CALL TO ORDER / OPEN SESSION:

Chairman Dr. Walter Tobin called the meeting to order at 9:00AM. The public notice was read. The agenda (Attachment 1), the minutes (Attachment 2) and supporting materials (Attachments 3&8) were previously circulated to the members. Trustee Corbitt extended the invocation. The roll was called.

Trustees present: Dr. John Corbitt, Mr. Robert Nance, Dr. Walter Tobin, Mr. Maurice Washington, Mrs. Linda Edwards Duncan, Dr. Jackie Epps, Mr. Robert Waldrep, Ms. Patricia Lott, Dr. Dennis Nielsen, Mr. Anthony Grant and Dr. Gail Joyner-Fleming. Ex-officio members: Dr. Larry Watson and Mr. Nathaniel Howard, Mrs. Kay Snider.

Ex-officio members absent: Dr. Benetta Bell, Dr. Jesse Kinard, Mr. Charlton “Chuck” Whipple, and Mr. Edward Williams.

Administrators present: Interim President Dr. Cynthia Warrick, Vice President for Academic Affairs Dr. W. Franklin Evans, Assistant Vice President for Finance and Management Mr. Eric Eaton, Interim Vice President of Administration Dr. Rita Teal, Athletics Director Mrs. Charlene Johnson, Interim Assistant Vice President of Student Affairs Dr. Tamara Hughes, Vice President for Research, Economic Development and 1890 Programs Mr. John Rosenthall, Associate Vice President for Institutional Advancement Mr. Michael Hubbard, Assistant Director of Public Relations Ms. Ashley Elliott, Executive Assistant to the President Mrs. Shondra Abraham and Administrative Assistant to the Board and Recorder Mrs. Eartha Mosley.

Media: The Times and Democrat Reporter Mrs. Dale Linder-Altman, Post and Courier Ms. Diane Knich, WLTX Reporter Mr. Nate Steward and WIS Reporter Mr. Jody Barr.

ADOPTION OF AGENDA

Chairman Tobin asked for adoption of the agenda. Mr. Nathaniel Shazier asked that the agenda be amended to allow time for him to speak regarding issues concerning the students.

Trustee Lott motioned the agenda to be amended to include student representative to speak and to allow Dr. Tobin to make comments. Seconded by Trustee Nielsen. Vote: unanimously approved.

APPROVAL OF MINUTES

Chairman Tobin called for approval of the minutes:

- Board of Trustees Meeting, December 6, 2012
- Board of Trustees Meeting, December 19, 2012
- Board of Trustees Meeting, January 3, 2013
- Board of Trustees Meeting, January 9, 2013
Trustee Corbitt motioned to approve the minutes as submitted, seconded by Trustee Waldrep. Vote: unanimously approved.

CHAIRMAN’S REPORT

Dr. Tobin asked that the Presidential Search Committee Facilitator give information regarding the Presidential Search. Dr. Diana McCauley stated that it is a pleasure to be able to assist with the search for a permanent president. She has 30 years of experience in executive searches across the country for universities, school district superintendents and CEOs of educational organizations. Her role is to assist, advise and to make certain the search committee stays on track according to the established timeline. Packets of general information were distributed to the Trustees (Attachment 3). She ended by thanking the Board for affording her this opportunity. Dr. Corbitt indicated that as the immediate past chairman for the Board, his name should be included on the search committee list. Chair Tobin stated it would be added.

INTERIM PRESIDENT’S REPORT

Dr. Warrick distributed her monthly activities for December 2012 and January 2013 (Attachment 4) to the Trustees. She stated the students organized and attended the Legislative Day for SC State at the Statehouse. The students were well received she was proud of them. She thanked Mr. Shazier and Mr. Akeem Brown. Later that evening, she attended the Richland County Legislative Reception and met a number of legislators.

A meeting was held with the Greenville Center on how to expand the presence of the center in the Greenville area, which has a huge market for students and a great need. She also met with the presidents of Greenville Tech and Tri-County Tech. The University held the first Students Transfer Day. Students attended from the upstate as well as surrounding technical colleges. The purpose was to get students more interested in transferring to SC State.

Dr. Warrick stated that there are 47 juniors and 47 seniors in the nursing program and they have passed their exams in levels two and three. The students as of this semester will proceed forward which is a huge accomplishment. This task could not be accomplished alone. They worked closely with the Regional Medical Center and Orangeburg-Calhoun Tech (O-C Tech) nursing programs, which the two have gone over and above what they would normally do due to the partnership that has been established. She is very grateful to them. The University will move forward in developing the BSN program will work closely with the Regional Medical Center and O-C Tech focusing on their students attending SC State nursing program.

Trustee Waldrep asked for the status of the nursing program. Dr. Warrick shared that the students receiving additional instructions from O-C Tech and the Regional Medical Center all have passed above their levels and one student has received the palmetto nursing award scholarship. It is not our students fault; the program has suffered from the lack of experienced leadership and being placed in a college with the Dean having no expertise in nursing. The nursing board solicited Dr. Warrick’s involvement because of her experience.

Trustee Fleming asked do we have faculty in nursing. Dr. Warrick replied the University lost two nursing faculty last fall. In terms of the depth, administrative and academic expertise in that department along with a She indicated there is a nursing faculty shortage throughout the nation. It is challenging recruiting quality faculty and even more challenging to recruit to a program on probation.

Trustee Washington asked. Given the assessment. What improved leadership has been put in place? Dr. Warrick stated 1) an advisory board 2) partnership with Indiana University (IU) which would allow master level nurses to obtain the PhD thru IU and return to SC State as faculty. Trustee Washington asked what the cost associated would be.
Dr. Warrick mentioned reorganization of the colleges. The Dean should have some expertise in nursing and the students having mentors to support them. She shared that there will be a Health Career Day on April 11. MUSC, two upstate technical colleges, the Regional Medical Center and O-C Tech will be in attendance.

Trustee Lott applauded Dr. Warrick and the students on their accomplishments. It was questionable at the beginning but with the right guidance, the students accomplished what they stated they would do. Dr. Warrick stated the students moved from below level 2 in September to level 2 and 3 in February, which is a significant difference.

Trustee Grant echoed Trustee Lott’s comments stating Dr. Warrick took on the problematic program at a very difficult time when news was spreading regarding our nursing problem. He commended her on a job well done.

Trustee Corbitt commended the students on their attire and behavior on Legislative Day. He was very proud of them.

Dr. Warrick highlighted the follow events: In San Antonio, Texas, she will serve as the keynote speaker at the HBCU Festival. Mr. Rosenthal will host a reception in Washington, DC on Tuesday, February 28th among capital leadership corporate leadership and others to discuss what they would like to do at SC State moving forward. She expects the event to turn into a fund raising opportunity. On February 27th she will meet with Senator Tim Scott at the National Science Building. March 2nd is the date of the Scholarship Gala. Dr. Fredrick Humphries is Founders’ Day speaker. The MEAC Tournament is in March. Senator Tim Scott will be the speaker for Honors and Awards Convocation on April 2nd.

Trustee Duncan applauded Dr. Warrick for going beyond the wall of opportunities in providing resources for our students.

Trustees Lott mentioned that Mr. Rosenthal was honored at the UNCF banquet in Atlanta, GA. He was nominated by Mr. Tuberville as an outstanding alumnus.

Trustee Epps mention an article in the New York Times on the Orangeburg Massacre. Dr. Warrick indicated a panel discussion was held this year. She discovered that there are a lot of voices in the community. The discussion was lively; it gave them a forum which could develop into another event.

Chairman Tobin thanked Dr. Warrick for her wonderful and full report.

**STUDENT REPRESENTIVE**

Mr. Nathaniel Shazier, Student Government President, presented a petition to the Board on behalf of the students at SC State requesting the Board to keep Dr. Warrick as President of SC State. The student’s desire stability as the number one stakeholders of the University. He has received support from local alumni as well as out-of-state alumni. Dr. Warrick has put a positive spotlight on University programs, especially the nursing program. The students have a relationship with her. He asked that the Board listen very closely to the student request.

