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University of South Carolina
BOARD OF TRUSTEES

Executive and Governance Committee

August 16, 2019

The Executive and Governance Committee of the University of South Carolina Board of Trustees met at 1:35 p.m. on Friday, August 16, 2019, in the C. Edward Floyd Boardroom at the Pastides Alumni Center.

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. C. Dan Adams; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Robert F. Dozier Jr.; Mr. A. C. "Bubba" Fennell III; Mr. William C. Hubbard; Mr. Richard A. Jones Jr.; Ms. Leah B. Moody; Ms. Rose Buyck Newton; Dr. C. Dorn Smith III; Ms. Molly M. Spearman; Mr. Thad H. Westbrook; and Mr. Mack I. Whittle Jr.

Also present were USC Columbia Faculty Senate Chairman Mark Cooper, USC Columbia Student Government President Luke Rankin, and the Board's Strategic Advisor David Seaton.

Others present were: President Robert L. Caslen Jr.; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Interim Provost C. Tayloe Harding Jr.; Vice President for Student Affairs Dennis A. Pruitt; Senior Advisor to the President for Advancement Paula Harper Bethea; Vice President for Human Resources Caroline Agardy; Vice President for Information Technology Doug Foster; Athletics Director Ray Tanner; Interim Chief Communications Officer Jeff Stensland; Chief Audit Executive Pam Doran; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Al Panu; Palmetto College Chancellor Susan Elkins; USC Upstate Chancellor Brendan Kelly; Arnold School of Public Health Dean Thomas Chandler; College of Pharmacy Dean Stephen J. Cutler; College of Arts and Sciences Dean Lacy Ford; Associate Provost for Academic Programs Tena B. Crews; Senior Associate Provost for Inclusion and Chief Diversity Officer John H. Dozier; University Treasurer Pat Lardner; Associate Vice President for Administration and Finance and Medical Business Affairs Jeffrey L. Perkins III; Associate Vice President for Finance Kelly Epting; University Budget Director Joe Sobieralski; Executive Director for the Office of Economic Engagement William D. "Bill"

Kirkland; Director of State Government and Community Relations Derrick Meggie; Executive Director of Military Programs and Strategies James E. Smith Jr.; Executive Director for Strategic Initiatives Jack Claypoole; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Assistant to the President for System Affairs Eddie King; Chief Executive Officer of My Carolina Alumni Association Wes Hickman; Immediate Past Chair of the USC Columbia Faculty Senate Marco Valtorta; Trustee Emeritus Herbert C. Adams; Cynthia Lister, wife of Trustee Toney Lister; Ann Loadholt, wife of Trustee Miles Loadholt; USC Students Sawyer McDuffie, Zechariah Willoughby and Robert Buchanan; PENSAR Strategies Chief Executive Officer Mike Fernandez; Chernoff Newman Chief Executive Officer Lee Bussell; Father Paul Sterne with St. Theodore's Anglican Chapel and the C.S. Lewis Student Center; Associate Professor of Educational Leadership and Policies and President of the USC Chapter of the Association of American University Professors (AAUP) Christian K. Anderson; Brian Coleman (no affiliation indicated); University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Chairman von Lehe called the meeting to order and stated notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated; and a quorum was present to conduct business. Secretary Heath confirmed no Trustees had joined the meeting by telephone.

Mr. Stensland introduced members of the news media in attendance: Lucas Daprile with *The State* newspaper; Emily Correll with WLTX-TV; and Andy Shain with *The Post and Courier* newspaper.

II. Contracts

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

A. Prisma Health-Upstate Collaboration Agreement

Mr. Parham said the Master Memorandum of Understanding (MOU) between the USC School of Medicine (USCSOM) Greenville and Prisma Health-Upstate, formerly known as Greenville Health System, approved by the Board of Trustees when the medical school was established requires an addendum each year confirming the cost of the professional services and non-personnel expenses to be provided by Prisma Health-Upstate to USCSOM Greenville. The Master MOU also requires the cost of these services be within the budget approved annually by the Board.

The 2019-2020 Addendum estimates – consistent with the budget approved by the Board – that for the coming year, Prisma Health-Upstate will provide the USCSOM Greenville professional services and non-personnel expenses not to exceed \$12,944,684.

Chairman von Lehe called for a motion and second to recommend approval by the full Board of the 2019-2020 Addendum to the Master MOU with Prisma Health-Upstate. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

B. Informa UK Limited Services Agreement

Mr. Parham said University Libraries sought approval to enter into a renewal of a license agreement with Informa UK Limited, operating as Taylor & Francis Group, under which the library will obtain online access to approximately 2,000 journal subscription titles.

The four-year online subscription will begin January 1, 2020 and end December 31, 2023. Total cost of the agreement is \$1,815,405.

Chairman von Lehe called for a motion and second to recommend approval by the full Board for renewal of the license agreement with Informa UK Limited, operating as Taylor & Francis Group. Mr. Loadholt so moved. Mr. Lister seconded the motion. The vote was taken, and the motion was approved.

C. McLeod Health Clinical Training Affiliation, Amendment

Mr. Parham said the USC School of Medicine (USCSOM) Columbia sought approval of a five-year extension of a Clinical Training Affiliation Agreement with McLeod Health, which is the parent health care corporation for a number of affiliates including McLeod Regional Medical Center of the Pee Dee, McLeod Health Clarendon, McLeod Medical Center Dillon, McLeod Health Cheraw, McLeod Loris Seacoast Hospital, and McLeod Physician Associates.

He said the original four-year agreement, approved June 13, 2014, had been extended one year. An extension through June 30, 2024 would continue to provide a site for a mutually agreed upon number of USC medical students (12-15) to complete their 3rd- and 4th- year clinical rotations.

As under the five-year agreement, McLeod or its affiliate will accept a pre-determined number of students and provide a planned, supervised program of clinical experience designed in cooperation with the USCSOM Columbia. McLeod and the medical school will agree on and designate a qualified practitioner in each clinical area to provide direct supervision and training to the students, and to evaluate the students.

The University will be responsible for:

- Training students on HIPAA (Health Insurance Portability and Accountability Act) and the confidentiality of patient medical records
- Requiring all students to have health insurance
- Requiring a criminal background check on all students
- Requiring all students to have required immunizations
- Providing general and professional liability insurance coverage for students through the State Insurance Reserve Fund, which is consistent with the S.C. Tort Claims Act.

McLeod continues to be responsible for:

- Designating a program liaison to work with USCSOM Columbia regarding the clinical training
- Providing students with access to facilities and facilities' orientation, including all rules, regulations, policies and procedures
- Providing students emergency medical care, at the student's expense, in the event of an accident during the educational experience
- Complying with FERPA (Family Educational Rights and Privacy Act) restrictions regarding the privacy of student academic records
- Maintaining general and professional liability insurance.

The agreement makes clear that medical students are not employees of McLeod by virtue of their clinical rotations, and that McLeod, at all times, is solely responsible for patient care.

The agreement provides that USCSOM Columbia is responsible for compensating McLeod for the physicians who teach and supervise clinical medical students. Total cost to USCSOM Columbia during the five-year agreement is estimated to be approximately \$1,150,000.

However, perhaps most important, all costs incurred by USCSOM Columbia under the agreement are paid by a grant awarded by the South Carolina Department of Health and Human Services to Francis Marion University, which subcontracts the medical education to USC. In the event the grant funding is terminated, Mr. Parham said USCSOM Columbia may terminate the agreement upon 30 days' notice or renegotiate new terms for the agreement. He added the grant runs through June 30, 2024.

Chairman von Lehe called for a motion and second to recommend approval by the full Board of the five-year extension of the Clinical Training Affiliation Agreement between the USCSOM Columbia and McLeod Health. Mr. Lister so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion was approved. Dr. Floyd thanked Trustees for their approval, saying the medical students with whom he had spoken were excited about this opportunity and there was an oversupply of students who signed up to complete their 3rd and 4th years in Florence.

D. University 101 Conference Site Agreement

Mr. Parham said the National Resource Center for the First-Year Experience and Students in Transition, better known as University 101, sought approval of a hotel event contract with the Westin Bonaventure Hotel and Suites in Los Angeles, California. The hotel will be the site of the 43rd Annual National Conference on the First-Year Experience on February 2-6, 2023.

Under the standard hotel event contract, the Westin Bonaventure Hotel will hold the rooms described in the contract (3,715 room nights) and individuals attending the event will pay for the rooms directly. The center guarantees that at least 80% of the reserved rooms will be used. In the event 80% of the rooms are not utilized, the center is obligated to pay the difference. The center has never had an event at which the minimum number of rooms were not utilized.

The center also is obligated under the contract to spend at least \$275,000 on food and beverages during the event. These expenses will be paid from the conference fees paid to the center by individuals registering for the event. If the center cancels the conference after the agreement has been signed, there are cancellation fees obligating the center to pay based on the timing of the cancellation. The center has never cancelled a conference.

Mr. Parham said the center estimates more than 2,000 people will register for the conference. Registrations will range from \$550 to \$700. Additionally, vendors who want exhibits at the conference pay a fee for space. The center, which is self-supporting, expects to make a profit of about \$500,000 on the conference.

Chairman von Lehe called for a motion and second to recommend approval by the full Board of the University 101 Conference Site Agreement with the Westin Bonaventure Hotel and Suites in Los Angeles. Dr. Floyd so moved. Mr. Lister seconded the motion. In response to Trustee Whittle's question as to whether there was a way to promote South Carolina and host the event in a location like Charleston, Dr. Pruitt said the size of the conference restricts the number of cities capable of hosting it.

This past year, Dr. Pruitt said the conference had 2,300 delegates attend from over 600 institutions and 26 countries, with about 100 different publishers bringing in guest speakers. There are only about a dozen cities in the country that can accommodate the technical needs of the conference, he said. However, he added, the center does host a series of seminars annually – all of which are held in South Carolina.

Chairman von Lehe asked that South Carolina be considered to host the conference, subject to the needs of the conference. The vote was taken, and the motion was approved.

E. USC Children's Law Center Lease Agreement

Mr. Parham said approval was sought for a lease agreement with the USC Development Foundation for the USC Children's Law Center. Affiliated with USC's School of Law, the Children's Law Center serves as a training and resource center for professionals involved in cases of child maltreatment or juvenile justice court proceedings, and child advocates working to improve the safety and well-being of children.

The lease of 8,902 square feet of space at 1300 Pickens Street will bring together the center's staff, who are currently housed in separate locations. The building, formerly the site of the Korn Law Office Building, is owned by USC's Development Foundation.

The document is the standard South Carolina Governmental Real Estate Lease that public agencies are required to use, Mr. Parham said. The lease was competitively solicited by the South Carolina Real Property Services Office to ensure the best possible rental rate was identified.

The four-year lease begins November 11, 2019 and ends October 31, 2023. The University can extend the term for one additional year on the same terms and conditions.

During the term, the University will pay the foundation annual rent in the sum of \$115,726 for a total cost of \$578,630 if the lease is extended a fifth year. The University will be responsible for utilities, janitorial services, buildings and grounds maintenance, and repairs.

Chairman von Lehe called for a motion and second to approve the lease agreement for the USC Children's Law Center. Mr. Warr so moved. Mr. Mobley seconded the motion. The vote was taken, and the motion was approved.

F. Catapult Sports, LLC Agreement

Mr. Parham said approval was sought for a purchase and software license agreement between the Athletics Department and Catapult Sports, LLC.

He described Catapult Sports as an industry leader in developing wearable, tracking devices for athletes that measure and record a variety of performance metrics such as heart rate, speed, distance, metabolic power, explosiveness, acceleration and deceleration forces. Under the agreement, the Athletics Department will acquire 59 of these tracking devices for use by the football team. This is a renewal of an existing agreement where other devices were provided, so the entire football team will now have these wearable tracking devices.

The agreement further includes a software license agreement that allows the football program to have access to detailed and targeted analysis regarding each athlete and to monitor in real-time each athlete's performance and progress toward recovery from injury.

These monitoring devices are used throughout the Southeastern Conference and by professional football teams, Mr. Parham said. The three-year term of the agreement will end July 1, 2022, and the cost to the Athletics Department is \$389,280.

Chairman von Lehe called for a motion and second to approve the agreement with Catapult Sports, LLC. Mr. Mobley so moved. Mr. Loadholt seconded the motion. Athletics Director Ray Tanner further described the use and value of the device to the football program. President Caslen said the devices, which were used at West Point, were outstanding. The vote was taken, and the motion was approved.

G. College Board Services Agreement

Mr. Parham said in an effort to assist with student recruitment, for the past several years the Board has approved agreements between the University's Office of Undergraduate Admissions and a company named College Board. Pursuant to these agreements, the University receives from College Board demographic information about high school students across the United States. Most recently, in 2016 the Board approved a three-year agreement with College Board that will expire August 31, 2019.

The Office of Undergraduate Admissions seeks approval of a new three-year agreement with College Board, beginning September 1, 2019. Under the agreement, the University will receive access to data on up to 260,000 high school students across the country, including name, address, gender, date of birth, high school, intended college majors, SAT and AP test scores, high school GPA, home-schooled indicator, educational neighborhood cluster and low socio-economic status indicator, graduation year, and a variety of other data. Total cost of the contract is \$366,600.

Chairman von Lehe called for a motion and second to approve the services agreement with College Board. Mr. Lister so moved. Dr. Floyd seconded the motion. Trustee Spearman asked if the information provided is available to all University campuses. Dr. Pruitt said when possible an enterprise approach is taken, but College Board and ACT require this contract be campus specific.

The vote was taken, and the motion was approved.

H. WTW Architects Professional Services Agreement

Mr. Parham said approval was sought to engage WTW Architects of Pittsburgh, Pennsylvania, to perform a comprehensive feasibility study on student union facilities for the Columbia

campus. The feasibility study will broadly evaluate options to expand student union space and address a critical shortage of student space made more acute due to the growth in enrollment.

The scope of work will be extensive and will include:

1. Evaluation and assessment to include review of current uses and sizes of student union space for existing programs and operations, conducting a code review of the Russell House, assessing needed building infrastructure improvements, and identifying other campus sites for expansion
2. Programming to establish the types of spaces needed for a 21st century student union at USC
3. Visioning through interactive workshops with a steering committee, student leaders and other stakeholders to determine views and expectations for a student union
4. Developing a conceptual design to test possible concept options, including:
 - a. Expansion/renovation of the Russell House
 - b. Renovation of Carolina Coliseum
 - c. A new structure to augment the Russell House
5. Scheduling of implementation, logistics and cost estimation for each concept
6. Preparation of a final report and presentation to the Board with recommendations – hopefully at the April 2020 meeting of the Buildings and Grounds Committee.

WTW was selected through a qualification-based process overseen by the State Engineer's Office.

The company, which has been involved in more than 100 student union projects nationally, will augment its staff with a local firm – the Garvin Design Group, which has worked on the USC campus for many years.

The objective of this feasibility study is to arrive at a plan that can be funded and put into action to expand student union space. For its services, WTW will be paid the sum of \$350,840.

Chairman von Lehe called for a motion and second to approve the professional services agreement with WTW Architects. Mr. Mobley so moved. Mr. Loadholt seconded the motion.

Student Government President Luke Rankin said he was part of the selection process and that it was exciting to have it come to the Board for approval. The feasibility study is necessary to see what can be done to accommodate students, he continued, noting USC's student union is the oldest, by over 26 years, in the Southeastern Conference. "This is very important to students," he concluded.

In response to a question from Trustee Fennell as whether the developers of the University's master plan would be involved, Mr. Gruner said it would be appropriate to involve Sasaki Associates later in the year when WTW Architects had gathered enough information for Sasaki to review. He further noted Sasaki had referenced the need for more student union space, but had not offered prescriptive solutions,

which would be the focus of the new study. In response to a question as to the price of the study, Mr. Gruner said the bid was consistent with his expectations and had been built upon the estimated hours required of various professionals, including engineers, to produce an end product that could be provided to the University for implementation. Part of the study would identify available funding sources for an actionable plan, he said, noting the team included a financial consultant who would look for ways to identify private funds to benefit development of the student union.

The vote was taken, and the motion was approved.

I. Pharmacy Clinical Affiliation Agreement

Mr. Parham said the College of Pharmacy sought approval to renew its existing Clinical Affiliation Agreement with Premise Health Employer Solutions, LLC. Premise Health is the employee medical benefits manager for the BMW Manufacturing Company located in Greer, South Carolina.

Under the two-year agreement, ending June 30, 2021, Premise Health will provide clinical training opportunities for two Pharm-D students to serve as pharmacy residents at the BMW plant's in-house pharmacy in Greer. These two students will be licensed pharmacists in South Carolina pursuing a Doctor of Pharmacy degree.

As pharmacy residents, Mr. Parham said the Pharm-D students will perform a range of professional activities at BMW, including:

- Medication management, which will involve collecting medical and drug histories from patients, and medication monitoring
- Medication reconciliation, which is a comprehensive evaluation of a patient's medication regimen any time there is a change in therapy
- Education and behavioral counseling, which will involve providing patient specific education and wellness coaching
- Preventive care services, which will include providing screening tests such as cholesterol and glycated hemoglobin measurements
- Collaborative care practice agreement, which involve patient assessments, ordering drug therapy-related laboratory tests, and administering drugs.

In exchange for the pharmacy services being provided by the USC pharmacy residents, Premise Health will pay the College of Pharmacy the sum of \$306,000 during the two-year term of the agreement.

Chairman von Lehe called for a motion and second to approve the pharmacy clinical affiliation agreement with Premise Health Employer Solutions, LLC to provide two pharmacy residents at the BMW plant's in-house pharmacy in Greer, S.C. Mr. Mobley so moved. Dr. Floyd seconded the motion.

In response to Trustee Whittle's question about the University's agreement to provide pharmacy students to the Greenville Health System and whether these two students would count toward that commitment, College of Pharmacy Dean Stephen Cutler said this was a separate agreement. Currently, 26 classroom students are available through the School of Medicine, with 15 students matriculating with the Greenville Health System, he said.

The vote was taken, and the motion was approved.

J. CD/Park7 Columbia SC High Rise Owner LLC Lease Agreement

Mr. Parham said approval was sought for a lease agreement with CD/Park7 Columbia SC High Rise Owner LLC for 2,805 square feet of space on the first floor of the Empire facility located at 1015 Assembly Street.

The document is the standard South Carolina Governmental Real Estate Lease the state requires public agencies to use, Mr. Parham said. The leased space will be used by Dr. Shawn Arent, a research faculty member in the Arnold School of Public Health and the new chair of the Department of Exercise Science, to study physical performance of human subjects. The space is conveniently located directly across Pendleton Street from the Arnold School of Public Health.

During the three-year term, beginning January 1, 2020, the University will pay an annual rental fee of \$84,150 plus an annual flat-rate fee of \$15,427.50 that represents a square-foot proportionate share of common area expenses, taxes and insurance costs incurred by the landlord for the complex. Total cost of the lease is expected to be \$298,732.50. The University will be responsible for utilities costs.

Chairman von Lehe called for a motion and second to approve the lease agreement with CD/Park7. Mr. Warr so moved. Mr. Mobley seconded the motion.

Trustee Hubbard commented, not on the lease, but about the vacant lot behind the School of Public Health, noting it was overgrown and needed cleaning. Mr. Gruner confirmed this was University property. The immediate plan is to make some improvement and make parking available there. In the meantime, Mr. Gruner said the area would be mowed and he would bring a plan for this property to Trustees by November 2019 when the Buildings and Grounds Committee is scheduled to meet.

The vote was taken on the lease at 1015 Assembly Street, and the motion was approved.

