

**MINUTES**  
**SC STATE INTERIM BOARD OF TRUSTEES MEETING**  
**LOWMAN HALL BOARD CONFERENCE ROOM**  
**ORANGEBURG, SOUTH CAROLINA**  
**JUNE 17, 2015**

**CALL TO ORDER / OPEN SESSION:**

Chairman Charles S. Way, Jr. called the meeting to order at 10:12AM. Chairman Way noting that notice of the meeting had been posted, all comply with the Freedom of Information Act. The agenda (Attachment 1) and supporting materials had been circulated to the members. President W. Franklin Evans extended the invocation. Chairman Way indicated that all Trustees were present.

**Trustees present:** Mr. Charles S. Way, Jr, Mr. James E. Clark, Dr. Doris Helms, Mr. Milton Irvin, Mr. Donnie Shell, Mr. Steve Swanson, and Mr. Jeff Vinzani. *Ex-Officio Members:* Mrs. Vernell Brown and Mr. Reginald Depree.

**Administrators & others present:** *Acting President*, Dr. W. Franklin Evans; *University General Counsel*, Mr. Craig Burgess; *Vice President of Finance and Management*, Mr. Edward Patrick; *Vice President for Institutional Advancement and Public Relations*, Ms. Sonja Bennett-Bellamy; *Vice President of Student Affairs*, Dr. Tamara Hughes; *Vice President for Enrollment Management*, Mrs. Betty Boatwright; *Executive Director for Institutional Effectiveness*, Dr. Rita Teal; *Interim Provost*, Dr. Learie Luke; *Board's Legal Counsel*, Mr. Kenneth Childs and Mr. Vernie Williams; *Board's Consultant*, Dr. Peter Mitchell; *Executive Assistant*, Mrs. Shondra Abraham and *Administrative Coordinator and Recorder*, Mrs. Eartha Mosley; and *Budget and Control Board Staff*, Mr. Morgan O'Donnell.

**Media:** *The Times and Democrat* Reporter, Mrs. Dale Linder-Altman; *WIS-TV* Reporter, Mr. Michael DeSumma; *WLTX*-Reporter, Ms. Colby Gallagher; and *WACH Fox News* Reporter, Ms. Leah Holloway.

**ADOPTION OF AGENDA**

*Chairman Way asked for a motion to adopt the agenda. Trustee Irvin moved to adopt the agenda. The motion was seconded by Trustee Vinzani. Vote: unanimously approved.*

**APPROVAL OF MINUTES (ATTACHMENT 2)**

*The Chairman asked for a motion to approve the minutes of May 20<sup>th</sup> and June 2, 2015. Trustee Clark moved to approve the said minutes. The motion was seconded by Trustee Swanson. Vote: unanimously approved.*

**SACSCOC UPDATE (ATTACHMENT 3)**

President Evans presented a PowerPoint presentation on the progress made regarding the SACSCOC visit. He indicated the persons attending the hearing in Virginia and expounded on the following: Probation Issues; the April 14-16 Special Committee Visit; Hearing Panel Results; Specific Details; and the Next Steps. On Tuesday, June 9<sup>th</sup> the team met for little

over an hour with the SACSCOC Compliance and Review Committee, which was a panel of 20 plus. At the conclusion of the meeting, *CS 3.2.13 Institution-Related Entities* was found compliant, which leaves five non-compliant of the nine findings left to be resolved. On the following Thursday, June 11<sup>th</sup> at 11:00AM, the Vice President of SACSCOC, Dr. Crystal Baird communicated to President Evans that the University's accreditation would remain intact for 12 more months, on probation for "Good Cause". A press conference was held in the Lobby of Ko W. G. Donma Administration Building at 11:30AM to announce the decision. Being on probation for "Good Cause" signifies that SACSCOC will again send a Special Committee for a visit to the University in April 2016. At the conclusion of the April 2016 visit, the Commission will make a decision to remove probation or revoke accreditation. The 5<sup>th</sup> year interim review process was postponed. President Evans ended by sharing that he will receive an official letter of "specific details" from SACSCOC containing what the Compliance and Review Committee findings were and what expectations are required from the University along with, the team coming together to strategize; meeting with SACSCOC staff in Georgia; implementing strategies of "getting it done" and providing Board and Cabinet training. Chairman Way complimented the team on a very good job, the team was prepared, and he was proud of them. He continued stating that the Committee panel was fully aware of the new Trustees being in place; however, the Committee was concerned about the Board's involvement in governance and not the administration. The Chair assured the panel that the new Trustees are only involved in governance.

#### **PRESIDENT'S UPDATE (ATTACHMENTS 4 & 5)**

President Evans, Chairman Way, and staff members attended a Budget and Control Board (BCB) Meeting with Mr. Tom McNeish of Elliott Davis providing their "Agreed upon Procedures Report". Mr. McNeish provided background information, to include a steady reduction in enrollment, issues with lack of training, inadequate resources, and a new Controller. The findings he focused on were: 1) discrepancy in accounting records, 2) authorization deficiencies, and 3) missing documentation. Trustee Clark voiced concern about why the University's responses not being included in the Elliott Davis presentation. Ms. Teare Brewington, *Controller*, explained that the University's responses were not being included in the formal report, as this was just a summary report. President Evans continued with the summary results which included bank accounts omitted from the general ledger, unrecorded liabilities at month-end close, and lack of timely and complete reconciliation of federal confirmation responses to the general ledger among others. Recommendations identified were staff training, development of a culture of accountability, establishment of an audit committee, internal audit function, student accounts receivables and consideration of fraud procedures, just to name a few (See Attachment 4). Chairman Way revealed the concerns of the BCB members regarding the Board establishing an Audit Committee. He continued by appointing Trustee Milton Irvin to serve as Chairman of the Audit Committee and Trustees Swanson and Vinzani as members. Trustee Clark pointed out that the Trustees had begun some discussion on implementing an Audit Committee at the June 2 meeting.

The President articulated an "Open for Success" presentation, an overview of ongoing activities across the campus. Within Academic Affairs, the Civil Engineering degree proposal was approved by ACAP and now goes to CAAL and full commission for approval.

Under Student Services, the licenses for the Health Center and the pharmacy were renewed, and BI-LO/Winn Dixie supermarkets have agreed to sponsor "Career Week" in October. The 1890 Research Program has two outreach programs this summer. At the next Board meeting, 1890 will provide a presentation on its role at SC State.

In Institutional Advancement, the University received a 54-passenger bus financed by Rev. Dr. Solomon Jackson and the Columbia Alumni Chapter. The bus is now on the campus. The limousine was sold and the proceeds were placed into the SCSU Foundation General Scholarship Account. The Greenville Alumni Chapter held its Mix and Mingle social, which Trustee Helms attended, and the "Open for Success" message was created for a social media blitz. Under Athletics, season tickets are still on sale and a couple of changes on the football schedule were addressed.

Enrollment Management reported 614 students enrolled in summer school, and 2,016 are committed for the fall semester. Under Legal Affairs, DTZ's contract controversy claim is being heard today in Columbia, and General Counsel Craig Burgess is attending on behalf of the University. There was some dialogue involving employees inappropriately contacting news outlets regarding issues pertaining to the University. Trustee Helms suggested to President Evans to inform faculty and staff, with the help of the Faculty Senate President and the Staff Senate President, the concerns of contacting the media. Mrs. Bennett-Bellamy serves as the spokesperson for the University and all communication with the media outlets should go through her or there would be consequences. Trustee Helms stressed that employees should not go to any newspaper, radio or reporter without going through Mrs. Bennett-Bellamy.

President Evans mentioned the following cost saving proposals for the University to right-size the institution and balance the budget: *1*) repair and replace the underground infrastructure at a cost of \$10M; or *2*) decentralize the infrastructure at a cost of \$5.1M and would involve closing and consolidating buildings on the campus. Decentralize would involve three phases; Phase 1 will cost about \$1M, and funds have been identified. Decentralization annual savings is calculated at \$750K with buildings offline. The University's Facilities Management contract would be reduced by \$1M.

In reviewing the proposed budget, the expenditures continue to be more than the revenues. Measures must be taken to balance the budget. Financial Exigency and Reduction in Force (RIF) are planned to help balance the budget.

#### **UNIVERSITY FINANCIAL UPDATE (ATTACHMENT 6)**

Mr. Patrick shared that BCB agreed to a 5-year payment plan on the \$6M loan that was funded in FY14. This is significant because it allows the \$6M to not be displayed as a current debt. Only \$354K will display in the current debt structure for ending FY15, which will improve the current financial ratios. \$3M was also approved by the Blue Ribbon "Working Group" and the funds are currently in the State Controller General's Office. The Working Group will meet on tomorrow (Thursday) and will discuss the remaining \$1.5M. All requested documents will be provided to the group by the close of the day. Vendors have been identified for payment concerning the \$3M.

On June 5<sup>th</sup>, the SCSU Foundation paid \$240K of the \$1M pledged for FY2015 leaving a balance of \$106K. Chairman Way stated that \$4M is in the House and Senate waiting on the approval of a state budget. Upon approval, those monies will be used to pay prior year payments to vendors.

Mr. Patrick gave an overview of the FY16 Proposed Budget. The budget was created with a projected 2650 enrollment per semester. His summary consisted of the following categories: Education and General Fund (E&G), E&G Earmarked, Auxiliary, and Athletics. The consolidated total shows a \$1.25M deficit and the E&G shows a \$2.21M deficit. Fees are paid out to different organizations, student fees and athletics fees. Fees are based on 80% of the enrollment to account for part-time students and full scholarships recipients. Utilities budget reduction of \$700K attributed to campus resizing. Contractual services budget projected savings is \$3.4M. Scholarships budget reduced by \$6M to include band scholarship of \$1.6M, merit scholarships \$1.4M and athletics scholarships \$2.5M. E&G Debt service includes a payment of \$335K toward repayment of \$6M received in FY14.

With an anticipated enrollment of 2650, the projected total for tuition and fees will be \$26,729,154 under the E&G category. This figure includes tuition and revenues from Summer School Sessions I and II.

Ms. Donna Hanson, *Interim Budget Director*, was asked to clarify what is included in the "Earmarked Category." She indicated they are student activities fees, which is \$80. Dr. Tamara Hughes works with the students in determining how to spend funds on contractual services and different organizations travel. This is also a retention tool adding to their experience at SC State.

Under the “Auxiliaries Category,” Mr. Patrick mentioned the proposed Sodexo contractual savings of \$2.200M. He stated that they were negotiating with Sodexo to reduce the 2,100 meal minimum to 1,400 meals. There were questions concerning student fees increasing from \$100 to \$1K. Mr. Patrick said past practices for students receiving full scholarships included tuition and fees, which is bad cash management. This type of practice hurts the institution and is not a practice used at other institutions. At most schools everyone is required to pay student fees and this would generate funds for other programs if needed. After much discussion, the Chair requested that President Evans, in consultation with Finance staff and Dr. Peter Mitchell, come up with an explanation of what has transpired and what is the situation as of today regarding athletics fees.

Mr. Patrick pointed out that the under the Athletics Budget, with an expected 2,650 students and 80% paying out, the Athletics tuition and fee is \$4.5M; sales and services of \$873K and other sources of \$995M. The \$2.5 deficit in scholarships was reduced to \$1.4M from the expenditures. Mr. Bryant stated the scholarship dollars will come from other sources. Trustee Helms said she would prefer more scholarship dollars than the tuition and fees dollars.

Adding other revenues from the Touchclub and the Booster Club will be included, per Mr. Bryant. “Are the Clubs aware of the need for funds that should be coming from the Booster Club asked Trustee Helms”? Meetings are scheduled to change the mindset of boosters and key stakeholders from a traditional thinking.

The Chair asked that President Evans, his Cabinet, Mr. Paul Bryant, his staff along with Dr. Mitchell and Trustees Shell and Vinzani come up with a comprehensive overview of the athletics program. In closing, Mr. Patrick shared that he was just informed that the \$3M is in the University’s account.

#### **EXECUTIVE SESSION**

*Trustee Swanson made a motion for the Trustees to enter into Executive Session to discuss legal and personnel issues. The motion was seconded by Trustee Shell. Vote: unanimously approved.*

#### **OPEN SESSION**

Chair Way asked for a motion to come out of Executive Session. *Trustee Swanson so moved and Trustee Shell seconded the motion. Vote: unanimously approved.* The Chair stated there were no motions taken while in Executive Session, but that there will be motions and votes taken in open session.

*Trustee Vinzani made a motion to employ the Law firm of Childs & Halligan of Columbia, SC, to serve as legal counsel to the SCSU Board of Trustees; said firm to serve at the pleasure of the Board; and he further moved that the Board Chair is authorized to make necessary arrangements for said professional services with the SC Attorney General’s Office. Trustee Helms seconded the motion. Vote: unanimously approved.*

*Trustee Swanson made a motion to adopt a University-Wide Financial Exigency Policy (See Attachment 7). The motion was seconded by Trustee Irvin. Vote: unanimously approved.*

President Evans read the Resolution for Financial Exigency before the Board of Trustees (See Attachment 8).

*Trustee Helms made a motion to adopt the Resolution for Financial Exigency. The motion was seconded by Trustee Shell. Vote: unanimously approved.*

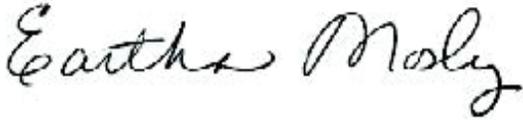
The next Board meetings are scheduled for Tuesday, June 30<sup>th</sup> and Thursday, July 16, 2015 at 10:00AM.

#### **ADJOURNMENT**

The Chairman entertained a motion to adjourn the meeting. *Trustee Swanson so moved and Trustee Shell seconded the motion. Vote: unanimously approved.*

The meeting adjourned at 3:45PM.

Submitted by,

A handwritten signature in black ink that reads "Eartha Mosley". The signature is written in a cursive, flowing style.

Eartha Mosley  
Recorder

Attachments

- 1 – Agenda
- 2 – Minutes for May 20<sup>th</sup> and June 2<sup>nd</sup>, 2015
- 3 – Power Point Presentation (SACSCOC Update for SCSU)
- 4 – Power Point Presentation (SC Budget and Control Board)
- 5 – President's Update Power Point Presentation (Open for Success)
- 6 – University's Financial Update Handout
- 7 – University-Wide Financial Exigency Policy
- 8 - Resolution for Financial Exigency