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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

August 7, 2015

The Executive Committee of the University of South Carolina Board of Trustees met at 10:15 a.m. on Friday, August 7, 2015, in the Board Room at 1600 Hampton Street.

Members present were: Mr. Eugene P. Warr Jr., Chairman; Mr. John C. von Lehe Jr.; Mr. William C. Hubbard; Mr. Toney J. Lister; and Mr. Miles Loadholt. Dr. C. Edward Floyd was absent.

Other Trustees present were: Mr. Chuck Allen; Mrs. Paula Harper Bethea; Mr. Thomas C. Cofield; Mr. A. C. "Bubba" Fennell III; Mr. William W. Jones Jr.; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Dr. C. Dorn Smith; Mr. Thad H. Westbrook; with Mr. J. Egerton Burroughs and Mr. Charles H. Williams joining by telephone.

Also present were faculty representative James H. Knapp and student representative Jonathan Kaufman.

Others present were: President Harris Pastides; Secretary Amy E. Stone; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Interim Provost Helen Doerpinghaus; Chief Financial Officer Leslie Brunelli; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Information Technology William F. Hogue; Vice President for Human Resources Chris Byrd; Vice President for Facilities and Transportation Derrick Huggins; Chief Communications Officer Wes Hickman; Athletics Director Ray Tanner; Vice President for System Planning Mary Anne Fitzpatrick; Palmetto College Chancellor Susan Elkins; Chancellor USC Beaufort Al Panu; Chancellor USC Upstate Thomas Moore; Associate Vice President for Business Affairs, Division of Administration and Finance, Helen T. Zeigler; Executive Director of Audit & Advisory Services Pam Doran; University Treasurer Pat Lardner; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Director of Strategic Planning Cameron Howell; Director of Academic Programs, Provost's Office, Kristia Finnigan; College of Arts and Sciences Interim Dean Roger Sawyer; Senior Associate Dean, Darla Moore School of Business, Kendall Roth; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; USC Aiken Vice Chancellor for Finance and Administration Joe Sobieralski; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Director of Facilities Planning and

Programming and University Architect Derek S. Gruner; Director of Facilities Design and Construction Jeffrey D. Lamberson; Chief of Staff, President's Office, J. Cantey Heath Jr.; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Ina Wilson.

I. Call to Order

Chairman Warr called the meeting to order and 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.

Mr. Hickman indicated that there were no members of the news media present for the meeting.

Chairman Warr called for a motion to enter Executive Session for a personnel matter related to the appointment of a new provost. Mr. von Lehe so moved and Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

Chairman Warr invited the following persons to remain: President Pastides, Secretary Stone, the President's Executive Council, Dr. Knapp, Mr. Kaufman and Ms. Doran.

Return to Open Session

II. Appointment of New Provost

Chairman Warr called on President Pastides who said he sought board approval for the hire with tenure of Joan Gabel as the University's Executive Vice President for Academic Affairs and Provost, effective August 24, 2015. He said that she would receive a 12-month base salary of \$320,000 plus a provost supplement from the USC Educational Foundation of \$70,000 and a Foundation Distinguished Professor stipend of \$25,000, for total compensation of \$415,000.

President Pastides added that the vote for tenure at the rank of professor in the Darla Moore School of Business was unanimous. Ms. Gabel received a BA degree in philosophy from Haverford College and her J.D. from the University of Georgia School of Law. Her experience includes practice in law and professorships in business law and international business at Georgia State University, Florida State University before her service as the Robert J. Trulaske Dean of the Trulaske College of Business at the University of Missouri.

In concluding, President Pastides thanked Trustee Westbrook for serving as liaison to the Provost Search Committee and Professor Knapp and others in the room for their service on the committee. He said that he was "extremely enthusiastic about this important appointment."

Chairman Warr called for a motion to recommend that the full Board approve the hiring of Joan Gabel as the University's Executive Vice President for Academic Affairs and Provost as stipulated by President Pastides. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

III. Contracts

A. Greenville Health System MOU Addenda

Mr. Parham said approval was sought for the annual addenda to the Memorandum of Understanding between the USC School of Medicine (USCSOM) Greenville and the Greenville Health System (GHS) that reflects the cost of the professional services and non-personal expenses that GHS provides to the USCSOM Greenville. There are three addenda, all consistent with the USCSOM Greenville budget previously approved by the Board. The first is in an amount not to exceed \$13,936,474; the second is not to exceed \$5 million; and the third provides facilities, personnel and equipment for the cost of \$1.

Chairman Warr called for a motion to recommend that the full Board approve the three addenda to the Greenville Health System MOU. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

B. U.S. Army Educational Services Agreement

Mr. Parham said that the Darla Moore School of Business (DMSB) sought approval to renew a 2014 agreement to enter into an educational services agreement with the U.S. Department of the Army. Under the agreement, DMSB will offer two academic certificate programs to qualified Army managers – an enterprise resource planning program and a cost-management program. Both programs consist of four graduate-level courses that are taught in intensive eight-hour per day sessions for four weeks. The two programs are expected to enroll 135 students. Students accepted into the programs must apply for admission to DMSB and already have an undergraduate degree. Students will pay the graduate special student rate, which is \$690 per credit hour in the coming year. This is a one-year contract for which the Army estimates it will spend up to \$3.035 million.

Chairman Warr called for a motion to recommend approval by the full Board of the U.S. Army Educational Services Agreement. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

C. Sodexo Contract Agreement

Mr. Parham said the University's current 15-year food service contract with Sodexo, which ends June 30, 2017, contained a provision that required all capital improvements and investments made by Sodexo in the University's dining facilities be amortized by the end of the contract. When the West Campus Project was approved, Sodexo agreed to upfit the 5,000-square-foot dining area at a cost of up to \$2.5 million. That upfit will take up to one year to complete, which means that Sodexo will be unable to amortize its investment as required under the terms of the contract.

The proposed solution is to amend the current food services contract with Sodexo to allow the \$2.5 million investment in the West Campus dining facility to be amortized on a straight line basis for a 10-year period, with the remaining portion of the 10-year amortization carrying forward into the new food service contract that will be initiated July 1, 2017. If a vendor other than Sodexo is selected for the food service contract, Mr. Parham said that the contract will require that the vendor reimburse Sodexo for the unamortized portion of Sodexo's investment. If approved by the Board, this amendment and concept also would have to be approved by the State Material Management Office.

Mr. Parham said that Ms. Ziegler had obtained a verbal approval from the state that this approach is acceptable, as well as having discussed the concept with the major food service companies that will be bidding on the University's food service contract to insure it will not prevent them from seeking the University's business.

Chairman Warr called for a motion to recommend approval by the full Board of the amendment to the food service contract as described by Mr. Parham. Mr. von Lehe so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

D. Pepsi Contract, Dining and Bookstore Locations

Mr. Parham said that the University had selected a primary soft drink beverage partner whose products would be given the majority of the shelf space in the University bookstore and dining facilities. This selection was the result of a solicitation of an annual guaranteed proposal to become the primary beverage partner and for which Pepsi offered the highest guarantee at \$400,000 per year, or not less than \$2 million for the five-year contract. Under the contract, Pepsi will be guaranteed that 80 percent of the product offerings in dining and bookstore locations will be products offered by Pepsi. This will be fountain drinks and stand up refrigeration cases – not vending machines, frozen beverages, smoothies, tea and coffee, nor pouring rights for the Athletics Department, nor special situations such as food service franchises in the Russell House that have exclusive deals. Pepsi also will give the University a 10 percent commission on revenue that Pepsi receives from beverage sales in those locations above a baseline of amount of \$663,000.

Chairman Warr called for a motion to recommend approval by the full Board of the Pepsi contract. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

E. Gift Agreement to Name the Kennedy Greenhouse

Mr. Parham said approval was sought for acceptance of a gift of \$1.5 million from Ms. Lou Kennedy to name the Kennedy Greenhouse at the School of Journalism and Mass Communications. This is the structure adjacent to the new School of Journalism on Sumter Street that used to be a greenhouse, but that has been renovated to house a television studio with classroom and office space. Ms. Kennedy is the president and CEO of Nephron Pharmaceuticals Corporation and a 1984 graduate of the School of Journalism.

Chairman Warr called for a motion to recommend approval by the full Board of the gift agreement to name the Kennedy Greenhouse. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

F. South Carolina Light Rail Agreement

Mr. Parham said approval was sought by University Technology Services for a master service donation agreement with South Carolina Telecommunications Group Holdings LLC, which does business by the name of Spirit Communications. Spirit Communications provides the broadband services

in South Carolina to support South Carolina Light Rail. SC Light Rail is a consortium created by the state in 2008 consisting of three institutions – USC, the Medical University of South Carolina and Clemson – that provides a broadband, high speed optical network throughout the state and region that is used for collaborative research, education and healthcare. The term of the donation agreement is 10 years under which the University gets access to the fiber backbone that is valued at \$571,200 annually. The three institutions are obligated to pay the electrical charges associated with the backbone, which total \$72,560 over a 10-year period.

Chairman Warr called for a motion to recommend approval by the full Board of the South Carolina Light Rail Agreement. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

G. Indefinite Delivery Contracts

Mr. Parham said approval was sought for five indefinite delivery contracts for on-call mechanical construction services for various University projects with the following companies: Cullum Constructors, Inc.; McCarter Mechanical, Inc.; MSI Construction Co., Inc.; Walker White, Inc.; and WO Blackstone & Co., Inc. The two-year terms of the contracts are set by state law. During this time period, the maximum amount of work that can be performed by any one company cannot exceed \$1 million as regulated by the State Engineer.

Chairman Warr called for a motion to recommend approval by the full Board of the five indefinite delivery contracts for on-call mechanical construction services for various University projects. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

H. Athletics Employment Agreements

1. Men's Golf Coach William McDonald

Mr. Parham said approval was sought by Athletics Director Ray Tanner of an amendment to the employment agreement of Head Men's Golf Coach William McDonald that would extend the term of his contract for three years, through June 30, 2020, and increase his salary from \$140,000 per year to \$155,000 per year.

Chairman Warr called for a motion to approve the contract for the men's golf coach. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

2. Women's Golf Coach Kalen Anderson

Mr. Parham said approval was sought by Athletics Director Ray Tanner of an amendment to the employment agreement of Head Women's Golf Coach Kalen Anderson that would

extend the term of her contract for two years, through May 31, 2020, and increase her salary from \$160,000 per year to \$180,000 per year.

Chairman Warr called for a motion to approve the contract for the women's golf coach. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

Chairman Warr called on Mr. Tanner to briefly summarize the success achieved by each coach. Mr. Tanner said that for the last six years, the women's golf program has participated in the national championship games. For the past three years, the men's golf program has participated in the national championships. Also, he said in the past three years Coach Anderson had been offered jobs by Texas, Sanford and Auburn. Both programs are athletically and academically strong despite recruiting challenges.

I. VGM Financial Services Agreement

Mr. Parham said approval was sought by the Athletics Department for an agreement with VGM Financial Services to lease turf equipment. The equipment is used for maintenance of all game and practice fields. The equipment will be leased for 36 months at a monthly rate of \$9,136.16 for a total value of \$328,901.76. The purchase price of the equipment would be \$434,000 and given the wear and tear that the equipment undergoes, the Athletics Department prefers to obtain new equipment at the end of three years.

Chairman Warr called for a motion to approval of the agreement with VGM Financial Services. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

J. Amendment to Agreement between USC Upstate and the USC Upstate Foundation

Mr. Parham said approval was sought for an amendment to the master affiliation agreement between USC Upstate and the USC Upstate Foundation specifying that the foundation is responsible for the employment, compensation and evaluation of any employee that it hires and that it will reimburse fully USC Upstate for all payments made to its employees. The amendment also specifies that in consideration for USC Upstate providing space for the foundation's offices, the foundation will pay USC Upstate an amount equal to or greater than the cost that would be incurred based on current market rates for similar space. The foundation's payments shall be in the form of unrestricted funds or funds expended by the foundation on behalf of USC Upstate.

Chairman Warr called for a motion to recommend approval by the full Board of amendment to the Agreement between USC Upstate and the USC Upstate Foundation. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

IV. Finance Update

Chairman Warr called on Ms. Brunelli to provide a finance update. She noted that a hard copy of both the Fiscal Year 2016 Budget document and Capital Budget document was available for Trustees. She then noted the two changes to the budget that occurred after it was approved by the Board on June 24, 2015. Once the state budget was finalized, she said the On Your Time Initiative reduced from \$2.45 million to \$2 million. The \$450,000 was removed from the Provost strategic planning item that was detailed in the Board's budget discussions. The Palmetto College campuses received an additional \$4,010, with individual campuses going up and some down. Ms. Brunelli said there was no impact from the Governor's vetoes.

Ms. Brunelli indicated that work already was underway on Fiscal Year 2017, noting that Fiscal Year 2015 had ended and that the final post close had occurred marking the last time the old system would be used. The conversion to Oracle PeopleSoft took place on July 1. She said the external audit firm of Elliott Davis would be arriving on campus the second week of August to spend three to three and a half weeks. Ms. Brunelli added that financial statements would be ready for the October 16 Audit and Compliance Committee meeting, including the year-end review, budget to actual, that would include an expansion of the academic unit revenue and expense analysis. She added that work was underway on two new reports, including the South Carolina Lottery Scholarship Agreed-Upon Procedures. The Comprehensive Annual Financial Report would be available for the Executive Committee's December meeting, she said.

Other Finance activities included hosting a meeting of the statewide public universities' budget directors; preparing for the upcoming bond issuance for the Rutledge and Pinckney/Legare project and refunding of Higher Education Revenue Bonds; as well as completing the debt capacity study that was underway; and continuing the report writing necessary for the new data management system for Finance.

Chairman Warr stated that Ms. Brunelli's report was received as information.

V. Adjournment

There being no other matters to come before the committee, Chairman Warr declared the meeting adjourned at 11:15 a.m.

Respectfully submitted,

Amy E. Stone
Secretary