

The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at trustees@sc.edu. Electronic or other copies of original minutes are not official Board of Trustees' documents.

University of South Carolina  
BOARD OF TRUSTEES

Executive Committee

October 5, 2012

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, October 5, 2012, at 12:45 p.m. in the 1600 Hampton Street Board Room.

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

Other Trustees present were: Mr. Chuck Allen; Mr. Robert "Eddie" Brown; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell; Mr. William W. Jones, Jr.; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Mr. Thad H. Westbrook; Mr. Charles H. Williams; and Dr. Mitchell M. Zais. Dr. C. Dorn Smith and Mr. Mack I. Whittle, Jr. were absent.

Also present were faculty representative Dr. Sandra J. Kelly, student representative Kenny Tracy, and Trustee Emeritus William Bethea.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Vice President for Academic Affairs and Provost Michael D. Amiridis; General Counsel Walter (Terry) H. Parham; Chief Financial Officer Edward L. Walton; Vice President for Development and Alumni Relations Michelle Dodenhoff; Vice President for Human Resources Chris Byrd; Vice President for Communications Luanne Lawrence; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Athletics Director Ray Tanner; Chancellor, USC Aiken, Sandra J. Jordan; Chancellor, USC Upstate, Tom Moore; Chancellor, USC Beaufort, Jane Upshaw; USC Salkehatchie Dean Ann Carmichael; College of Hospitality, Retail, and Sport Management Dean Brian Mihalik; College of Mass Communications and Information Studies Dean Charles Bierbauer; College of Arts and Sciences Dean Mary Anne Fitzpatrick; School of Law Dean Robert Wilcox; USC Salkehatchie Dean Ann Carmichael; University Treasurer and Associate Secretary Susan D. Hanna; Associate Vice President for Business and Finance Leslie Brunelli; Senior Vice Provost and Director of Strategic Planning Christine W. Curtis; Vice Provost and Dean of Graduate Studies Lacy Ford; Director of State Relations Trey Walker; Director of the Graduate Certificate Program in Drug and Addiction Studies, College of Social Work, Nancy Brown; Director, Academic Programs and Academic Common Market Institutional Coordinator, Office of the Provost, Kristia H.

Finnigan; Senior Associate Dean for Research and Academics, Darla Moore School of Business, Brian S. Klaas; Senior Advisor, University Development, Henry McMaster; Athletics Department Chief Operating Officer Kevin O'Connell; Associate Athletics Director and Senior Women's Administrator Judy Van Horn; Assistant Athletics Director, Ticket Operations, Lance Grantham; Vice Chancellor for Business and Finance, USC Aiken, Joe Sobieralski; Executive Director of University Boards and Public Affairs, USC Upstate, John F. Perry; Associate Vice Chancellor for Business Affairs, USC Upstate, Bob A. Connelly; Vice Chancellor for Administrative and Business Affairs, USC Upstate, Sheryl Turner-Watts; Director of Internal Audit Phil Iapalucci; Director of Capital Budgets and Financing, Division of Finance and Planning, Charlie Fitzsimons; Special Assistant to the President J. Cantey Heath Jr.; Director of News and Internal Communications Wes Hickman; University Technology Services Production Manager Justin Johnson; and Board staff members Debra Allen, Leah Kososki and Terri Saxon. Also present was Gary Pope of the Pope Zeigler Law Firm.

Chairman Warr called the meeting to order and invited those present to introduce themselves. Mr. Hickman introduced members of the media in attendance: Andy Shain of *The State*, Colin Campbell and Thad Moore of *The Daily Gamecock*.

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. He then called on Mr. Parham to present contracts.

I. Contracts

A. Glen Youell LLC & Clearview Inc.

Mr. Parham indicated that the first contract involved the donation of a 2001 chestnut Warmblood gelding named Endeavor to the Athletics Department from Glen Youell LLC & Clearview Inc. As independently appraised, the fair market value of the horse is \$250,000. The horse will be used by the equestrian program.

Chairman Warr called for a motion to accept the donation as described in the agenda materials and presented by Mr. Parham. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

B. 1301 Gervais, LLC (lease space)

Mr. Parham said the College of Hospitality, Retail, and Sport Management (HRSM) was seeking approval to lease a property consisting of about 3,050 square feet in Suite 1000 on the 10<sup>th</sup> floor of 1301 Gervais Street. The six-year, two-month lease is a standard state-required lease agreement beginning

December 1, 2012, and ending January 21, 2019. The University has the right to extend the lease term for up to five consecutive one-year periods. During the term of the lease, HRSM will pay out of their budget \$340,075 in total rent.

