour rate is \$3,674 per semester for the current year. Students enrolled for more than 75 hours are charged the same rate as online students. These students also are eligible for S.C. Lottery tuition per credit hour, which is different from the Life and Hope scholarships. She further clarified there are a small number of students with over 75 hours, which distinguishes students who are no longer earning an associate degree but have transitioned to earning a bachelor's degree although they remain with a regional campus without the authority to offer four-year degrees.

Responding to Trustee Floyd's question of how tuition levels at the University compared to Francis Marion University (FMU), Ms. Brunelli said the University had campuses and entry points lower than FMU's current tuition rate of \$5,421 per semester. She further noted USC Beaufort currently has the lowest four-year tuition in the state and even with an increase would remain lower than FMU's tuition rate.

In response to the President's request about tuition increases approved by other public institutions, Ms. Brunelli said Coastal Carolina had approved 3% for residents and non-residents, Citadel 3.25% for residents and non-residents, and the College of Charleston 3.5% for residents and 4% for non-residents.

In response to a question from Trustee Fennell about the administration's recommended fee increase, Chairman von Lehe said that was to be determined. With no other questions, Chairman von Lehe brought to the Board's attention a sales tax case in which out-of-state retailers are now going to be required to collect use taxes. It could mean about \$100 million in additional state revenue for South Carolina. President Pastides thanked Chairman von Lehe for bringing up this topic, which the bi-partisan S.C. Higher Education Opportunities Act has identified as a permanent, sustainable revenue stream.

Trustee Cofield asked about the status of Gamecock Recovery, a program to help students dealing with addiction. Dr. Pruitt said a full-time coordinator had been hired. In response to Trustee Hubbard's question, he confirmed application had been made seeking available state and federal money to support the program.

VI. Adjournment

With no other matters to come before the committee, Chairman von Lehe declared the meeting adjourned at 11 a.m.

Respectfully submitted,

Cantey Heath, Jr.
Secretary