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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

June 19, 2015

The Executive Committee of the University of South Carolina Board of Trustees met at 9:35 a.m. on Friday, June 19, 2015, in the Campus Room at Capstone.

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

Other Trustees present were: Mr. Chuck Allen; Mrs. Paula Harper Bethea; Mr. J. Egerton Burroughs; Mr. Thomas C. Cofield; Mr. William W. Jones, Jr.; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr.; and Mr. Charles H. Williams.

Also present was 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 Development and Alumni Relations Jancy Houck; 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; Athletics Director Ray Tanner; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Jane Upshaw; Palmetto College Chancellor Susan Elkins; College of Arts and Sciences Dean Mary Anne Fitzpatrick; College of Information and Communications Dean Charles Bierbauer; USC School of Medicine Greenville Dean Jerry R. Youkey; Senior Vice Provost and Dean for Graduate Studies Lacy Ford; Associate Provost for Health Sciences Meera Narasimhan; Associate Vice President for Administration, Student Affairs and Academic Support, Stacey Bradley; Faculty Senate Chair Elect, USC Columbia, Dr. August "Augie" E. Grant; Associate Director of Strategic Planning and Assessment Cameron Howell; Executive Director of Audit & Advisory Services Pam Doran; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Chief Financial Officer, Athletics Department, Jeff Tallant; Assistant Athletics Director for Ticket Operations Lance Grantham; University Controller Jennifer Muir; University Budget Director Harry S. Bell, Jr.; Director of Capital Budgets and Financing, Division of Administration and

Finance, Charlie Fitzsimons; Director of Business Process Improvement, Division of Administration and Finance, Janis Hoffman; Senior Budget Analyst, Division of Administration and Finance, Susie Vitaris; Budget Analysts, Division of Administration and Finance, Shelandra Black and Thomas Myers; Executive Vice Chancellor for Academic Affairs, USC Aiken, Jeff Priest; Vice Chancellor for Business and Finance, USC Aiken, Joe Sobieralski; Vice Chancellor for Administrative and Business Affairs, USC Upstate, Sheryl Turner-Watts; Director of Academic Programs, Provost's Office, Kristia Finnigan; Senior Associate Dean for Research and Academics, Darla Moore School of Business, Brian Klaas; Director, Center for Applied Business Analytics, Darla Moore School of Business, Stacey Mumbower; Center for Applied Business Analytics Advisory Board Member Mark Ferguson; Chair of Computer Science and Engineering, College of Engineering and Computing, Manton Matthews; Executive Assistant to the President for Equal Opportunity Programs Bobby D. Gist; Chief of Staff, President's Office, J. Cantey Heath, Jr.; Trustee Emeritus Donald A. Bailey; John D. Vergados of the University of Ioannina, Greece, a visiting professor in USC's Department of Physics and Astronomy; USC student and Legislative Advisory Board Director Trey Byars; Reverend Father Michael A. Platanis, representing USC's Orthodox Christian Fellowship; USC Bond Counsel Alan M. Lipsitz of Nexen Pruet, LLC; 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 requested a moment of silence for the victims of the June 17 shooting in Charleston, South Carolina, after which he 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: Cassie Cope and David Cloninger with *The State*; Chris Cox with *Columbia Business Review*; Scott Hood with *Gamecock Central*; and John Whittle with *TheBigSpur.com*.

Chairman Warr called for a motion to enter Executive Session for personnel and proposed contractual matters. 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. Fitzpatrick, Mr. Kaufman, and Ms. Doran.

EXECUTIVE SESSION

Return to Open Session

II. Personnel Matter

Chairman Warr called on President Pastides who recommended the appointment of Dr. Al Panu as the next chancellor at USC Beaufort. He thanked the search committee, led by USCB Professor Charles L. Spirrison, and thanked Trustees Jones and Bethea for their valuable insight and counsel during the process. President Pastides described Dr. Panu as an accomplished scholar and leader who earned his bachelor's degree in chemistry from Tuskegee University and his master's and doctorate in chemistry at the University of Alabama and the University of Georgia. His 33-year career in higher education included time at Kennesaw State and Greenville State College. He currently serves in a leadership position where he helped consolidate Gainesville State College and North Georgia College into the University of North Georgia. He also oversees three University of North Georgia campuses in Gainesville, Oconee and Cumming. Under his leadership, enrollment had increased at every campus that he had led.