Chairman Warr called for a motion to approve the lease as described in the agenda materials and presented by Mr. Parham. Mr. Lister so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

C. South Carolina Institute of Medicine and Public Health

Mr. Parham said that the School of Public Health was seeking approval of an agreement with the South Carolina Institute of Medicine and Public Health. The Institute is a non-profit organization for educational and scientific purposes. Its focus is improving the health status of South Carolinians. Under the agreement, the Institute would lease certain of the University's employees to perform various functions on behalf of the Institute in fulfilling its mission. These employees would work for the Institute, which would reimburse the University in full for the salaries and fringe benefits of these employees while they are working for the Institute, at a cost of about \$460,000 per year.

Chairman Warr called for a motion to approve the lease as described in the agenda materials and presented by Mr. Parham. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

D. Delta Air Lines Charter Flight Agreement for Women's Basketball

Mr. Parham indicated that the contract had been renegotiated by the Athletics Department and the cost reduced, eliminating required Board approval.

E. Delta Charter Flight Agreement for Men's Basketball

Mr. Parham, on behalf of the Athletics Department, sought approval to enter into a charter flight agreement with Delta to transport the Gamecock Men's Basketball team to 10 away games this season at a cost of \$326,972. This is the same flight agreement that had been approved previously. Before selecting Delta, the Athletics Department obtained quotes from other charter services. Delta was the least expensive and had provided good service in the past.

Chairman Warr called for a motion to approve the agreement as described in the agenda materials and presented by Mr. Parham. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

F. Eddie Payne Employment Contract (USC Upstate)

On behalf of Dr. Tom Moore of USC Upstate, Mr. Parham asked approval of a four-year

employment contract through April 30, 2016, for USC Upstate Head Men's Basketball Coach Eddie Payne at a base salary of \$146,000 plus incentives that include the opportunity to earn: \$5,000 for winning the Atlantic Sun Conference regular season; \$10,000 for winning the Atlantic Sun Conference tournament championship; if they are invited to participate in the NCAA post-season tournament, he would earn \$10,000 for each game won; he would earn \$5,000 for each game won if they are invited and participate in the NIT post-season tournament; and if he is the Coach of the Year, as he was last year in the Atlantic Sun Conference, he would earn \$2,500. He also receives a monthly automobile stipend of \$650, which is not a change from his existing contract; membership fees are paid for him for business purposes in a country club selected by USC Upstate; and he is allowed to have two weeks of summer basketball camp each summer.

The contract contains standard termination for cause language. If the coach is terminated without cause, the University is obligated to pay his base salary for the remaining term of the contract with a mitigation provision that offsets the amount paid dollar for dollar if he accepts another head coach or assistant coach position at another university. If Coach Payne terminates the agreement, he can do so without cost.

Chairman Warr called for a motion to approve the contract as described in the agenda materials and presented by Mr. Parham. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken, and the motion carried.

G. Ticketmaster

Mr. Parham said that in August of this year, the Board approved a new Ticketmaster agreement for the Athletics Department under which Ticketmaster would continue to provide the ticketing system for the sale of all athletics tickets in exchange for Athletics paying them certain fees for that service. An amendment to that contract is proposed that grants Ticketmaster an additional right to provide a ticket exchange program under which Gamecock fans who have purchased tickets can offer their tickets back through Ticketmaster and Ticketmaster will advertise and offer those tickets for sale to other people. Under South Carolina law, tickets cannot be sold for more than \$1 over the original face value. Ticketmaster understands and accepts that; however, they will be able to charge a fee for the resale service and they will share a percentage of that revenue with the Athletics Department. This is not a moneymaking deal for the Athletics Department; in fact, it is estimated that only about \$4,600 would be generated based on this season – this is another customer service that can be provided Gamecock fans.

Chairman Warr called for a motion to approve the amendment as described in the agenda materials

and presented by Mr. Parham. Mr. von Lehe so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

H. Indefinite Delivery Contracts

Mr. Parham presented six indefinite delivery contracts for mechanical engineering consultant services valued at \$500,000 each for RMF Engineering, Peritus Engineers and Associates, GMK Associates, Inc., Swygert & Associates, Mechanical Design, Inc., and Davis & Floyd, Inc. IDCs are used by the University to have people readily available to address construction needs on campus. The companies were selected through a competitive bid process approved by the state engineer for these two-year contracts.

Chairman Warr called for a motion to approve the indefinite delivery contracts as described in the agenda materials and presented by Mr. Parham. Mr. von Lehe so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

I. Indefinite Delivery Contracts (Value in Excess of \$750,000)

Mr. Parham presented 15 indefinite delivery contracts for general construction services valued at \$1 million for each two-year contract for: Bank and Business System, E International Security, Burriss Electrical, Boykin Contracting, Palmetto State Electrical, I&E Specialities, Boykin Contracting, Solid Structures, Lindler Construction, Weber Construction Company, Hammer Construction, Penn Contracting, Pizzuti Builders, MOTA Industrial Services, and MAR Construction.

Chairman Warr called for a motion to recommend approval by the full Board of the indefinite delivery contracts in excess of \$750,000 as described in the agenda materials and presented by Mr. Parham. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

At this point, Chairman Warr indicated that there was a personnel matter appropriate for discussion in Executive Session. Mr. Lister moved to enter Executive Session. Mr. von Lehe seconded the motion. The vote was taken, and the motion carried.

Chairman War invited the following persons to remain: President Pastides, Secretary Stone, Mr. Parham, Mr. Byrd and Trustee Emeritus Bethea.

Return to Open Session

I. Contracts

J. E-Learning Support for Palmetto College and Graduate Courses

Dr. Amiridis requested approval of a service agreement with Academic Partnerships LLC, headquartered in Dallas, Texas, to assist with online courses. The company will provide course design and

development consultation and administrative support for an expansion of the University's graduate online courses. For the undergraduate programs, they will provide only the course design and development services for the courses that are associated with Palmetto College. Academic Partnerships will provide personnel to support the University, personnel located here in Columbia – at least two employees and the number will increase as the number of students in the programs increase. Academic Partnerships also will provide sales and marketing services. The company will market the University's graduate programs under a plan that would be approved by the University – everything that goes under the University's name would first be approved by the University.

The company also will provide market research, as well as services with respect to regulatory requirements of other states. Marketing services will not be provided for Palmetto College, but there is a provision to expand and include Palmetto College if that decision is made in the future. Academic Partnerships also will market the University's graduate programs nationally through an employer network that they have. The most important services to be provided, Dr. Amiridis said, would be curriculum support services – blueprinting and course conversion. Academic Partnerships would work with University faculty as the content experts to assist them in converting course content into an appropriate format for online learning. And Academic Partnerships would help the University with the implementation of the online programs. Dr. Amiridis continued to outline the highlights of the agreement, including the fact that it would be an exclusive agreement that prevents Academic Partnerships from entering into an agreement with any other institution in South Carolina. The company would provide technical support to students, as well as to the faculty.

Academic Partnerships would be paid based on a credit-hour fee that is one-third of the tuition, a very favorable rate compared to the industry standard of 50 percent.

Chairman Warr called for a motion to recommend approval by the full Board of the E-learning support contract with Academic Partnerships as described in the agenda materials and presented by Dr. Amiridis. Mr. von Lehe so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

## II. Reimbursement Resolution – School of Law

Ms. Brunelli requested approval on behalf of the Law School of a resolution that would allow the University to utilize up to \$35 million in bond proceeds to cover costs that it would incur related to the New Market Tax Credits, which the administration anticipates being one of the funding sources for the Law School. The resolution does not provide authority to issue the bonds. Other costs relating to the Law

School such as architect/engineering costs and legal fees, also would be eligible for reimbursement from bond proceeds.

Chairman Warr called for a motion to recommend approval by the full Board of the reimbursement resolution as described in the agenda materials and presented by Ms. Brunelli. Mr. von Lehe so moved.

Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

### III. USC Upstate Palmetto House Purchase

Chancellor Tom Moore, on behalf of USC Upstate, requested approval to purchase its first residence hall facility. The residence hall was built in 2004 with a private partnership and had been cash flow positive for some time. Previous Board approval to purchase was given in 2007, but market conditions were not suitable and the purchase was postponed until now. Dr. Moore said that Purchasing Palmetto House would bring all of Upstate's housing under University ownership and simplify Upstate's financing and bookkeeping, creating a better situation.

Chairman Warr called for a motion to recommend approval by the full Board the USC Upstate's purchase of Palmetto House as described in the agenda materials and presented by Dr. Moore. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

### III. Other Matters

Chairman Warr called on Mr. Bethea and Mr. Jones for a report on the review of the Board's Bylaws.

Mr. Jones noted that he and Mr. Bethea had been asked by former Board Chairman Miles Loadholt to review current bylaws, compare them to other university bylaws, and take into consideration recent happenings at other schools around the country that ran into problems because they did not have provisions that gave them some protection.

Mr. Jones indicated that he and Mr. Bethea along with Mr. Parham and Ms. Stone had conducted a broad scope review that included what they had learned from comparison with the bylaws of other universities, and how they felt the bylaws could be improved. As a result of their research and discussions, Mr. Parham prepared a draft of proposed changes that were provided to the Board.

Mr. Jones stated that no action was requested, but noted that the review group wanted to put something before members to receive feedback that could be incorporated into future discussions.

Mr. Bethea complemented the staff for assembling a tremendous amount of background information from all the SEC schools and many other peer aspirant and peer institutions. The review group also relied heavily on recommendations on board governance from the Association of Governing

Boards.

Mr. Jones asked Mr. Parham to address the structural differences presented in the draft of proposed bylaw changes.

Mr. Parham noted that the draft was formatted to highlight the proposed changes. He then focused on changes related to the standing committees of which he said there were two main changes. First, there was the merger of the Student-Trustee Liaison Committee with the existing Academic Affairs and Faculty Liaison Committee to be called the Academic Affairs, Faculty and Student Liaison Committee. The responsibilities of the Student-Trustee Liaison Committee would be merged into that particular body and it would go away as a free standing committee.

Mr. von Lehe asked what the reason was for doing away with the Student-Trustee Liaison Committee. Chairman Warr said that the Board would have an opportunity to discuss the changes, but that today was just a presentation of the proposed changes prior to the Executive Committee recommending that the full Board take up the proposed changes.

After additional discussion, it was determined that the Executive Committee would further discuss the proposed changes after having additional time to study the draft document presented by the review group. Chairman Warr asked Mr. Parham to continue with his comments about the proposed changes.

The second significant change to the standing committees, Mr. Parham, said was to create a new standing committee called the Governance and Trusteeship Committee. Finally, the other challenge was to follow up on what many had noted were a lot of ad hoc committees. Therefore, this set of revisions attempted to incorporate and expressly state for certain standing committees the responsibilities for those things that in the past had been handled by an ad hoc committee. For example, it was recommended that the Executive Committee be the official strategic planning and oversight committee. Such changes could be found throughout the proposed revision. Mr. Parham noted another example, in that the Audit Committee would become the Risk Management and Legal Affairs Committee.

Mr. Jones asked Mr. Parham to address the changes relating to the Board of Visitors (BOV). Mr. Parham noted that there were wholesale changes to the BOV. Those changes, he said, were driven by the current BOV president. Ms. Stone noted that the BOV had requested their mission, function and structure be reviewed. Their main points were (1) to have three-year terms to allow them to be more involved and active, and (2) to only name committees in the bylaws rather than explaining each committee's mission, which would allow the BOV to change the scope of a committee by developing charters, instead of coming back to the Trustees for a bylaws change.

Two other significant changes also were noted by Mr. Parham. One was a new article titled “Responsibilities of Individual Trustees.” Supplementing that was a new article that proposed an additional conflict of interest policy.

Hearing no objection, Chairman Warr stated that the proposed changes would be held until the next Executive Committee meeting for discussion as to whether the Committee wanted to recommend them to the full Board for consideration.

On another matter, Chairman Warr noted that the University was being operated in the right way and that there were many good things happening at the University of South Carolina. Consistent with that Chairman Warr called on Mr. Loadholt for a motion.

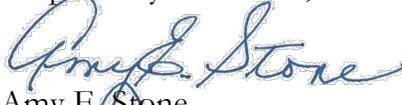
Mr. Loadholt moved to request that the USC Educational Foundation increase the annual supplement it provides Dr. Pastides in the sum of \$125,000; second, to request the Educational Foundation fund a retention incentive for Dr. Pastides in the sum of \$50,000 annually for the next five years to be paid to Dr. Pastides in a lump sum only if Dr. Pastides remains as president for the full five-year period; and third, upon approval by the Educational Foundation of the above, to authorize the chairman to update the terms and conditions of Dr. Pastides employment. Mr. von Lehe seconded the motion. The vote was taken, and the motion carried.

Dr. Pastides thanked the Board for its vote of confidence.

#### IV. Adjournment

Since there were no other matters to come before the Executive Committee, Chairman Warr declared the meeting adjourned at 2:50 p.m.

Respectfully submitted,

  
Amy E. Stone  
Secretary