Chairman Tobin thanked Mr. Shazier for his presentation and his passion for the institution. Trustee Grant responded that he concur with Mr. Shazier and called for the suspension of the presidential search. He wholeheartedly endorses the campaign to keep Dr. Warrick as president. **Trustee Grant motioned to suspend the Presidential Search indefinitely. Seconded by Trustee Nance.**

Trustee Lott stated there was some doubt about the students and presenting themselves, but Mr. Shazier has represented the University well. Mr. Nathaniel Howard said there are two things that matter: 1) the well being of the University; 2) the future of the students. Trustee Duncan commended Mr. Shazier for his comments. Trustee Epps thanked Mr. Shazier for his well-spoken message; however, he reminded the Board that we made a decision to hire an interim president and then to initiate a search for a permanent president. The Board should stay the course; the
University deserves the very best person possible the search team can identify. Dr. Larry Watson thanked Mr. Shazier (a former student) who can be eloquent and passionate; however, he believes if Dr. Warrick is the best candidate, she will emerge as the best candidate. The Board has a process in place to make that determination and she would benefit from the Board's validation her, and there will be no questions as to how she obtain the position. The doubt would be removed. Trustee Watson commended Mr. Shazier on his well-spoken words and for placing his convictions on the record. Trustee Watson continuing by stating he hoped the member's differences does not create a kind of diverseness that throw the institution into further turmoil. The Trustees have differences; the issue should be debated but should not be a cause for proper and appropriate communication among the Trustees to be lost. A transparent process was put in place, it should be followed thru. If Dr. Warrick emerges, all will fall in line and announce her as the next president of SC State. He would like to vet all the candidates. Trustee Grant indicated the committee representing the Board is not diverse, most of individuals representing Board all supported or voted for the chairman in his chairmanship. The search process by which the board selected Dr. Warrick was a valid and open search process. Any board has the right to reconsider at any given time. The institution needs stability beginning with the president and trustees. Mr. Howard stated that we deal with perceptions and if Dr. Warrick does not emerge as the next president, it may appear that "the fixed" was in. Trustee Lott stated the board makes the policy and the board can change the policy at any given time.

Chairman Tobin stated a motion was on the floor to suspend the Presidential Search indefinitely. A roll call vote would be taken. *The Vote failed 6 to 5. The following Trustees voted no Waldrep, Epps, Fleming, Nielsen, Washington and Tobin. The following Trustees voted yes: Duncan, Corbitt, Grant, Lott and Nance.*

**COMMITTEE REPORTS — ACTION ITEMS ONLY**

**Budget, Facilities and Grounds Committee**

Trustee Washington led the Committee discussion as follows. He stated that the Budget Committee met on February 7, 2013 and discussed a number of issues. There is one action item to present; a new pricing proposal on University Village reducing current rates (Attachment 5). Trustee Washington stated that the negotiations related to the pricing proposal were between the Real Estate Foundation Board and the VP of Finance. He then asked that Mr. Eaton move the discussion forward. Chairman Tobin stated that there would also be a brief discussion on recent budget changes. Mr. Eaton addressed the Board as follows. Referring to a hand-out containing a four page pricing proposal Mr. Eaton explained that current per semester double occupancy costs to students is $3K per semester. The current pricing is out of line with other campus housing options as well as available external Orangeburg community housing options. As a result University Village has a significant underutilized capacity. Students take all options possible to minimize their educational costs. They choose not to utilize University Village due to current rates which are not competitive. The proposed rate reduction will bring University Village back in line with campus housing and make it more competitive with external community housing pricing options. The reduction will also ensure the facility's ability to meet its operating costs and debt obligations. Additionally, vacancy rates will decrease given the approval of the reduced rates. Mr. Eaton stated that the recommendation is coming from the University Village Foundation Board after thorough analysis and he believes approval from the SC State Board is warranted. He then asked that the Board approve the new reduced rates effective with the 2013-2014 academic year. Trustee Grant commented about recent changes from the administration in requesting two years ago a rate decrease, then last year a rate increase and now this year a rate decrease again. Trustee Grant reminded everyone of the March 31, 2013 deadline on the Memorandum of Understanding (MOU) between the University and University Village. He stated that consideration for adjustments should be made prior to an automatic one year extension. Trustee Grant requested a pro-forma financial projection to understand the effects of the pricing changes on revenue and moving toward a profitable scenario. Mr. Eaton referred him to information provided in the handout and stated that additional information can be provided on pro-forma projections and an operating plan. Trustee Joyner-Fleming also expressed concerns about the varying rate proposal requests from the Administration. She asked if we had a way of knowing for sure that the new increased pricing would
ensure that University Village would be able to meet its financial obligations. Mr. Eaton stated that principle driver for success for University Village and all other campus housing facilities is enrollment. That is the task of the administration currently, to drive enrollment back up. Additionally we must provide a competitive option in pricing University Village. Trustee Joyner-Fleming asked how many occupants would be needed at the current proposed reduced rate to meet the financial obligations. Mr. Eaton stated that given the current occupancy level with the current reduced pricing request in place the facility would require about 34 additional beds to offset current revenue loss and there would still be the capacity to fill another 100 beds in order to drive additional revenue. In going forward, the current pricing reduction request puts the facility in the middle of the competitors in the area. Mr. Eaton referred to a chart in the handout that indicates the new pricing proposal would increase occupancy; make University Village competitive and able to handle its financial obligations. He stated that an eighty-five percent occupancy level at the proposed reduced rates would be sufficient to meet annual financial obligations. Trustee Grant stated that current efforts to re-structure debt at University Village would also assist with easing the financial burden on University Village. Mr. Eaton concurred and stated that conversations continue with the University’s General Counsel on examining the renewal of the Memorandum of Understanding. There are also ongoing conversations with Bond Counsel and Bank of America to come up with a strategy for re-structuring the debt. Trustee Grant requested that we work to get the MOU reviewed before having to do an automatic extension. Mr. Eaton stated that we would work to get it done well in advance of the mandatory renewal date. He also indicated that an extension could be sought if necessary. Trustee Corbitt asked if the facility is being marketed to OC Tech. Mr. Eaton stated that the facility has been marketed to OC Tech and Claflin. He stated that their responses were considered in negotiating the new rate pricing proposal. Trustee Epps stated that the question that continues to reverberate is a matter of confidence that the reduced pricing will increase occupancy. He stated that it appears that cost is the only noted variable and suggested there may be other factors contributing to student’s decision to live elsewhere. Mr. Eaton stated that conversations with housing administrators and with students suggest that cost is the major factor in student’s decision to house at University Village. Chairman Tobin commented that there should be a balance. Trustee Washington asked about the consequence of insufficient deferred maintenance upkeep on the low occupancy rate. He asked if capital reserves requirements to meet ongoing maintenance needs had been considered during the pricing proposal discussions. He stated that we must maintain a balance between structuring pricing in consideration of management and deferred maintenance needs. Mr. Eaton stated that leaving the pricing the same would not solve the decreased occupancy rate. By decreasing the pricing you will have increase occupancy and cash reserves available to address deferred maintenance issues. Trustee Washington and Mr. Eaton agreed that a balance is needed between pricing, competitiveness and meeting student needs. Trustee Washington suggested caution be used in the SC State Board providing approval on the pricing proposal. He questioned whether or not the SC State Board should be the driving force behind the approval. He suggested that the approval could later be problematic in the future. Trustee Grant stated that the Memorandum of Understanding calls for the SC State Board to be involved in the pricing due to SC State supplying the occupants. Trustee Grant stated that this Board must consider the request from the University Village Board after having performed a comprehensive analysis. They have a charge to keep the facility full but cannot do so if the pricing keeps the facility out of the market. Trustee Grant called for the question on the approval of the reduced pricing proposal. Chairman Tobin asked for a motion. Trustee Waldrep asked about the security and safety of the facility. Mr. Eaton stated that the University Police Department handles security for University Village since the bulk of the occupants are SC State students. Chairman Tobin again called for the motion. Trustee Grant motioned for approval on the new pricing proposal for reduced rates at University Village as requested by the Real Estate Foundation Board and the VP of Finance. Trustee Lott seconded the motion. Vote: unanimously approved.

Chairman Tobin asked Trustee Washington to bring the Board up to date on Budget discussions. Trustee Washington stated that the major portions on the budget discussion included a motion that took place during the Audit Committee meeting and he would defer to that upcoming committee discussion to further address the budget issue. Chairman Tobin agreed to delay the budget discussion for the Audit Committee portion of the agenda.
Chairman Tobin led the Audit Committee discussion as follows. He referred to the handout for the NCAA Compliance Agreed-Upon-Procedure presentation from BDO and stated that Mr. Stathis Poulos, BDO Partner, is here to answer any questions. Chairman Tobin stated that there are critical issues pointed out related to Athletic programs, specifically identified on page fourteen of the report. He stated that the Board will need to have further discussion on these matters in the near future. Chairman Tobin called for a motion to accept the NCAA Compliance Report from the external auditors, BDO. Trustee Edwards Duncan moved and Trustee Washington seconded the motion. Motion carried.

Chairman Tobin asked if Trustee Washington would like to discuss the motion made during the February 7, 2013 Audit Committee meeting related to the budget. Trustee Washington stated that during the last Audit Committee meeting a motion was made to ask the external auditor, BDO, to take an independent look at the adjusted budget numbers. The motion was approved. He then stated that during that meeting Trustee Grant suggested that we instead look internally for solutions and answers to the financial question. Given reflection, Trustee Washington took that suggestion and contacted the Internal Auditor and an arrangement was made to meet with the VP Finance, Mr. Eaton, the Budget Officer, Mr. Cathcart and the Internal Auditor, Ms. Anderson. A meeting was held this past Monday, February 18, 2013 with those parties. Data was pulled from the Banner system to arrive at valid financial numbers. Trustee Washington passed a hand-out to everyone with the financial numbers pulled from the Banner system during that meeting. He explained that the document should be considered a working budget document to assist in guiding a conversation related to core operations, the Education and General fund of the University. Trustee Washington began explaining the data provided on the hand-out. He stated the data pulled together indicates that based on current actuals and projected activity we are looking at a possible $3.1 million deficit in current year E&G operations. A mathematical error was noticed on the document due to an Excel formula error. It was agreed that the error was minor and the discussion continued. Trustee Lott objected to the spreadsheet being developed outside of the Finance management area. Mr. Eaton stated that there may need to be additional conversations with the Budget Committee since this is his first time viewing the document. Trustee Washington stated that the numbers came from Mr. Cathcart and were derived from the Banner financial system. Trustee Eaton again stated that additional discussion was required and suggested that all variables had not been considered in the numbers. Trustees Washington continued explaining the hand-out and stated that the projections indicated a negative impact on net assets of $3.1 million resulting in a cumulative E&G fund deficit of $12 million. He stated that this would be the result if no additional efforts are taken to limit the trend. Trustee Grant pointed out that the overall fund balance is not in a negative position, just the E&G core operations fund. He emphasized that the cumulative negative fund balance is specific to the E&G fund only. Trustee Grant stated that the cumulative deficit of $9 to $12 million is not due to the current administration’s efforts but is largely due to the decline in enrollment of the past years. Trustee Grant stated that Trustee Washington is correct in his overall assessment that the University has significant financial challenges in right-sizing the E&G budget. The total fund balance of institution shows a positive fund balance but has been declining over the years as a result of negative E&G Fund core operations performance. All agreed that the process for addressing the issue should begin now. Trustee Grant pointed out that transfers-in from auxiliary units were not included on the hand-out. Trustee Washington agreed and stated that the data was provided without factoring in auxiliary transfers into E&G. He stated that since there were not any auxiliary revenues and/or expenditures included in the E&G base budget (at the top) the transfers in should not be included (at the bottom). Doing this would distort the true financial position of the E&G core operations Fund. Additional conversation continued related to the document presented by Trustee Washington. All agreed that additional work and discussion is needed relative to right-sizing E&G core operations in order to get to a favorable position at some point in the future.

Trustee Lott stated that the issues have been passed across multiple Administrations and Boards. She asked if the $2.5 million SACS reserve requirement was included in the hand-out. Trustee Washington replied that it was not included.
Trustee Lott wanted it to be clear that the cumulative fund balance deficit is not owned by the current Administration and Board. Trustee Epps stated that planning is essential in chipping away at the deficit. Trustee Fleming asked what part of the deficit is attributable to the current fiscal year. Trustees Washington stated that based on the numbers pulled together at the meeting with staff and presented in the hand-out; there is a projected $3.1 million deficit for current year operations if additional measures are not taken. Trustee Nance stated that he appreciates the work done by Trustee Washington but noted that the document is not official because it did not come from the business office but was prepared by a Trustee. Trustee Washington stated that we should focus on the substance of the document and not who prepared it. He noted he is Chair of the Budget Committee and sees this work as part of his responsibility.

Discussion continued. Mr. Eaton again asked that additional conversation be made at a separate meeting to go through the numbers again. He stated that the current year change in net assets is not final and would change based on additional measures taken to control the deficit through the end of the fiscal year. Trustee Fleming asked Mr. Eaton for a projection on the current year E&G operations. Mr. Eaton stated that there were some components omitted from the document provided by Trustee Washington and the net asset number would change but we would still see a deficit. Trustee Fleming asked about the February 7, 2013 Committee meeting and the scenarios provided to complete the year in a positive position, in the black. Mr. Eaton stated that the discussion and planning continues to go on to include spending cuts, procurement review and a possible furlough. Mr. Eaton stated the administration is moving through the plan and currently discussing a possible multiple day furlough. He stated that every furlough day taken will reduce costs by approximately $100,000. Trustee Epps asked what Mr. Eaton’s current projection is in closing the fiscal year. Mr. Eaton stated his projection is not what is presented in the hand-out provided by Trustee Washington. He stated that we would run a deficit if a furlough is not implemented. He stated that a furlough will allow a break-even position at year end. Chairman Tobin asked if he had an estimate of year end position that he could provide. Mr. Eaton stated again that we would run a deficit if a furlough is not implemented. Additional conversation was held related to the possibility of a furlough and what the approval process includes. Trustee Grant asked that professional consideration be given to all committee members and others in sharing information. He also asked that all information be vetted by the Administration prior to coming to the Board. Chairman Tobin stated that awareness has been created so that the Board is in a better position to make the necessary decisions. Dr. Larry Watson stated that Mr. Eaton has admitted that that there is a severe problem with the E&G operations and asked if Mr. Eaton could provide the extent of the problem. Mr. Eaton stated more variables needed to be considered but that the problem is less than what is presented by Trustee Washington. Additional conversation continued related to fiscal year end projections. Trustee Washington stated his apologies for not collectively sharing the information and suggested that we have the Budget Office rework the numbers and provide the information back to the Board later today.

Dr. Warrick stated that she appreciates the Board’s concern but the Finance team is capable of addressing the issue. She stated that the enrollment decline is the driver behind the current year deficit. Dr. Warrick stated that she takes issue with Trustee Washington meeting with staff without her knowledge. She stated that staff is meeting outside with Trustee Washington and that this is trustee involvement within the Administration against SACS standards. She asked that Trustee Washington discontinue this activity and communicate with staff through the President’s office. She stated that she has asked that the Budget Committee consider meeting on a more regular basis but informal meetings are not appropriate. All meetings should go through the President’s office and contact with staff should not be made without her knowledge. Trustee Washington stated that the meeting was held with the President’s knowledge with an invitation extended to Dr. Warrick to attend. He stated that the meeting was held based on Dr. Warrick’s previous recommendation to hold more regular meetings with staff to prepare for the Committee meetings. After additional conversation, Dr. Warrick stated that she was aware of the meeting but could not attend; but took exception to the document not being provided by Trustee Washington rather than the Administration. Chairman Tobin called for a fifteen minute break.

The meeting resumed. Trustee Washington stated that he would provide copies of email exchanges indicating appropriate knowledge of the meeting held with staff on Monday February 18, 2013. Trustee Washington stated that
consideration should be given to the report provided by the Internal Auditor related to salary distributions on Federal grants housed in the Research Division. He stated that the University may be required to return certain Federal funds if determined that inappropriate use of grant funds occurred. Trustee Washington asked that all Trustees take time to review the document provided by the Internal Auditor entitled “IAD Report-Salary Allocation-Research Division-100112”. He stated that at the appropriate time the Board must address the potential for re-payment of Federal funds related to inappropriate payments to employees of the University. Further determination and additional discussion is required on this matter.

Chairman Tobin asked for action on the Annual Audit Plan presented by the Internal Auditor for approval by the Board. A motion was made by Trustee Corbett seconded by Trustee Waldrep. Discussion: Trustee Grant asked that the Board examine the reports provided by the Internal Auditor more thoroughly and that the appropriate Administrative unit have the opportunity to provide feedback related to internal audit observations and findings. He stated, for example, that the Athletics Director should have the opportunity to discuss the NCAA Compliance report presented by BDO with the respective Board committee and the full Board. Mrs. Johnson stated that she was not able to be at the Committee meeting when the NCAA Compliance report was discussed but she would make herself available for future discussions on the report. Trustee Waldrep asked that when reports come from various Board Committees to the full Board that the reports are vetted through the Administration and that everyone is provided the particulars on where the report came from within the Administration and from which Board Committee. He also requested that financial information be shared with the Board at a level that is comprehensible for all Trustees, specifically, those who do not have a finance background. Additional conversation was held related to the process of submitting information and documents to the Board. Chairman Tobin referred back to the motion on the floor. Trustee Grant stated that he would like to receive the Audit Plan as “Information Only” and not as a formal approval. The motion was amended Chairman Tobin to receive the 2013 Internal Audit Plan as “Information Only”. It was motioned by Trustee Epps seconded by Trustee Washington to receive the 2013 Internal Audit Plan as “Information Only”. Motion carried.

Chairman Tobin asked for approval on the furthering the design and implementation of an Ethics, Compliance and Enforcement Division as recommended by the Internal Auditor. He stated that the recommendation is being made so that the institution may avoid future occurrences of non-compliance. Trustee Grant stated that he would like further discussion about cost of implementation. Ms. Anderson stated that the request is for approval on moving forward with discussion on the design and implementation of the Division. She stated that the budget needs and additional information would be forthcoming. Ms. Anderson stated that she and Dr. Warrick held discussions related to the matter. Dr. Warrick has committed to furthering the discussions and finding resources needed to implement given a July 1, 2013 start date. Trustee Grant suggested that the document be received as “Information Only”. He asked that further discussion be held prior to approving. A motion was made by Trustee Washington and seconded by Trustee Duncan to receive the request to move forward in discussions on the design and implementation of an Ethics, Compliance and Enforcement Division as recommended by the Internal Auditor as “Information Only”. Motion carried.

Chairman Tobin stated that he would like clarification on an item included in the minutes from the February 7, 2013 Research Committee meeting. During that meeting the administration stated that we have a South Carolina State University Research and Development Foundation. It was stated that in 2005 the Board authorized the Foundation and that a Board of Directors had been appointed. Chairman Tobin stated that he did not recall that taking place and was not able to locate the authorization in the 2005 Board Minutes. He requested that the following questions be answered. When was the Foundation established? When was it approved or authorized? What is the intent of the Foundation? Are there any accounts that should have come to the University? Are there any off-campus accounts being placed in a Foundation that has not been approved by the Board? Has any money been received by that Foundation? Who is in charge of the Foundation? Who authorized the Board of Directors? Is anyone signing off on any of that information?
He stated that it appears we are not in compliance and he is concerned about possibility of having to return monies back to the Federal Government because we did not comply with certain issues.

Mr. Rosenthall responded that during his initial month employed in August 2012 he met with Trustee Washington as the then Chair of the Research Committee. During that conversation he asked Trustee Washington what could be done by the Research Division. Trustee Washington mentioned the South Carolina Research and Development Foundation. Documents were located that referred to the process of the Foundation. He stated that he has shared that process. Mr. Rosenthall offered to share the documents with the Board. He stated that no accounts have been set-up for the Foundation and there are no plans to set-up any accounts for the Foundation. The General Counsel is working to produce an agreement with the Foundation and the University and it will be shared with the Board when completed. The University will be employed to manage any grants received by the Foundation. He stated that the Foundation would not do anything outside the confines of the University. The agreement between the Foundation and the University would be that all funds of the Foundation would be managed through Office of Sponsored Programs and the Grants and Contracts Office of SC State University. The Foundation was chartered through the State of South Carolina in 2005 and is currently active and in good standing with the State. He followed the directives put in place in 2005. Chairman Tobin asked that the Internal Auditor work with Mr. Rosenthall to clarify the matter. Trustee Corbitt stated that he recalls the Research Foundation being approved by the Board during President Hugine's administration. Mr. Rosenthall stated that the intent of the Foundation is to advance and assist the University in areas that the University is not currently engaged such as entrepreneurship and contracts. Dr. Warrick stated that the Research Foundation is formed similar to the Georgia Technology Institute Research Foundation associated with Georgia Technology Institute. It is a separate entity that works in conjunction with the University to manage and develop extensive contracts with government and industry that help to promote the University. It has its own separate Board and Executive Director as a separate 501C3, separate from the University.

Trustee Washington stated that he did meet with Mr. Rosenthall and discussed a whole series of things involving the whole 1890 area. He did not recall indicating that the Research Foundation was fully established. He did recall that a former President brought forward several foundation recommendations. There were four; Research, Advancement, Real Estate and Athletics. Of the four he recalled the Board acting affirmatively on two; the Real Estate and the Advancement Foundation. He stated that he did not recall action on the Research and Athletics Foundation recommendations. Trustee Grant stated that this was another case that would best be handled behind the scenes. Chairman Tobin stated that it should be handled publicly. Trustee Grant suggested we pull it off the table, do some research and bring it back for further discussion. Chairman Tobin and others agreed.

Attorney Wilborn stated that Mr. Rosenthall came to him and wanted to look at establishing the working relationship between the Foundation and the University. The Foundation was set up as a 501C3 but the essential part being an agreement between the University and the Research Foundation was never negotiated. They were looking at existing models such as the Georgia Tech Research Foundation for guidance. He stated that there are absolutely no funds currently existing for the Research Foundation and assured the Board that funding had never occurred. He stated that the work now is looking at the next step, which is the Board’s determination on entering into a business relationship with the 501C3. He stated the work has been done and is completely above board. The question would hopefully come before the Board at the next Board meeting and determination on the right framework would be decided. There are no funds, no accounts, no nothing. Chairman Tobin stated that we could move forward without further questions.

Dr. Larry Watson stated that he wanted the record to reflect that he had a conversation with Mr. Eaton during the break and wanted to make a public statement on behalf of faculty and staff without being presumptuous in speaking on behalf of the staff. He stated that if in fact there is a furlough, it would be an extreme disadvantage to the faculty and staff. He encouraged the Administration to explore all possible options prior to instituting a furlough. He stated that since the fiscal year ends on June 30th and faculty contracts end on May 15, a furlough would cause an amplified effect...
on faculty and staff finances if done now. Chairman Tobin stated that at the last meeting, the Board was told that we would have a fund balance upwards of $3 million dollars and today the Board is being told something completely different. Dr. Tobin asked if there were other matters for consideration prior to closing.

Mr. Nathaniel Howard stated that he had a closing statement. He stated that the Board continues to operate along a six to five split. He called on the Board to do whatever it needed to do to make this polarization go away.

EXECUTIVE SESSION/CLOSED SESSION

Dr. Tobin asked for a motion to go into Executive Session to receive legal advice on contract policy and personnel matters. Motioned by Trustee Epps and seconded by Trustee Duncan.

OPEN SESSION RECONVENSED

Chairman Tobin indicated that the Board had a briefing from the University attorney and no votes or actions were taken in Executive Session. Chairman Tobin asked for any actions or recommendations from the Board.

ADJOURNMENT

The meeting adjourned at 1:25 P.M.

All referenced attachments are made a permanent part of these minutes.

Respectfully submitted,

Linda Edwards Duncan
Secretary

Eartha Mosley
Recorder

Attachments
1 - Agenda
2 - Minutes
3 - Dr. Diana McCauley’s Presidential Search Handouts
4 - President’s Monthly Activities
5 - University Village Pricing Proposal
6 - NCAA Compliance & Management Letters Comments
7 - Annual Audit Plan
8 - Compliance Audit and Ethics Division