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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

June 18, 2010

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, June 18, 2010, at 12:05 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Herbert C. Adams; Dr. C. Edward Floyd; Mr. Toney J. Lister; and Mr. Eugene P. Warr, Jr.

Other Trustees present were: Mr. Chuck Allen; Mr. Greg Gregory; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Ms. Leah B. Moody; Mrs. Amy E. Stone; Mr. John C. von Lehe, Jr.; and Mr. Mack, I. Whittle, Jr.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Academic Affairs and Provost Michael D. Amiridis; Vice President for Finance and Planning William T. Moore; Vice President for Student Affairs and Vice Provost for Academic Support Dennis Pruitt; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; Interim Vice President for Communications and Public Affairs and Dean of the College of Mass Communications and Information Studies Charles Bierbauer; Interim Administrator for the Division of Human Resources Judy Owens; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Special Assistant to the President J. Cantey Heath; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Beaufort Jane T. Upshaw; Associate Vice President for Resource Planning Edward L. Walton; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Vice Chancellor for Business and Finance, USC Aiken, Ginger Hudock; Chief Financial Officer, Department of Athletics, Jeff Tallant; Associate Athletics Director, Department of Athletics, Charles Waddell; Director of Facilities Planning and Construction, Division of Facilities and Campus Management, Jeff Lamberson; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; Special Assistant to the President and Athletics Director John D. Gregory; Chair of the Faculty Senate Patrick D. Nolan; Student Government Association President Ebbie Yazdani; Trustees-elect C. Dorn Smith, III, M.D. and Thad H. Westbrook; Director of Media Relations, Office of Communications, Margaret Lamb; University Technology Services Production Manager, Justin Johnson; and Board staff members Terri Saxon, Vera Stone, and Karen Tweedy.

Chairman Loadholt called the meeting to order and invited those present to introduce themselves. Ms. Lamb introduced members of the press who were present.

Chairman Loadholt 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 Loadholt stated that there were personnel and contractual matters which were appropriate for discussion in Executive Session.

Mr. Adams moved to enter Executive Session. Mr. Lister seconded the motion. The vote was taken, and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Amiridis, Dr. Moore, Mrs. Owens, Dr. Pruitt, Dr. Hogue, Ms. Dodenhoff, Mr. Parham, Dean Bierbauer, Mr. Heath, Mr. Walton, Ms. Brunelli, Mr. Tallant, Mr. Hyman, Mr. Gregory, Ms. Mills, Mrs. Martin, and Mrs. Lamb.

Return to Open Session

I. Ratification of Appointment of Vice President for University

Communications: Chairman Loadholt recognized President Pastides who began by thanking Dean Charles Bierbauer for serving as the interim Vice President for University Communications; while continuing to serve as an outstanding Dean of the College of Mass Communication and Information Studies; and in aiding in the

design of the new Office of Communications.

President Pastides also thanked the search committee, which had been lead by Ms. Dodenhoff, for recruiting an outstanding and national pool of candidates.

President Pastides recommended to the Committee appointment of LuAnn Lawrence as the Vice President for University Communications. She was currently Oregon State University's Vice President of Advancement.

Mr. Adams moved approval the appointment of LuAnn Lawrence as the Vice President for University Communications. Mr. Lister seconded the motion. The vote was taken and the motion carried.

II. Management Services Study Contract:

Chairman Loadholt called on Dr. Moore, who stated that *Focus Carolina* was ready to move into its final stage of the University's System Study and had identified Huron Consulting Group, through a competitive national solicitation, to conduct the study. The first task of the study would be a full description of all USC campuses in the system, and benchmark comparisons. The second task would be a collection of studies.

In addition to the first and second task, the work would include a study of tuition and fees, guidance on revising the USC Columbia Budget Model, and examination of general education requirements across the University system. Dr. Moore stated that they would also ask for guidance on system wide services such as facilities, human resources, and purchasing; in addition to asking for the best organizational structure for the system.

Dr. Moore stated that it would be a major study by a top ranked firm. Huron planned to devote multiple teams to accomplish the task within 4-5 months. The price the negotiated was \$490,000. He emphasized that they anticipated the University would recognize large cost savings as a result of the study.

Dr. Moore stated that he planned to contact Huron and some of their clients to determine to the extent possible, revenue enhancements as well as operating and capital cost savings, in order to better understand what USC could expect from the study. He would then report those finds to the Committee.

Mr. Adams moved approval of the contract as presented. Mr. Lister seconded the motion. Chairman Loadholt, Mr. Warr, Mr. Adams, and Mr. Lister voted in favor of the motion; Dr. Floyd voted in opposition. Therefore, the motion carried.

III. Contracts Valued in Excess of \$250,000:

Chairman Loadholt called on Mr. Parham to present the following contracts.

A. Athletics Department Football Charter Flight Agreement: On behalf of the Athletics Department, Mr. Parham sought Executive Committee approval of a standard charter flight agreement with US Airway to transport the football team to four away games in the fall. The total value of the contract was \$279,700. By comparison: in 2009, Athletics paid \$254,082 for 4 flights (but one of the flights was

only one way); in 2008, Athletics paid \$400,178 for 4 flights; and in 2007, Athletics paid \$366,699 for 4 flights.

Mr. Parham noted that before selecting US Airways, the Athletics Department officials obtained quotes from other air lines offering charter services. He said that US Airways was selected because of the price it quoted, the size of the charter jets it had available (181 seats versus 150 seats), the quality of its service, and its availability on the dates and times the football team required.

Mr. Lister moved approval of the US Airways Charter Flight contract as presented. Mr. Adams seconded the motion. The vote was taken and the motion carried.

B. Addendum to Pharmacy Memorandum of Agreement between the University of South Carolina and Greenville Hospital System:

Mr. Parham stated that on June 8, 2007, the Executive Committee approved a Memorandum of Understanding (MOU) between the University of South Carolina, the South Carolina College of Pharmacy, and the Greenville Hospital System, to continue an education program to train our PharmD students in Greenville. That agreement was for a 3-year term ending June 30, 2010.

Mr. Parham explained that the parties were currently in the process of renegotiating a new master agreement for a substantial amount of time. However, because the current MOU expired June 30, 2010, the parties felt it best to extend the term of the existing MOU for an additional 6 months to give them time to finalize their work. If approved, the MOU would expire on December 31, 2010. All terms and conditions of the original MOU would remain in effect during the 6 month extension period.

Dr. Floyd moved approval of the addendum as presented. Mr. Adams seconded the motion. The vote was taken and the motion carried.

C. JDA Software, Inc. Gift: Mr. Parham stated that for consideration by the Committee, was a proposed gift of educational software from JDA Software, Inc. (JDA) to the College of Hospitality, Retail and Sport Management (HRSM). JDA was the world's largest provider of retail software.

The Gift was specialized educational retail management software that would be used to train USC undergraduate and graduate students for retail management jobs. This Software was used by major retailers such as Wal-Mart and Kmart to plan the layout of their stores and to make decisions about product placement within their stores so as to maximize profits.

Mr. Parham noted that USC was one of a very limited number of schools in the country that trained its students on this software, and that major retailers hired USC students because they already had experience using this software.

Under the terms of the gift, HRSM would receive licenses to 30 copies each of the Space Planning Plus and Floor Planning Plus software, 60 copies of Efficient Item

Assortment software, as well as 30 copies each of the Merchandise Planning, Assortment Planning, and Advanced Allocation software, and a license to install Product Planning Retail Stand-Alone and Location Planning Cost Rapid Stand-Alone software on one server, for a period of 4 years beginning August 1, 2010.

The value of the gift was \$2,207,500. HRSM would not incur any additional costs in connection with its use of the software. This gift was a continuation of previous gifts from JDA that had been approved by the Executive Committee: \$312,000 in 2000; \$464,760 in 2001; \$601,500 in 2004; and \$1,202,500 in 2005.

Mr. Lister moved to accept the gift agreement as presented. Mr. Adams seconded the motion. The vote was taken and the motion carried.

IV. BTRU Policy 1.00:

Chairman Loadholt called on Secretary Stepp, who said that BTRU policy 1.00 dealt with the composition of the University of South Carolina Board of Trustees. He explained that in the process of addressing SACS standards, it was discovered that the current policy quoted on-line was out-of-date. The policy revision for consideration simply referenced current State Law.

Mr. Adams moved to adopt the policy as presented. Mr. Lister seconded the motion. The vote was taken and the motion carried.

V. FY 2010-2011 University Budget:

Chairman Loadholt called on Dr. Pastides, who stated that he was very proud to present the FY 2011 Budget. The focus to be seen was not "what we have lost;" but rather on how much of a high quality education "we can provide with what we have." He noted that he was also very proud to state that "over 40 percent of South Carolinians who were in a four-year public college or university today, were students at the University of South Carolina."

President Pastides emphasized that the University would continue to grow, and would maintain its position as the most impactful university in the State of South Carolina.

Dr. Moore explained that the FY 2011 Budget was a product of intense strategic planning system wide, in which Vice Presidents, Chancellors, and Deans were asked to submit strategic plans and supporting budgets to the President or Provost for discussion, review, revision, and approval. Faculty and student leaders were included in the budget process. Budgets were required to exhibit sustainability and financial solvency over the planning horizon. The budget, as presented, supported the University's Core Mission, while maintaining access and affordability.

Dr. Moore reported that as a result of action by the State House of Representatives the previous day related to the Governor's Budget vetoes, the University had to implement emergency measures to sustain the University units affected by the vetoes long enough to recalibrate and reallocate according to

strategic priorities. These were all "below the line" items and did not affect the base budget.

Ms. Brunelli summarized the FY 2010-2011 current funds revenues for all campuses. State Appropriations for USC Columbia had dropped to 10.3 percent of the total budget; and USC system's had dropped to 10.9 percent. Last year's State Appropriations were at 15 percent. In the space of two years the University had lost \$105 million, or 47 percent, of State funding. For comparison, she noted that in FY 2001-2002 State Appropriates made up over 40 percent of the University's Budget revenue. The University had been forced to replace the lost State revenue with tuition increases and budget cuts.

For the first time in the University's history, Federal Grants and Contracts revenue was greater than State revenue, with USC Columbia's at 18.6 percent, and the USC system's at 19.7 percent. This revenue included the Federal Stimulus Funding, which for the USC System totaled \$32,688,125. Dr. Moore outlined how the University would spend the stimulus funding.

The recommended undergraduate and graduate Tuition and Fees increase for USC Columbia was 6.90 percent.

The University's total budget was \$1.1 billion. It is the third year the budget had exceeded \$1 billion.

Following a detailed presentation of the FY 2011 Budget, discussion ensued on the continued State funding cuts and the disparity in disbursement of those funds. Dr. Moore and Ms. Brunelli explained the State's Mission Resource Requirements (MRR) formula used to determine percentages for funding for state high education institutions.

The Committee determined that to approach the legislature for reconsideration of the formula for disbursement of current funds would be futile. Mr. Gregory recommended that the Board focus on communicating their concerns to the legislature regarding the current formula prior to the allocation of future funds. With that approach, he explained, they would not be asking for current allocated dollars to be taken from other state institutions, but for consideration to be given to future appropriations. The Committee agreed with Mr. Gregory's recommendation.

Chairman Loadholt called for a motion to adopt the operating budget for FY 2011, as presented in the materials distributed to the Board, including tuition and fee schedules, the housing budget and associated fee schedules, the athletics budget, and the designated funds budget. Mr. Adams moved approval of the FY 2011 budget as presented and Dr. Floyd seconded the motion.

The vote was taken, and the motion carried.

VII. Adjournment:

Since there were no other matters to come before the Executive Committee,
Chairman Loadholt declared the meeting adjourned at 2:00 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary