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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

August 19, 2016

The Executive Committee of the University of South Carolina Board of Trustees met at 10:00 a.m. on Friday, August 19, 2016, in the C. Edward Floyd Boardroom at the Alumni Center.

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

Other Trustees present were: Mr. J. Egerton Burroughs; Mr. Mark W. Buyck Jr.; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell III; Mr. William W. Jones Jr.; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Mr. Tommy D. Preston Jr.; Dr. C. Dorn Smith; Ms. Molly M. Spearman; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr.; and Mr. Charles H. Williams.

Also present were faculty representative August E. "Augie" Grant and student representative Michael Parks.

Others present were: President Harris Pastides; Secretary Amy E. Stone; General Counsel Walter "Terry" H. Parham; Chief Financial Officer Leslie Brunelli; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Chris Byrd; Vice President for Information Technology William F. Hogue; Vice President for Facilities and Transportation Derrick Huggins; Chief Communications Officer Wes Hickman; Executive Director of Audit & Advisory Services Pam Doran; University Controller Jennifer Muir; University Treasurer Pat Lardner; Athletics Director Ray Tanner; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Al Panu; Palmetto College Chancellor Susan Elkins; USC Foundations Executive Director Russell H. Meekins; USC Educational Foundation Chairman Boyd B. Jones; Associate Vice President for Administration and Finance and Medical Business Affairs Jeffrey L. Perkins III; Associate Vice President and Chief of Police Chris L. Wuchenich; College of Arts and Sciences Dean Lacy K. Ford; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Executive Director of My Carolina Alumni Association Jack W. Claypoole; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Director of Strategic Planning and Assessment Cameron Howell; Assistant Director, Facilities Design and Construction,

Thomas Opal; Associate Director of Public Relations, Division of Communications and Public Affairs, Jeff Stensland; Chief of Staff, President's Office, J. Cantey Heath Jr.; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; USC Aiken Executive Vice Chancellor for Administration and Finance Joe Sobieralski; Trustee Emeriti Donald A. Bailey and Herbert C. Adams; family and friends of Trustee John von Lehe included: Maggie Metcalf, Jay von Lehe, Barry Burnette, Deborah Walter, Louis Walter, Charlotte Ellard and Rhoxie Ellard; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

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 introduced members of the media in attendance: Rodney Welch with the *Free Times* and Avery Wilks with *The State*.

II. Contracts

Chairman Warr called on Mr. Parham to present several contracts.

A. College of Pharmacy/Medical University of South Carolina (MUSC) Memorandum of Understanding

Mr. Parham said that in August 2015, Trustees approved a joint resolution with MUSC to dissolve the South Carolina College of Pharmacy (SCCP) and re-establish separately accredited colleges of pharmacy at each school. As a result, he was presenting a Memorandum of Understanding between USC and MUSC confirming the terms set forth in the joint resolution and providing, in essence, (1) that the parties will work toward re-establishing their separate accreditations, and (2) that SCCP continues to exist and will be maintained until formal dissolution occurs.

Chairman Warr asked if there were any questions for Mr. Parham. Trustee Cofield asked when the Pharmacy matter would be resolved. Mr. Parham said that the two schools were working with the accrediting body, ACPE, to agree to the dissolution and to re-establish the accreditation of the two separate Colleges of Pharmacy. Mr. Parham described the following timeline:

- Beginning with the fall of 2016, no new pharmacy students will be enrolled in the SCCP but will instead enroll in either MUSC or the USC College of Pharmacy.
- SCCP will be dissolved effective graduation 2019.
- Current SCCP pharmacy students will have until 2019 to graduate from SCCP. After that, they will have the opportunity to graduate from either the MUSC or the USC College of Pharmacy.

- ACPE accreditation will require that the current academic and administrative oversight of SCCP continue until dissolution. So, for example, until dissolution, the deans of each institution's college of pharmacy will serve as co-executive directors of SCCP.
- The SCCP oversight board is dissolved and the respective provosts will be responsible for reporting on SCCP activities to their Boards of Trustees.
- SCCP pharmacy faculty will be employed and governed by the faculty manual of their home institution.

Chairman Warr called for a motion to approve the MOU. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

B. USC School of Medicine Greenville/Greenville Health System MOU Addenda

Mr. Parham said that the Master Memorandum of Understanding (MOU) between the USC School of Medicine Greenville (SOM Greenville) and the Greenville Health System (GHS) approved by the Board years ago requires addenda to be prepared each year confirming the cost of the professional services and non-personnel expenses to be provided by GHS to the SOM Greenville and that the cost of these services be within the annual SOM Greenville budget approved by the Board.

So, Board approval was sought for the three addenda for 2016-2017 which estimate, consistent with the budget approved by the Board, that for the coming year:

- GHS will provide the SOM Greenville professional services and non-personnel expenses not to exceed \$14,390,662
- GHS, through its Care Coordination Institute, will provide the SOM Greenville professional services and non-personnel expenses not to exceed \$5,000,000; and
- GHS will provide the SOM Greenville access to its Human Performance Lab for \$1.00 per year.

In response to a question from Trustee von Lehe about the signatures on the addenda, Mr. Parham said he would ensure that a representative of GHS signed each of the MOU addenda.

Chairman Warr called for a motion to recommend full Board approval of the addenda to the MOU between the USC School of Medicine Greenville and the Greenville Health System. Dr. Floyd so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

C. USC School of Medicine/WJB Dorn Veterans Center Lease Agreement

Mr. Parham said that in 2013 the Board approved a lease between the USC School of Medicine (SOM) and the Dorn Veterans Medical Center. Under that lease, the SOM leases 2,699 square feet of laboratory space for a 10-year term ending May 31, 2023.

The SOM needed additional space for its medical students, so earlier this year the SOM negotiated an agreement with the Veterans Administration for approximately 1,700 additional square feet of lab space. Instead of two separate lease agreements, the Veterans Administration decided to cancel the existing agreement and enter into a new agreement that covered both the original space and the additional space, which resulted in the agreement that the Board was asked to approve.

Under the terms of the new agreement, the SOM will lease 4,674.50 square feet of space for a 10-year period ending May 31, 2026. The lease began June 1 – because the VA wanted to keep the same contract year as in the previous lease – and the SOM has been using the additional space since that time but has not been paying for it, pending Board approval.

During the first four years and four months of the lease, the SOM will pay \$12 per square foot, which includes \$2 per square foot to cover operating costs. Beginning October 1, 2020, the \$2 operating costs will increase by 3% per year for the remaining years. It is important to note that either party may terminate the lease at any time upon 90 days written notice to the other.

Responding to a question from Trustee Cofield about re-negotiating lease amounts based on renovation expenses paid by the SOM, Mr. Parham cautioned that the lease as provided by the VA was presented as a “take it or leave it” document and seeking to make changes would set the project back a significant number of months. Trustee Hubbard again lodged his objection to the way the property at WJB Dorn Veterans Center is maintained, citing rusted chain link fence, the cutting down of trees and the replacement of lawn with a gravel parking lot. “It is one of the most unattractive locations in Columbia and it is the home of our medical school,” he said, expressing his frustration with how the property had been allowed to become run down over the past decade.

Chairman Warr called for a motion to approve the lease. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

D. Indefinite Delivery Contracts

1. RMF Engineering
2. Swygert & Associates
3. GMK Associates, Inc.
4. Peritus Engineers & Associates, Inc.

Mr. Parham said that the University’s Facilities Department sought approval of four indefinite delivery contracts (IDC) for mechanical engineering services from the companies listed. IDCs are provided for by the state, they are identical two-year term contracts under which no one company can perform more than \$500,000 of work in the two-year period and no one company can

provide more than \$200,000 on any one project. The University is under no obligation to use the companies, but they are available if the University has a project that must be handled quickly.

Chairman Warr called for a motion to approve the four indefinite delivery contracts as described by Mr. Parham. Dr. Floyd so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

E. USC Undergraduate Admissions/College Board Student Search Service

Mr. Parham said that for the past several years in an effort to assist with student recruitment the Board has approved an agreement between the University's Office of Undergraduate Admissions and a company called College Board. Pursuant to these agreements, the University receives from College Board demographic information about high school students across the country that is used to develop marketing strategy to recruit students. In 2013, the Board approved a three-year contract with College Board that expires August 31, 2016.

The new three-year agreement will begin September 1, 2016, and end August 31, 2019. Under the agreement, the University will receive up to 235,000 high school student names and demographic information. These are all students who have taken the PSAT, SAT or AP tests. The information received will include name, address, gender, date of birth, high school scores, intended college majors, graduation year, etc. College Board also will provide enrollment planning services, which is a deeper-dive into the data that gives the University the data in the form of geographic regions and other formats that can be used for marketing analytics purposes.

The cost of the three-year contract is \$296,100.

In response to a question from Trustee Fennell about the contract's \$98,700 per year cost to the current contract, Mr. Parham said that the current contract had been \$279,831.90, with the new contract representing about a penny more per student name.

Trustee Spearman noted that while many students take the SAT, in South Carolina ACT has won the bid to provide high school testing in the 11th grade. Thus, she questioned if the University had a similar contract to obtain that data. Mr. Parham responded that the University did have such an agreement. In response to a question about the move to ACT being used in secondary schools, Trustee Spearman said that ACT had won the state contract. She added that at the time the contract was awarded, the ACT test seemed to assess more college and career readiness type skills, which is the way that the state's K-12 system is moving. Dr. Pruitt said that 48% of students were admitted in 2016 under ACT. He added that USC

accepts both SAT and ACT and is one of about four states that use both. Traditionally, USC's ACT scores are approximately 27.3 and that is about the equivalent of 1,200 on the SAT.

Chairman Warr called for a motion to approve the College Board Student Search Service contract. Mr. von Lehe so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

F. USC Athletics Department/SSB Consulting Group Marketing Analytics

Mr. Parham said that the Athletics Department sought Board approval of a professional services agreement with SSB Consulting Group.

Under the contract, SSB will create and manage a data management warehouse system for Athletics called Central Intelligence. This system will merge information about such things as primary and secondary athletics ticket purchasers, donors and athletics fundraising information, and athletics merchandise purchasers into a single, efficient database that Athletics can use for marketing analytics purposes. The data warehouse will include information about approximately 200,000 individuals initially.

The term of the contract is three years. The document that SSB prepared and that is included in the Board's agenda materials contains a typo. It lists the term of the contract as 63 months rather than 36 months. That typo has been corrected on the copies of the document that will be executed by the parties.

Athletics has the right to terminate the contract after one year.

The cost to Athletics during the three-year term is \$270,000. IMG Learfield Ticketing Solutions, which handles ticketing for Athletics, will pay \$50,000 per year toward the cost, so the net cost to Athletics will actually be \$120,000.

Chairman Warr called for a motion to approve the contract with SSB Consulting Group. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

G. National Resource Center for the First-Year Experience Conference Contract

Mr. Parham reminded Trustees that USC is the founder of the University 101 concept, which has evolved over the years into what is now called the National Resource Center for the First-Year Experience. The center is an internationally recognized leader and clearinghouse for scholarship, policy and best practices for postsecondary student transitions. Its mission is to assist professional educators nationally and internationally by supporting efforts to improve student learning and transitions into and through higher education. To fulfill its mission, the center provides opportunities for the exchange of practical and scholarly information as well as the discussion of trends and issues by convening of conferences and other professional development events.

One such event will be held February 13-20, 2019, at Caesars Palace in Las Vegas. It is this event

contract for which Board approval is sought.

This is a fairly standard hotel event contract. Upon approval, Caesars Palace will hold the rooms described in the contract, and individuals attending the event will pay for the rooms directly. The center can reduce the number of rooms being held by up to 20% up until 30 days before the event. Thereafter, the center is obligated to pay one night's guestroom rate and tax for each night during the conference that the room is unused. The good news here is that if the conference does not fill the rooms, then Caesars Palace has an obligation to book the rooms and Caesars Palace has a good track record for filling its rooms. Yet the center does have this exposure, Mr. Parham said.

The center is also obligated under the contract to spend at least \$275,000 in food and beverages during the event. There will be between 1,850 and 2,000 plus registrants during the week-long event, so this amount is not an issue. The center will pay these expenses from the conference fees paid to it by individuals registering for the event. Those fees run from \$575 to \$600 per registrant; so at 2,000 participants, there will be about \$1.2 million generated.

Finally, if the center cancels the conference after the agreement has been signed by the parties, there are cancellation fees described in the contract that the center is obligated to pay based on when the cancellation occurs. For example, if the contract is cancelled in 2016, the cancellation fee is \$267,760. In the history of the center, it has never cancelled a conference. The center is self-supporting and receives no funding from the University.

Chairman Warr called for a motion to approve the contract for the National Resource Center for the First-Year Experience Conference to be held at Caesars Palace. Mr. Lister so moved. Dr. Floyd seconded the motion. Trustee Cofield objected to the conference location and Mr. von Lehe agreed with him. Dr. Pruitt said the conference had been held in locations across the United States and in foreign countries. He noted that it was difficult to find a venue that could handle the size of this popular conference. The vote was taken and the motion carried. Mr. Buyck asked that a financial report be made to the Board following the conference.

H. Tuition Sharing Agreements

1. Asia-Europe Co., Ltd
2. New World Education

Mr. Parham said USC's English Programs for Internationals (EPI), which was established in 1979 to teach English as a second language to students desiring to improve their English language skills, was one of only two institutions in the country to receive a 10-year accreditation by the

Commission on English Language Program Accreditation.

EPI students enroll in 7 ½ week intensive English language sessions. There are five sessions offered each year and students can enroll in as many sessions as they feel necessary to acquire the level of language proficiency they seek. These students are not USC students and are not enrolled in USC degree classes. Students pay tuition of \$2,000 per session. This amount is set by the Board each year as part of its annual budget consideration.

EPI is self-supporting. It had approximately 450 students enrolled last year, and it is looking for ways to increase its student enrollment. As a result, EPI now seeks your approval of two identical agreements – one with Asia-Europe Co., Ltd., and one with New World Education. These companies will be engaged to promote EPI in other countries and to refer students who will enroll in EPI.

Under these agreements, EPI will pay the company that refers a student who enrolls in EPI 20% of the tuition that student pays per session – that is, \$400 of the \$2,000 tuition – up to a maximum of three sessions.

EPI hopes that these recruitment agreements will generate 100 to 150 or more students. If EPI were to enroll 150 new students per year at \$2,000 that is \$300,000 of revenue from which EIP would pay the referring company \$60,000.

The term of each agreement is five years, beginning upon approval by the Board, and either party may terminate the agreement at any time upon 30 days written notice. In response to a security question, Mr. Parham said that an office within EPI was responsible for vetting these international students and that office was monitored by the Provost Office. The students he said did not live on campus but lived in the Columbia area and took classes on campus. Mr. Parham further responded that EPI enrollments have been decreasing, due in part to falling oil prices since historically a lot of these students came from Saudi Arabia.

Chairman Warr called for a motion to approve the two tuition sharing agreements as described by Mr. Parham. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

III. Adjournment

There being no other matters to come before the committee, Chairman Warr declared the meeting adjourned at 10:35 a.m.

Respectfully submitted,

Amy E. Stone
Secretary