"He is the right person at the right time," President Pastides said, noting that Chancellor Jane Upshaw "is a tough act to follow, but I believe he is the right person to lead the University of South Carolina Beaufort in its great next era of growth."

Chairman Warr called for a motion to recommend approval of Dr. Panu's appointment by the full Board. Mr. von Lehe so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion passed.

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

III. Contracts

A. Arena Naming Rights Agreement

Mr. Parham said approval was sought for renewal of the arena naming rights agreement between the University and Colonial Life and Accident Insurance Company. The term of the new contract is 10 years, beginning October 1, 2015, and ending September 30, 2025. Colonial Life will pay the University annual naming rights fees totaling \$6,475,146.65 over the 10-year term. In exchange, they will receive the exclusive naming rights for the arena and the additional benefits described in Exhibit A of the contract that was included in the meeting materials.

Chairman Warr called for a motion to recommend that the full Board approve the Arena Naming Rights Agreement as described in the agenda materials and presented by Mr. Parham. Mr. Loadholt so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

B. Athletic Employment Contract

Mr. Parham said approval was sought to amend Women's Basketball Head Coach Dawn Staley's employment contract. The amendments are in four different categories. First, it is proposed that the contract be extended for an additional two-year term running through March 1, 2021. Second, it is proposed that Coach Staley's base salary be increased from \$350,000 to \$550,000 per year. Third, it is proposed that Coach Staley's media compensation continue to be increased by \$25,000 per year during the two-year extension consistent with an amendment made to her contract in 2013. Finally, it is proposed to amend Coach Staley's buyout obligation, increasing the buyout to \$1 million in the first year of the amended contract, \$800,000 the second, \$700,000 the third, \$400,000, \$250,000 and \$250,000 for the remaining years of the contract.

Chairman Warr called for a motion to recommend approval by the full Board of Coach Staley's amended employment contract as described in the agenda materials and presented by Mr. Parham. Mr. Loadholt so moved. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

C. IAVO Research and Scientific Software Gift

Mr. Parham said approval was sought for a gift of software from IAVO Research and Scientific. The company has previously given the University software on two occasions. The gift is 53 licenses of geographic information sciences software. The value of the gift is \$1,272,000.

Chairman Warr called for a motion to recommend approval by the full Board to accept the software gift from IAVO Research and Scientific as described in the agenda materials and presented by Mr. Parham. Mr. Hubbard so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

D. Delta Charter Flight Agreement

Mr. Parham said approval was sought for a charter flight agreement with Delta Airlines to transport the football team to three away games – Missouri, Texas A&M, and Tennessee – during the 2015 season. This agreement is valued at \$481,930.

Chairman Warr called for a motion to approve the Delta Charter Flight Agreement as described in the agenda materials and presented by Mr. Parham. Mr. Loadholt so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

E. Campus Televideo, Inc. Contract

Mr. Parham said approval was sought for a contract with Campus Televideo, Inc. to provide cable television services to the USC Columbia campus. The company has provided this service for the past several years and the contract is the result of a competitive solicitation by University Technology

Services. The one-year contract would begin July 1 and the University has the option of renewing it for up to five years. If the contract is renewed for the full five years, the total value will be \$1,695,540. This service is commonly known by University students as Gamecock Cable.

Chairman Warr called for a motion to recommend approval by the full Board of the Campus Televideo contract 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. Ticketmaster LLC Agreement

Mr. Parham said approval was sought for an amendment to the University's contract with Ticketmaster. He described the amendment as a "housekeeping" matter that was necessary as a result of Global Management's arena management contract expiring June 30, 2015. Global had been responsible for ticketing of non-athletic events. Thus, it was necessary to confirm that Ticketmaster would now become responsible for non-athletic events at Colonial Life Arena until its contract expired June 30, 2017.

Chairman Warr called for a motion to approve the amendment to the agreement with Ticketmaster LLC as described in the agenda materials and presented by Mr. Parham. Dr. Floyd so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

Chairman Warr called on Ms. Brunelli to present the next three items.

IV. Quasi-Endowment for DOJ Agreement

Ms. Brunelli said there were two bond related items to present. The first was a request to quasi-endow the U.S. Department of Justice (DOJ) funds that were received in March 2015, due to the cancellation of the Close/Hipp lease by DOJ. The funds currently are on deposit and earning interest through the State Treasurer's Office. The plan was to use these funds to generate interest to maximize the amount of funds available to pay off the principal and interest for the Darla Moore School of Business (DMSB) construction debt. Ms. Brunelli said she had consulted with the State Treasurer's Office, Elliott Davis, and Barclays Capital to determine the best option for utilizing these funds by preserving flexibility so that in 2022 when the disposition of the National Advocacy Center facility is known, the University will be better able to position itself to pay off the DMSB debt.

Chairman Warr called for a motion to recommend approval by the full Board to quasi-endow the DOJ funds retroactive to March 6, 2015, as described in the agenda materials and presented by Ms. Brunelli. Mr. Hubbard so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

V. Higher Education Refunding Revenue Bonds Resolution

Ms. Brunelli next presented a bond referendum for refunding bonds for the 2005A series of higher education revenue bonds. In a PowerPoint slide, she illustrated the amount of debt expected on the University's books as of June 30, 2015. She said the year would end with approximately \$595 million in debt. Trustees were being asked to approve refunding up to \$29.4 million of current revenue bond debt. It is anticipated that it would have a present value savings of about \$2.8 million and would involve USC Columbia and USC Upstate. Expected annual savings would be about \$239,000.

Chairman Warr called for a motion to recommend approval by the full Board of the bond refunding resolution. Mr. Hubbard so moved. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

VI. University's FY 2015-2016 Annual Operating Budget

Before beginning her budget presentation, Ms. Brunelli recognized members of the Budget Office in attendance at the meeting, as well as budget representatives from USC Aiken and USC Upstate.

Ms. Brunelli referenced updated budget documents that were made available on the Board Portal that altered the tuition increase. She used a PowerPoint slide to summarize the detailed meeting materials provided on the Board Portal. The budget proposal was for a total current funds budget of approximately \$1.4 billion. The bulk of funds, 47.8%, would come from tuition and fees, followed by grants, contracts and gifts at 25.6%. State appropriations would make up about 10.2% of the total budget.

She next summarized the tuition and required fees paid by in-state undergraduates on the Columbia campus over the past 10 years, illustrating a requested 2.9% increase for Fiscal Year 2016. The requested tuition increase is the lowest since 1999. She said that a 2.9% increase in graduate tuition and the College of Pharmacy tuition also was recommended. For the Law School and the School of Medicine, a tuition increase of 4.91% was requested. For all system campuses, except Beaufort, a 2.9% tuition increase was recommended. Beaufort was in the last year of a five-year plan to bring its rate up to the tuition rate at USC Aiken, so its increase would be 3.25% plus \$72.

The University's housing and meal plans also had proposed increases. Ms. Brunelli offered representative samples of several different dormitories and meal plans at USC Columbia, USC Aiken and USC Upstate. All housing plans for USC Columbia are recommended for an increase of 4.5%, while the 10-meal plan, which is the minimum required for freshmen, was recommended for an increase of 3.2% based on a contractual agreements with Sodexo. Other recommendations included a 3% housing increase for USC Aiken and USC Upstate, a 3% increase for USC Upstate meal plans, and a 1.7% increase for USC

Aiken meal plans. She noted that USC Beaufort housing and meal plans are controlled and operated by the Beaufort Jasper Higher Education Commission, which determines those rates.

The tuition increase and a “modest” amount of new state funding for On Your Time Graduation for Columbia would be spent on required costs increases of \$4.5 million for utilities, employee fringe benefits, insurance, and the 4% fee waiver for scholarship recipients. Another \$17.9 million would be spent on strategic priorities such as additional faculty; addressing compression of faculty salaries; research computing; student advising; funding of service and administrative programs like Facilities to bring the Close/Hipp building back online; and funding of mandated fees like the shuttle operation and the new health center.

Ms. Brunelli said there also are some non-recurring increases in costs for FY16. These total \$12.3 million of which \$3.4 will go toward the state-mandated employee bonus plan, \$930,000 for Honors College equipment, plus one-time costs of \$8.9 associated with the strategic priorities.

With the state budget yet to be approved, the Board was asked to approve the University’s FY16 budget contingent on the state budget moving forward as expected without unforeseen changes.

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

VII. Other Matters

Chairman Warr called for any other matters to come before the committee.

VIII. Adjournment

There being no other matters to come before the committee, Chairman Warr declared the meeting adjourned at 11:30 a.m.

Respectfully submitted,

Amy E. Stone
Secretary