III. Gift Agreements

A. USC Educational Foundation/USC School of Law

Mr. Parham said the School of Law sought approval to accept a gift from the USC Educational Foundation of a 2019 Farber 40-foot Custom Motor Coach valued at approximately \$559,923.

The motor coach was purchased by the foundation using funds from a \$1.15 million donation made in 2018 by local attorney James Konduros, a 1954 graduate of the School of Law. Mr. Konduros made his donation to assist the School of Law in ensuring that law students are afforded opportunities for professional growth and legal training and experience in public, community-based, non-profit settings.

The motor coach is designed to operate as a free-standing mobile law office. It will have two law offices and an intake area, as well as self-contained wireless IT capability.

The School of Law intends to use the motor coach in a variety of ways, including: (1) to transport law students to rural communities, where students will assist members of the local bar or volunteer senior lawyers in providing direct legal assistance to indigent residents; (2) to transport students enrolled in legal clinics, especially the veterans clinic, to provide legal assistance to indigent residents outside the Columbia area; (3) to provide educational sessions regarding legal rights and benefits in rural South Carolina communities. The motor coach also could be used after a disaster in areas where the infrastructure is damaged, to provide a space for the public to file FEMA claims.

Much of the balance of Mr. Konduros' gift will be used to operate the bus, with sufficient funds to do so for a period of at least nine years. Dean Robert Wilcox has worked with University Transportation to estimate and budget all operating costs of the bus, which will be part of the University's bus fleet.

Chairman von Lehe called for a motion and second to approve acceptance by the School of Law of the 2019 Farber 40-foot Custom Motor Coach. Mr. Loadholt so moved. Mr. Lister seconded the motion. The vote was taken, and the motion was approved.

B. Mary Woods and Brian McCloskey/Athletics Department

Mr. Parham said the Athletics Department Equestrian Program sought approval to accept a gift of a horse from Mary Woods and Brian McCloskey. The horse is a 14-year-old bay Holsteiner and 16.2 hands tall. An independent appraiser has set the value of the horse at approximately \$250,000.

Chairman von Lehe called for a motion and second to accept the horse. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

IV. Year-End Financial Report

Chairman von Lehe called on Mr. Walton for a year-end financial report. Mr. Walton began

his year-end budget update by noting Trustees were viewing materials in a new format to simply illustrate how the University System ended budgetarily on June 30, 2019. He reminded Trustees that all activity would be audited in the coming weeks and months.

First, he said was a review of revenue. Overall, it was originally estimated that the University System would generate about \$1.6 billion and by year end, \$1.64 billion was budgeted to be generated. The actual unaudited total for Fiscal Year 2019 was \$1.7 billion across the system.

Next, system expenditures totaled \$1.684 billion compared to the budget projection of \$1.8 billion – 7% under what was budgeted for the year. He underscored more revenue was generated than planned and less was spent than planned for Fiscal Year 2019. The unspent amount accrued to unspent carry forward in the units and to the University's Excellence Initiative.

Mr. Walton then illustrated revenue, direct expenses and changes in fund balances by campus, breaking down the Columbia campus by academic units, auxiliary units and support units. His presentation indicated the Schools of Medicine, the Comprehensive Universities and the Palmetto Colleges ended the year with a positive fund balance.

On the Columbia campus, all but three academic units (Education, Pharmacy and Social Work) ended the year with a positive fund balance. Auxiliary units, he said, received no budget allocation and were required to generate revenue. These units experienced positive fund balances. In support units, \$91 million less was spent than authorized for Fiscal Year 2019 on the Columbia campus.

Faculty Senate Chair Mark Cooper expressed concern over what the \$91 million meant for the University's core educational research mission. He cited the budget book which indicated 200 more FTEs were taught with 15 fewer tenure-line faculty. That gap will widen, he said, noting problems with retaining and replenishing faculty. Yet, a substantial balance is being built that is referenced as serving the needs of special board initiatives as opposed to core educational purposes.

Mr. Walton said planning went into formulating the budget given the knowledge there would be a transition and an opportunity to do things in a new way. A conscious decision was made not to distribute money in the same fashion as it had been done in the past, but to hold on to it to address with the new president and provost issues revolving around the core mission, Board initiatives and other projects. "Your comment is timely," he told Dr. Cooper. "We've put ourselves in the position to have this discussion rather than screaming about not having any money."

Trustee Fennell addressed the fund balance and asked about designating some of those funds for the student center and student/faculty needs rather than having it undesignated. He encouraged President

Caslen to review the priorities, noting designations could change later if necessary. Mr. Walton explained that the fund balance was not undesignated, using the example of the contracts Trustees approved earlier in the meeting, as well as the study for the student union.

Considering Dr. Cooper's comments, Trustee Newton said the Board needed to examine whether the Columbia campus has enough faculty to teach the number of students enrolled. Trustee Moody said that issue would be addressed at an upcoming meeting of the Academic Affairs and Faculty Liaison Committee.

Trustee Hubbard asked how the faculty/student ratio has evolved over the past five years. Dr. Cooper said the percentage of non-tenure line faculty have grown dramatically relative to tenure-line faculty. Over the past two to three years, faculty departures have outpaced new faculty in tenure-line ranks and at the same time the student body has grown. The tenure-line to student ratio has increased, he said, while the absolute faculty/student ratio probably had been maintained using non-tenure line instruction. Ms. Moody expressed this was an issue that the Academic Affairs and Faculty Liaison Committee should address in terms of best practices and identifying the proper ratio between students and faculty.

Mr. Walton returned to his year-end report, addressing Fiscal Year 2020 Bond Indebtedness by campus. As of June 30, 2019, the projected outstanding total was \$560,670,000, which had become a smaller number with limited borrowing and growth in revenue over the years. It is getting ready to change, he said, with the borrowing of \$20 million this year for Athletics and over \$200 million for Campus Village. Payment of this additional debt would not come from existing resources, he said, noting Athletics had a revenue source for its funding and Campus Village would come with a revenue source. He added that rating agencies continue to rate the University high because its governance and management stability are well recognized.

Mr. Walton introduced Budget Director Joe Sobieralski, indicating Trustees would see more of him as he oversees the organization and implementation of the new budget model. It was Mr. Sobieralski who took Elliott Davis' basic information and incorporated it into the University system. Mr. Walton previewed the following time schedule for the next steps in the new budget model development:

Budget Development Activity:	Month / Period
Efficiency Initiative Discussions with the President	September
Support Unit Allocation Committee review budgets; submits recommendations to Budget Update Group (BUG)	October - November
BUG reviews/approves support unit budgets	December
Central Budget Office forecasts general revenues (e.g. tuition, appropriations) and expenses (e.g. benefits) for budget development guidelines	January
Academic units develop budgets based on latest analysis and central guidance	January
Conduct University budget hearings (i.e. blueprint meetings)	March
Academic Subvention and strategic initiative funding recommendations made and communicated	April
University budget updated and preliminary drafted based on current tuition/appropriation projections and trends	April – May
Budget reviewed/adopted by Board of Trustees	May – June
Budget Model Reporting Activity:	Month / Period
FY18 Actuals	Mid - Late August
FY19 Actuals	Late September
FY20 Actuals (As of 10/31)	Late November
FY20 Actuals (As of 2/29)	Late March

In response to a Trustee question of whether interest rates had been set on pending projects, Mr. Walton said the University did not yet have the authority to borrow for Campus Village; but interest rates, earning rates and draw rates were being analyzed daily and once state approval was received, the optimum time would be selected to lock in rates based on advice from Wall Street.

Trustee Burroughs asked Mr. Walton to provide a financial stress test to illustrate what would happen if enrollment were to drop 3% to 5%. Mr. Walton said the staff performs this type of stress test constantly, but not in a presentation fashion. He asked for some time to prepare scenarios for presentation.

Chairman von Lehe accepted Mr. Walton's report as information.

V. Adjournment

With no other matters to come before the committee, Chairman von Lehe declared the meeting adjourned at 2:50 p.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary