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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

November 9, 2007

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, November 9, 2007, at 11:00 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Herbert C. Adams, Chairman; Mr. James Bradley; Dr. C. Edward Floyd; Mr. Miles Loadholt; Mr. Michael J. Mungo; and Mr. Mack I. Whittle, Jr.

Other Trustees present were: Mr. Mark W. Buyck, Jr.; Mr. John W. Fields; Mr. Samuel R. Foster II; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President for Research and Health Sciences Harris Pastides; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Advancement Brad Choate; Vice President for Human Resources Jane M. Jameson; General Counsel Walter (Terry) H. Parham; Assistant Vice Provost for Academic Affairs William T. Moore; Vice Provost and Executive Dean for System Affairs and Extended University Chris P. Plyler; Assistant Treasurer Susan D. Hanna; Director of Athletics Eric C. Hyman; Director of the Department of Internal Audit Alton McCoy; Executive Associate Athletics Director for External Affairs Kevin O'Connell; Director of Marketing, Department of Athletics, Jeff Crane; Public Information Officer, USC Lancaster, Shana Funderburk; Special Assistant to the President and Athletics Johnny D. Gregory; Director of Governmental and Community Relations Shirley Mills; Director of the Office of University Communications, Division of University Advancement, Russ McKinney, Jr.; Board staff members Terri Saxon, Vera Stone, Board Office Student Assistant Brandi Pope; and members of the media.

Chairman Adams called the meeting to order and asked Mr. McKinney to introduce members of the media who were in attendance. Chairman Adams 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 to members of the Committee; and a quorum was present to conduct business.

Chairman Adams stated that there were contractual matters relative to athletics contracts, a Microsoft contract, a gift naming opportunity, and a personnel matter relative to an honorary faculty title which were appropriate for discussion in Executive Session. Mr. Bradley moved to enter Executive Session. Mr. Whittle seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: Dr. Sorensen, Secretary Stepp, Dr. Becker, Dr. Pastides, Mr. Kelly, Dr. Hogue, Mr. Choate, Dr. Pruitt, Ms. Jameson, Dr. Plyler, Mr. Parham, Mr. Hyman, Mr. Gregory, Ms. Mills, Mr. McCoy, Mr. McKinney, Mrs. Saxon and Ms. Stone.

Return to Open Session

I. Contracts Valued In Excess of \$250,000:

A. Head Baseball Coach: Chairman Adams called on Mr. Parham who presented a proposed amendment to Head Baseball Coach Ray Tanner's employment agreement with the University.

The amendment provided that the Athletics Department would create a tax-deferred retirement plan for Coach Tanner under which the Athletics Department would make annual contributions on or before June 30th of each year beginning June 30, 2008, for a period of 5 years. The total contributions were \$240,000 over the five year period and would be made as follows:

- Year 1 - On or before June 30, 2008 -- \$40,000
- Year 2 - On or before June 30, 2009 -- \$44,000
- Year 3 - On or before June 30, 2010 -- \$48,000
- Year 4 - On or before June 30, 2011 -- \$52,000
- Year 5 - On or before June 30, 2012 -- \$56,000

Mr. Parham stated that the retirement plan would be owned by the University. If Coach Tanner remained as the Head Baseball Coach through June 30, 2012 (this was the date his current seven year contract expired), the retirement account, including any interest earned, would be transferred to Coach Tanner.

The amendment also addressed what happened if the University terminated Coach Tanner before June 30, 2012. Mr. Parham stated that the termination clause was as follows:

- If the University terminated Coach Tanner for cause, he forfeited all rights to the account.
- If the University terminated Coach Tanner without cause, he was entitled to the account and the University was obligated to pay the remaining contributions through June 30, 2012.
- If Coach Tanner terminated the employment agreement before 2012, he would forfeit all rights to the account.

Chairman Adams called for a motion for approval of the contract as distributed in the materials for this meeting. Mr. Mungo so moved. Mr. Whittle seconded the motion. The vote was taken and the motion carried.

B. CSTV Online, Inc.: Chairman Adams called on Mr. Parham who stated that the Athletics Department had issued a Request for Proposals (RFP), pursuant to the South Carolina Consolidated Procurement Code, seeking a web hosting and service company to provide website and related services on behalf of the Athletics Department. The following three companies had responded to the RFP: CSTV, XOs Technologies, Inc., and Kintera Sphere.

Mr. Parham stated that the Athletics Department was seeking Board approval to enter into a contract with CSTV.

Mr. Parham provided the following information about CSTV:

- CSTV was the industry leader in college sports internet services and was headquartered in New York. The company was owned by CBS Corporation - a publicly traded company whose stock was listed on the New York Stock Exchange.
- CSTV provided the same official athletic websites services as were offered at the University to more than fifty percent of all Division I-A institutions in the country. Currently, some of the schools that they serviced were: Arizona State, Auburn, Boston College, UCLA, Clemson, Florida State, Furman, Georgia Tech, Kansas, Louisville, Maryland, Miami, North Carolina, Ohio State, Southern California, Tennessee, Virginia and Wake Forest.
- CSTV had provided the Athletics Department with web services for the past few years under a previous contract and this amendment would replace that agreement.

Mr. Parham stated that the initial term of the contract would be three years and ended June 30, 2010. The agreement would automatically be renewed for up to two additional one year periods unless either party provided written notice by March 15, 2010. Therefore, the maximum term of the contract was five years.

Mr. Parham stated that the following rights were being awarded:

- CSTV was being granted the right to be the official website service provider to the Athletics Department which was located at www.GamecocksOnline.com. This included the right to provide real-time official game statistics, play-by-play summaries and programming online to University games.
- CSTV was being granted the right, subject to University approval, to provide online audio/video feeds to the games and coach's press conferences (excluding coach's shows.) CSTV would do this through subscription packages, such as Gamecock All-Access.
- CSTV was being granted the right to have a link from their site to the University's bookstore vendor, Barnes and Noble. This would enhance sales of bookstore merchandise which in turn would generate more scholarship dollars for the University.
- CSTV was being granted the right, subject to Board approval, to provide ticketing service in connection with Paciolan, the University's ticketing service provider.

- Subject to the prior approval of the University, the contract also allowed CSTV to provide additional online website services, such as: online pay-per-view, online auctions, event registration, e-newsletter, online video spokesperson service and a publications store. Mr. Parham stated the University reserved the right to approve or disapprove those proposals.

Mr. Parham stated that all of the rights being granted to CSTV were subject to any NCAA or SEC agreements or existing third party agreements into which the University entered.

1. Financial Considerations: Mr. Parham stated that CSTV guaranteed the Athletics Department \$420,000 during the first three years of the agreement which would be paid as follows:

Year 1: \$130,000

Year 2: \$140,000

Year 3: \$150,000

Mr. Parham stated that if the agreement was extended for the two additional years, CSTV guaranteed the Athletics Department the following:

Year 4: \$160,000

Year 5: \$170,000

The total amount for the five year term of the agreement was \$750,000.

2. Equipment Purchase: Mr. Parham stated that CSTV give the Athletics Department \$10,000 to purchase audio/video equipment to supplement the Athletics Department's existing equipment.

If USC terminated the contract during the initial three year term, USC would reimburse CSTV for the cost of the equipment, as follows:

Year 1: \$10,000

Year 2: \$ 6,600

Year 3: \$ 3,300

3. Advertising: Mr. Parham stated CSTV had the right to sell advertising in connection with the website services. These advertising revenues would be used to offset the financial guarantee being provided by CSTV. Any advertising sold was subject to University review and could not include tobacco, alcohol, beer, wine, gambling, or gentleman's clubs. Advertising sales were also subject to existing exclusive advertising agreements that USC currently had in place.

Mr. Parham stated that national advertising sold by CSTV would be split 10 percent to USC, 90 percent to CSTV. Moreover, USC had the right to sell local advertising for the website. In this case, the revenue split was 90 percent to USC and 10 percent to CSTV.

a. Gametracker advertising: Mr. Parham stated that USC would receive 10 percent of advertising sold by CSTV and 90 percent of advertising sold by USC.

b. Gamecock All Access: Mr. Parham stated that the revenue split would be based on gross sales of subscriptions.

Mr. Parham stated that if USC allowed CSTV to do online pay-per-view events, the revenue split would be negotiated between the parties at that time. Also, if there were online auctions the University would receive 85 percent of the revenue with 15 percent to CSTV.

4. Termination Rights: Mr. Parham reported that either party could terminate the agreement upon 30 days notice in the event of a material breach. However, if USC terminated without cause, the University would pay liquidated damages of \$50,000.

5. Ownership of Intellectual Property Clause: Mr. Parham stated that one of the issues that had been a problem for many schools who had website agreements was who owned the website and who owned all the contents on the website. He stated that this agreement provided explicitly that ownership of the website and all content, including text, photos, video and audio, remained at all times with USC. Upon request, CSTV must provide the University on a quarterly basis and at the end of the term of the agreement with a computer disc containing all content for archives purposes.

6. Probation: Mr. Parham stated that the contract had a probation clause with respect to the NCAA. In the event that the USC's football or men's basketball program was placed on probation by the NCAA, and such probation included a ban on post-season play, CSTV had the right to stop paying the financial guarantee during the period of the probation, and the revenue splits shall be the University's only source of revenue under the agreement.

Chairman Adams called for a motion for approval of the contract as distributed in the materials for this meeting. Mr. Mungo so moved. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

C. Microsoft Computer Service: Chairman Adams called on Mr. Parham who presented for Board consideration a three year Master Campus Software License Agreement with Microsoft. Under the agreement, Microsoft would license and give the University the right to use certain desktop software products (including Campus Desktop, Windows, and Office Professional) on all University owned and leased computers on all eight University campuses. This would include all faculty and staff computer work stations and student computer labs.

Additionally, the agreement gave the University the right to use certain software that provided students with e-mail capability and network access. The agreement included a Work-At-Home option which allowed faculty and staff members to install a duplicate copy of the software on a home computer which was being used for University business purposes.

Mr. Parham stated that the cost of the software being licensed to the University was based on actual student, faculty and staff FTEs. For the first year of the three year term, the cost would be \$362,793.83. The cost for year 2 and 3 would be based on actual FTEs for each year at the same unit cost. He estimated the total cost of the contract over the three year period was at approximately \$1,088,382. Mr. Parham stated that, if approved, this agreement would continue through August 31, 2010.

In closing, Mr. Parham stated that the Executive Committee had approved virtually the identical agreement with Microsoft annually for the past few years, and most recently on August 4, 2006.

Chairman Adams called for a motion for approval of the contract as distributed in the materials for this meeting. Mr. Bradley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

D. Educational Services Agreement with Naval ROTC: Chairman Adams called on Mr. Parham who stated that the University's Financial Services Office was seeking committee approval to enter into an Educational Services Agreement with Naval ROTC. This contract provided Naval ROTC cadets who had been admitted to USC with access to our academic courses. In exchange, the Naval ROTC agreed to pay the tuition and fees associated with these courses for its cadets enrolled at USC.

Mr. Parham stated USC would charge the normal resident or non-resident tuition rate, as applicable, for each cadet, as well as the normal academic fees charged to other students at USC. No discounts or fee reductions were provided. Mr. Parham stated that any fees incurred by the cadets not covered by Naval ROTC would be charged directly by USC to the cadet through the normal billing process.

Mr. Parham stated that upon approval by the Executive Committee, USC Financial Services would bill Naval ROTC \$286,440 for fall 2007 semester for 24 resident and 18 non-resident students. The Naval ROTC would pay the amount through an electronic transfer.

Chairman Adams called for a motion for approval of the contract as distributed in the materials for this meeting. Mr. Loadholt so moved. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

II. Gift Naming Opportunity (USC Sumter): Chairman Adams called on Secretary Stepp who stated that the Buildings and Grounds Committee met earlier

today and approved this gift naming opportunity. He requested Executive Committee approval, on behalf of the full Board, to name the USC Sumter administration Building the "Williams-Brice-Edwards Administration Building."

Chairman Adams called for a motion for approval of this gift naming opportunity as presented to the Executive Committee acting on behalf of the full Board. Mr. Loadholt so moved. Mr. Whittle seconded the motion. The vote was taken, and the motion carried.

III. Other Matters: Honorary Faculty Title for John Newman Olsgaard:

Chairman Adams called on Secretary Stepp who requested approval for the honorary faculty title of Professor Emeritus for John Newman Olsgaard concurrent with his retirement on October 31, 2007.

Chairman Adams called for a motion for approval on behalf of the full Board. Mr. Whittle so moved. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

Since there were no other matters to come before the Committee, Chairman Adams declared the meeting adjourned at 12:00 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary