

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

August 6, 2010

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, August 6, 2010, at 12:10 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; Mr. John C. von Lehe, Jr.; and Mr. Eugene P. Warr, Jr.

Other Trustees present were: Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Greg Gregory; Ms. Leah B. Moody; Ms. Darla D. Moore; Dr. C. Dorn Smith, III; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr. and Mr. Charles H. Williams.

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 A. Pruitt; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Interim Vice President for Communications and Public Affairs and Dean of the College of Mass Communications and Information Studies Charles Bierbauer; Associate Vice President for Resource Planning Edward L. Walton; Special Assistant to the President J. Cantey Heath; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Vice Provost for Faculty Development Christine W. Curtis; Dean of USC Sumter C. Leslie Carpenter; Dean of USC Salkehatchie Ann Carmichael; Dean of the College of Arts and Sciences Mary Ann Fitzpatrick; Dean of the School of Law Walter F. Pratt, Jr.; Interim Dean of Research and Graduate Education Tim Mousseau; Associate Vice President for Facilities Tom Quasney; Director of the Department of Internal Audit Alton McCoy; Associate Athletics Director Marcy Girton; Chief Financial Officer, Department of Athletics, Jeff Tallant; Executive Associate Athletics Director Kevin O'Connell; Chair of the Faculty Senate Patrick D. Nolan; Director of Ticketing, Department of Athletics, Lance Grantham; Director of Periodicals, University Publications, Chris Horn; wife of Board Chairman Miles Loadholt, Ann Loadholt; wife of Trustee Toney J. Lister, Cynthia Lister; Director of Governmental Affairs and Legislative Liaison Shirley D. Mills; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; Project Manager, Facilities, Planning and Construction, Ann Derrick; President and CEO of Greenville Hospital System Michael C. Riordan; Chair of the Greenville Hospital System Board of Trustees Frances D. Ellison; Director of the Office of Media Relations Margaret Lamb; Lutheran Campus Minister, The Reverend Frank W. Anderson; University Technology

Services Production Manager Justin Johnson; Board staff members Terri Saxon, Vera Stone, and Karen Tweedy; and members of the media.

Chairman Loadholt called the meeting to order and invited those present to introduce themselves. Mrs. Lamb indicated introduced members of the media 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 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. Moore, Dr. Amiridis, Ms. Owens, Dr. Pruitt, Mr. Parham, Dean Bierbauer, and Mr. Heath.

Open Session

I. Contracts in Excess of \$250,000:

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

A. Athletics Contracts: The contract for Assistant Baseball Coach Edwin C. Holbrook would be for a three year term at \$160,000 per year base salary. The contract includes three incentive based supplemental compensation provisions: if the

Baseball team advanced to the NCAA post-season tournament; if Baseball team advanced to the NCAA College World Series; and if the Baseball team won the NCAA College World Series Championship.

The contract also includes the "Termination by the University for Cause," "Termination by the University Without Cause," and the "Termination by Employee" standard language.

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

B. IDC Contracts: Chairman Loadholt called on Mr. Parham who reported that the following eight indefinite delivery contracts were for a two-year period.

1. GMK Associates
2. Mechanical Engineering Consulting Associates, Inc.
3. Mechanical Design, Inc.
4. Peritus Engineers
5. Swygert & Associates Consulting Engineers
6. O'Brien & Gere Engineers, Inc.
7. Miles Engineering Associates, LLC
8. Cromer Engineering, LLC

Chairman Loadholt called for a motion for approval of the eight indefinite delivery contracts as described in the meeting materials. Mr. Adams so moved. Mr. Warr seconded the motion. The vote was taken, and the motion carried.

C. State Fairgrounds Lease Amendment: Mr. Parham stated that on behalf of the Department of Athletics, the request was to amend the State Fairgrounds Lease that was approved in April 2010, to provide that either party could terminate the lease prior to the end of the first three year term period.

Chairman Loadholt called for a motion to approve the Fairgrounds Lease Amendment as stated in the meeting materials. Mr. Warr so moved. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

II. Authority to Sign Contracts (Revision of BTRU 1.04): Chairman Loadholt called on Mr. Warr who stated that in the development of the proposed Authority to Sign Contracts revision, the committee took into consideration concerns previously expressed by Board members. Mr. Warr explained that any contract over \$250,000 would require Executive Committee approval and any contract over \$750,000 would require the full Board of Trustees' approval.

Mr. Whittle said that they felt that the scope of the proposed policy should cover all University's expenditures over \$250,000; not just expenditures governed by contracts.

Mr. von Lehe stated that when the issue of revising the current Authority to Sign Contracts Policy came up he had asked Secretary Stepp to look into the number of contracts that the proposed change would represent. He said that his concern for the potential number of contracts that could require full Board approval was eased by the fact that in FY 09-10 there were only 16 contracts valued at \$750,000 or more.

Mr. Lister requested that Mr. Warr's ad hoc committee review the exception for coaches' contracts, because he saw no reason for those contracts to be excluded from required Board approval.

Dr. Moore asked Mr. Whittle if his request for all expenditures to receive Board approval included expenditures in the University's annual operation budget which did receive Board approval. Mr. Whittle clarified that although non-contract expenditures in excess of \$250,000 were approved as a part of the annual operation budget, there needed to be more "granularity" as to the specific expenditures.

President Pastides stated that although he understood Mr. Whittle's concern, they were trying work at the "speed of business," and, therefore asked that the Board work with administration in a timely manner. He explained the University's various types of purchases and requested that the Board provide clearer direction as to exactly what types of purchases that they wanted to approve.

Ms. Moore asked how long ago the \$250,000 contract approval amount was determined and Secretary Stepp responded, "approximately 22 years ago." Ms. Moore said that the dollar limit was a problem in that it was too low. She echoed President Pastides comments and said that the Board did not need to get into the business of "micro-managing." She said that the spirit of what the Board was looking for was in the policy, in that it provided transparency in University expenditures.

Secretary Stepp explained the history of the current Authority to Sign Contracts policy and procedures, which Ms. Moore said had an "antiquated feel to it." She suggested that instead of trying to "fix and antiquated system that no longer works, that we review what other schools do." She emphasized that it was all about "control" and who has the control, and that the system needed to be "modernized." Secretary Stepp concurred with her comments.

Following more discussion on this item of business, Chairman Loadholt recommended deferring action on the revised policy to allow the ad hoc committee more time to study the University's entire contract approval system. There were no objections to defer action on the proposed policy.

III. Update on University Finances:

Chairman Loadholt called on Dr. Moore who stated that at the last Executive Committee he provided an update on the University Finances, and he wished to continue the report as a standard practice.

Dr. Moore noted that the University was currently undergoing a system-wide external audit, that was a SACS requirement, and the final version of the audit was expected by October 15th. The Internal Revenue Service (IRS) was conducting a large case examination nationwide of unrelated business income. The IRS team would be back on USC's campus around September 13th and a report of findings, if any, would be provided before the end of September.

Dr. Moore reported that a search was underway for a Vice President for Human Resources. The chairman of the search committee, Chancellor Tom Hallman, had informed him that the committee was in the process of conducting phone interviews with eleven strong candidates. Eight of the eleven interviews were complete, three scheduled for the following week. The search committee expected to have a candidate selected for recommendation to the Board by December.

As a result of the USC School of Medicine (SOM) now receiving financial support from the central university, directly related to the reduction in State Appropriations, the Dean of SOM was in the process of developing FY 2011 reduced budget. The revised budget was expected to be presented to the President and Provost by the end of month for their approval.

The SOM Medical Trust Bond's technical default was expected to be removed very soon. The Committee commended Dr. Moore on his effort to address the bond default.

Both Moody's, a bond rating agency, and Barclays Bank, the University's investment bank, had both recently visited USC in anticipation of the issuance of Athletics Revenue Bonds. Dr. Moore said that he had been told that both left the University with a very favorable impression of how the University managed their money, and he anticipated a good bond rating on the Athletic Revenue Bonds.

The engineering firm, Black and Veatch, had been engaged by the University and Johnson Controls, Inc. (JCI) to review the full design of its Bio-Mass Plant and make it sustainable. A restart of the Bio-Mass Plant was expected by November. Dr. Moore noted that they were still working with JDI to determine the amount of money they owed the University for the delay in the plant being operational.

The study team for the Prudential issue continued to meet, and they expected to provide the President a recommendation by the next week.

IV. Adjournment:

Since there were no other matters to come before the Executive Committee, Chairman Loadholt declared the meeting adjourned at 1:15 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary