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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

October 26, 2012

The Executive Committee of the University Of South Carolina Board of Trustees met on Friday, October 26, 2012, at 8:30 a.m. in the Osborne Administration Building, Suite 206-B and via teleconference.

Members participating by phone were: Mr. Eugene P. Warr, Jr., Chairman; Mr. John C. von Lehe, Jr., Vice Chairman; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. William C. Hubbard, and Dr. C. Edward Floyd.

Other Trustees participating via teleconference were: Mr. J. Egerton Burroughs; Mr. Thomas C. Cofield, Mr. A.C. "Bubba" Fennell, III; Mr. William W. Jones, Jr.; Ms. Leah B. Moody; and Dr. C. Dorn Smith, III.

Mr. Hubert F. Mobley participated in person.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Chief Financial Officer Edward L. Walton; Special Assistant to the President J. Cantey Heath Jr.; Director of News and Internal Communications Wes Hickman; and Board staff member Leah Staton Kososki. Mr. William L. Bethea and General Counsel Walter (Terry) H. Parham participated by telephone.

Chairman Warr called the meeting to order and invited those present to introduce themselves. Mr. Hickman confirmed that no members of the media were present.

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

Chairman Warr stated that the purpose of the meeting was to discuss the current Board Bylaws and proposed changes. No formal action would be taken at this time. Before the meeting, Mr. von Lehe had circulated his recommended changes to members of the committee.

Chairman Warr called on Mr. Jones to summarize the purpose for updating the Bylaws. Mr. Jones advised that he, Mr. Parham, Mr. Bethea and Ms. Stone had been carefully examining this information. The Executive Committee had been asked to review the proposed changes. Once the Bylaws are modified and approved by the Executive Committee, they will be presented to the Full Board for consideration. The original goal, he noted, was broad: to identify areas which required modification; to add needed policy changes; to assign tasks to committees; and to address governance. The process had been lengthy and

thoughtful.

Mr. Bethea suggested including as part of the goal to address conflict of interest in order to ensure that Trustees were aware of their responsibilities. In addition, Mr. Bethea advised that committee responsibilities needed to be refined to create a more efficient committee structure.

Mr. Fennell asked if the bylaws from other schools had been examined. Mr. Jones clarified that bylaws from all SEC schools as well as other peer schools including The University of North Carolina, Virginia and Indiana as well as Rutgers University had been reviewed. In addition, the language from the Penn State Executive Summary had been studied.

A discussion of Mr. von Lehe's proposed changes ensued. [Exhibit A]

Under Article III (Individual Trustee Responsibilities), "E", he had suggested to add the phrase "with limited exception and on rare occasion based upon deep conviction" so that the sentence would read: "Speak candidly regarding issues presented to the Board but 'with limited exception and on rare occasion based upon deep conviction,' support the decisions and policies ultimately approved by the Board.'" After an in depth discussion, the decision was made to reword the statement. Chairman Warr asked that all new recommendations and/or rewording be forwarded to him and Secretary Stone.

The proposed change for "J" under Article III elicited extensive discussions. Further review of this section will be held in the future.

Section "L" addressed Board responsibilities regarding participation in University events. Mr. Bethea believed that reasonable expectations of performance were acceptable. Chairman Warr supported the idea of having "guidelines" rather than requirements.

It was determined that the language in the second sentence of Article VII (Committees), Section 2 "D" was confusing. Mr. Parham will clarify the wording.

Under Article VIII (Responsibilities of Standing Committees), Section 4 (Fiscal Policy Committee), the name of the "Fiscal Policy" committee has been changed to "Audit and Compliance".

In the final paragraph of this section, Chairman Warr believed that "legal affairs" matters should come under the purview of the Audit and Compliance Committee. Mr. Lister asked Mr. Bethea to explain the definition of "risk management" as used in the context of this paragraph. Mr. Bethea observed that there were many components of risk management including law suits, budget and insurance. Mr. Lister asked that the term of "risk management" be reexamined using that description. He further agreed with Mr. von Lehe's suggestion that "legal affairs" matters should be within the province of the Executive Committee and full Board.

After extensive discussion, it was decided to further consider Vice Chairman von Lehe's proposed changes under Article VIII, Section 7 (Governance and Trusteeship Committee). Concern was expressed about

the possibility of the suggested modifications creating ambiguity and confusion.

And, finally, Vice Chairman von Lehe had recommended under Article XVI (Conflicts of Interest Policy), Section B (Definition) to insert after the word “trustee” the following: “the President, the Vice Presidents and University Officials.” Chairman Warr explained that these University officials already followed rules of governance and, therefore, should not be included. Mr. Parham stressed the importance of consistency. The Conflicts of Interest Policy was drafted to be limited to Board Members.

Following a review of Vice Chairman von Lehe’s proposed changes, Mr. Lister commented that committee charters should be prepared and included in the Bylaws. Mr. Burroughs asked to include the matrix. Responding to Chairman Warr’s inquiry about who was responsible for charters, Mr. Parham advised that the committees should draft individual charters; Mr. Lister recommended that the Bylaws Review Committee draft them. Secretary Stone offered to distribute sample charters. Chairman Warr and Secretary Stone agreed that committees should be finalized and presented to the Full Board before charters were written.

Mr. Burroughs recommended adding a personnel and compensation committee. Chairman Warr asked Secretary Stone to examine the policies and procedures regarding compensation at other schools.

Under Article III (Individual Trustee Responsibilities), “J”, Mr. Mobley addressed the issue of Board members talking with “other” University Officials. He suggested adding the language “after proper notification” to provide advance notification as an “FYI” to avoid “at risk” issues. Chairman Warr agreed.

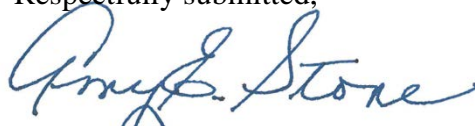
Secretary Stone noted that the two year campuses deans will report to the Chancellor of Palmetto College rather than the Vice Provost and Executive Dean for Extended University.

Mr. Cofield recommended a minor change to the Preamble. On the 3<sup>rd</sup> line, he suggested inserting “Governing Body” after “The Board.” This added language would ensure consistency. Chairman Warr asked Mr. Cofield to forward his recommended language to him and Secretary Stone

Chairman Warr asked that the next meeting to discuss the Bylaws be held in person. Once the Executive Committee approved the changes, they will be presented as a recommendation to the Full Board. He reiterated the importance of completing the task in a thorough manner; there is no timeline.

Since there were no other matters to come before the Executive Committee, Chairman Warr declared the meeting adjourned at 10:23 a.m.

Respectfully submitted,



Amy E. Stone  
Secretary