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University of South Carolina  
BOARD OF TRUSTEES

August 18, 2017

The University of South Carolina Board of Trustees met at 3:50 p.m. on Friday, August 18, 2017, in the Alumni Center's C. Edward Floyd Boardroom.

Members present were: Mr. John C. von Lehe Jr., Chairman; Mr. Hubert F. Mobley, Vice Chairman; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck Jr.; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell; Mr. William C. Hubbard; Mr. Toney J. Lister; Ms. Leah B. Moody; Dr. C. Dorn Smith III; Mr. Eugene P. Warr Jr.; Mr. Thad H. Westbrook; and Mr. Charles H. Williams; with Mr. Tommy Preston Jr. and Mr. Mack I. Whittle Jr. joining by telephone. Absent were Mr. Chuck Allen; Dr. C. Edward Floyd; Mr. Miles Loadholt; and Ms. Molly M. Spearman.

Also present were Columbia Faculty Senate Chairman Marco Valtorta and Columbia Student Government President Ross Lordo.

Others present were: President Harris Pastides; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Provost Joan T.A. Gabel; Chief Financial Officer Leslie Brunelli; Vice President for Student Affairs Dennis A. Pruitt; Athletics Director Ray Tanner; Vice President for Information Technology Doug Foster; Vice President for Human Resources Chris Byrd; Chief Communications Officer Wes Hickman; Vice President for System Planning Mary Anne Fitzpatrick; Palmetto College Chancellor Susan Elkins; USC Upstate Chancellor Bendan Kelly; USC Beaufort Chancellor Al Panu; USC Aiken Chancellor Sandra Jordan; Executive Director of Audit & Advisory Services Pam Doran; University Treasurer Pat Lardner; Executive Director of Economic Engagement William D. "Bill" Kirkland; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; Executive Director and Chief Executive Officer of University Foundations Russell H. Meekins; Associate Vice President for Housing and Student Development Gene Luna; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Associate Vice President for Business Affairs Helen Zeigler; Director for Equal Opportunity Programs Clifford Scott; University Housing Executive Director Kirsten Kennedy; Student Government Coordinator Theresa Sexton; Interim Associate Vice President for Student Life Anna Edwards; USC Columbia Student Government Treasurer

Merritt Francis; USC Columbia Student Government Legislative Action Network Director John Selesky; Lutheran Campus Pastor Frank Anderson; University student Taylor Bradley; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Chairman von Lehe called the meeting to order and stated 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. Before proceeding, he welcomed new Columbia Faculty Senate Chairman Marco Valtorta.

Mr. Hickman introduced members of the media in attendance: Avery Wilks with *The State*; Mary Ramsey with *The Daily Gamecock*; and Maya Prabhu and Andrew Brown with *The Post and Courier*.

Chairman von Lehe invited Lutheran Campus Pastor Frank Anderson to deliver the invocation.

**Motion for Executive Session**

Chairman von Lehe requested a motion and second for an Executive Session for the receipt of legal advice and for personnel matters related to appointments to the Board of Visitors and the President's annual performance evaluation.

Mr. Cofield made the motion, which was seconded by Mr. Williams. The vote was taken and the motion passed.

The following persons were invited to remain: President Pastides, Secretary Heath, Dr. Valtorta, Mr. Lordo, the President's Executive Council and Ms. Doran.

**Executive Session**

**Return to Open Session**

II. Approval of Minutes

- A. Board of Trustees, Called, January 24, 2017
- B. Academic Affairs and Faculty Liaison Committee, June 9, 2017
- C. Intercollegiate Athletics Committee, June 9, 2017
- D. Audit and Compliance Committee, June 9, 2017
- E. Executive Committee, June 23, 2017
- F. Board of Trustees, June 23, 2017

G. Board of Trustees, Called, June 30, 2017

Chairman von Lehe stated there were no additions, deletions or corrections and these seven sets of minutes stood approved as provided for review on the Board Portal.

III. Committee Reports

A. Ad Hoc Committee on Strategic Planning, August 18, 2017  
(The Honorable Thad Westbrook reported)

With everyone having been in attendance at the committee's meeting earlier in the day, Mr. Westbrook asked his written report be accepted and posted on the Board Portal.

B. Audit and Compliance Committee, August 18, 2017  
(The Honorable C. Dorn Smith III, M.D., reported)

- Executive Director of Audit & Advisory Services

On behalf of the Audit and Compliance Committee, Dr. Smith moved approval of a 5% salary increase for Audit & Advisory Services Director Pam Doran. The vote was taken and the motion approved.

C. Executive Committee, August 18, 2017  
(The Honorable John C. von Lehe, Jr. reported)

During the Executive Committee's meeting earlier in the day, the committee approved the following contracts:

- An MOU with Mycenaean Foundation, Inc. establishing an academic consortium of a study abroad program at the American Center for Archaeology at Mycenae. The University expects to receive revenues of \$140,000 per year over the three-year term of the agreement.
- A software services agreement with Educational Computer Systems, Inc. to provide access to the company's proprietary loan servicing network and system to support the Bursar's Office. The term of the agreement is up to five years at a cost of \$450,000.
- An event contract with the Marriott in Washington, D.C., for the hosting of the 40th Annual Conference on The First-Year Experience. The \$585,491 cost of the contract will be covered by conference registrations.
- An MOU with the Greenville Health System to promote collaborative opportunities with USC's Office of Economic Engagement and its Technology Commercialization Office. The cost of the agreement is estimated to be \$150,000 per year.
- A four-year employment agreement for USC Upstate Athletics Director Julio Freire with a base

salary of \$167,800, plus a schedule of incentive-based supplemental compensation and other standard benefits provided under the University's athletics employment agreements.

- And extensions of the employment agreements for the following Columbia campus coaches:
  - Head Women's Golf Coach Kalen Anderson's contract will be extended for a three-year term.
  - Head Men's Soccer Coach Mark Berson's contract will be extended for a two-year term and his salary will be increased to \$125,000.
  - Head Men's and Women's Swim and Dive Coach McGee Moody's contract will be extended for a two-year term and his salary will be increased to \$130,000.
  - Head Softball Coach Beverly Smith's contract will be extended for a three-year term and her salary will be increased to \$151,430.
  - Head Women's Soccer Coach Shelley Smith's contract will be extended for a three-year term.

The committee received updates on implementation of the University's new budget model, its integrated communications efforts, and diversity initiatives. In addition, the Executive Committee recommended the following items for approval by the full Board:

1. Contracts

a. Campus Village Project

On Behalf of the Executive Committee, Chairman von Lehe moved adoption of the written resolution Trustees were provided related to the Campus Village Project.

The vote was taken and the motion approved.

b. IBM Contract: PeopleSoft HC Implementation and PeopleSoft Rate Card

On Behalf of the Executive Committee, Chairman von Lehe moved approval of a project change request authorizing IBM to implement PeopleSoft's Human Resources and Payroll modules at a cost of \$12.6 million, and a project change request to establish PeopleSoft rates for supporting and maintaining University systems.

The vote was taken and the motion approved, with Chairman von Lehe, Mr. Hubbard and Mr. Westbrook abstaining.

c. HireRight Service Agreement

On Behalf of the Executive Committee, Chairman von Lehe moved approval of a service agreement with HireRight for the purpose of conducting background checks on job applicants and employees as required by University policy. The term of the agreement is for five years at a cost of \$750,000.

The vote was taken and the motion approved.

d. Pathology Associates/USC School of Medicine Greenville MOU

On Behalf of the Executive Committee, Chairman von Lehe moved approval of a Memorandum of Understanding between the USC School of Medicine Greenville and Pathology Consultants, Inc. under which Pathology Consultants will review, update and teach the core pathology curriculum and material required for the biomedical science portion of the first- and second-year medical school curriculum. The term of the MOU is one year and Pathology Consultants will be paid \$918,725.43.

The vote was taken and the motion approved.

e. Elite Hospitality Group JSC MOU

On Behalf of the Executive Committee, Chairman von Lehe moved approval of a Memorandum of Understanding between USC's College of Hospitality, Retail, and Sport Management and the Elite Hospitality Group under which Elite will provide consulting, marketing, and recruitment services facilitating the creation of student exchanges, joint project development, and development of relevant practical and executive educational and training programs in conjunction with the Vietnamese Ministry of Education for Vietnamese schools and colleges. The term of the MOU is for five years and Elite will be paid an annual consulting fee of 10% of the tuition charged each term to the enrolled Vietnamese students it refers.

The vote was taken and the motion approved.

f. Indefinite Delivery Contracts

- i. Cayce Company, Inc.
- ii. McCarter Mechanical, Inc.
- iii. Walker White, Inc.
- iv. W.O. Blackstone & Company Mechanical Contractors
- v. W.B. Guimarin & Company

On Behalf of the Executive Committee, Chairman von Lehe moved approval of five indefinite delivery contracts for on-call mechanical construction services for various University projects. The University uses such contracts as a way to have companies readily available to respond to campus needs in a timely manner. The contract terms for each company listed in the agenda materials are identical and are established by the State. The contract term is two years. During this time period, the maximum amount of work that can be performed by any one company cannot exceed \$1 million as regulated by the State Engineer.

The vote was taken and the motion approved.

g. State Fleet Lease Agreement

On Behalf of the Executive Committee, Chairman von Lehe moved approval of the State Fleet Lease Agreement under which new or used vehicles are leased for use throughout the University system at an estimated annual cost of \$290,000.

The vote was taken and the motion approved.

h. Shorelight Education, LLC Addendum

On Behalf of the Executive Committee, Chairman von Lehe moved approval of an addendum to the University's International Accelerator Programs agreement with Shorelight Education, LLC allowing qualified students from American University to be accepted as transfers at USC. American University is a fellow school in the Shorelight alliance of institutions. The University anticipates revenues of approximately \$1 million during the five-year term of the agreement.

The vote was taken and the motion approved.

i. Ambright Education Group MOU

On Behalf of the Executive Committee, Chairman von Lehe moved approval of an MOU with Ambright Education Group in Shanghai, China, to establish a cooperative relationship with USC's College of Education to create a joint Sino-American program on Early Childhood Education that will offer a joint Master's Degree in Teaching as part of an effort to address the shortage of early childhood education teachers in China and to introduce high-quality American higher education practices, including advanced educational and managerial concepts. The University anticipates revenues of approximately \$4.5 million during the five-year term of the agreement.

The vote was taken and the motion approved.

IV. Election of Board of Visitors

Chairman von Lehe said a slate of individuals had been nominated to fill vacancies on the Board of Visitors. He requested a motion and second to approve the slate of nominees. Dr. Smith so moved and Mr. Mobley seconded. The vote was taken and the following individuals were approved.

Nominees for a new, three-year term ending August 31, 2020: A. Ann Kirven of Summerton, nominated by Dr. Smith; and Joe B. Huddleston of Alexandria, VA, nominated by President Pastides.

Nominees for a second, three-year term ending August 31, 2020: John L. Bruce, Jr. of Florence, nominated by Dr. Floyd; Timothy H. Hallman of Lancaster, nominated by Mr. Mobley; Professor James H. Knapp, nominated by the USC Columbia Faculty Senate; David B. Miller of Myrtle Beach, nominated

by Mr. Burroughs; E. Warren Moise of Charleston, nominated by Chairman von Lehe; and Norwood Smith of Wrightsville Beach, NC, nominated by President Pastides.

V. Report of the Student Body

Chairman von Lehe called on Mr. Lordo who said it was an exciting time around campus and had been a busy summer. He indicated his belief the new dining program would be one of the best in the country, noting the unveiling of a new digital student identification system in which students could use their cell phones to pay at registers. A potential partnership also was being explored with a company allowing students to order online from University's dining services and eventually offering delivery to on-campus residents.

Mr. Lordo said the first South Carolina Student Body Presidents' Summit, with 21 institutions represented, was held August 12 and President Pastides addressed the group via Face Time. Students can play a role in driving the message of higher education advocacy in terms of requesting more funding from the State, he said. USC and its Student Government can take the lead in directing this message.

He said the new academic year would include many challenges such as the need to examine student fees. Another issue students will need to address given the national climate will be the potential for contentious speakers coming to campus. The University's Student Life staff is working to develop policies on dealing with this type of situation.

Mr. Lordo also discussed recent off-campus assault incidents involving students. The University needs to be aware and respond appropriately to such incidents because they are becoming part of the student culture and when students feel unsafe off campus, it impacts them on campus as well, he said.

Finally he offered an informational update to Trustees, noting the newest legislative priority for students in higher education across the country was student representatives becoming voting members on their institutions' governing boards. A bill has been filed in the South Carolina Senate making the Student Body President a voting member, not just at USC but for various institutions across the State.

Inclusion of a student vote empowers the student voice as the University system continues to grow, approaching 50,000 students. A vote will help students feel they have an actual voice in the decisions being made by the University, Mr. Lordo said, adding many of the University's peer institutions provide for a student vote. His research found institutions in 32 of the 50 states in the country do have voting student trustees, including four institutions in the Southeastern Conference and over 50% of the Association of Governing Board institutions have student voting members, as do more than 170 institutions across the country.

A student vote on the Board of Trustees would offer a layer of protection as students become part of the decision-making process, preventing them from placing blame on Trustees and the administration. There are different models for adding a voting student member, he said, noting he was hopeful the conversation would continue.

Dr. Valtorta said the Faculty Senate had not discussed the topic of a voting student, faculty or staff member on the Board of Trustees in the past several years. However, he noted a report published jointly by the Association of Governing Boards, the AAUP, and the American Council of Education, which raised questions about the effectiveness of student representation due to inexperience, transitory status, and other factors. This information should be considered during the debate of this topic, he said.

VI. President's Performance Appraisal

Chairman von Lehe said he met with the President Thursday afternoon to review his annual performance evaluation that has been completed for submission to the State Agency Head Salary Commission.

As you know there are six categories of Performance Expectations. He was rated 'exceeds expectations' in every category.

There is a laundry list of accomplishments contained in Harris' ninth year as President. In the interest of time, I won't try to go over them all, but I am sure the Board wants me to recognize two of them: He was one of seven Fulbright alumni across the country to receive the first Global Changemaker Award presented in recognition of his ongoing commitment to transform society and humanity through his work. And in May 2017, he received the prestigious Ellis Island Medal of Honor which pays homage to the immigrant experience and celebrates the honorees accomplishments in their fields and service to their communities and nation.

Harris, thank you for being our President.

Chairman von Lehe then called on Mr. Mobley who made the following motion:

I move the USC Board of Trustees approve, and request the USC Foundations to fund, the following changes to President Harris Pastides' compensation package:

1. that the foundation change the effective date of the previously-approved \$100,000 increase in Dr. Pastides' foundation supplement from July 1, 2018 to July 1, 2017;
2. that the foundation reduce the amount of the previously-approved cash retention bonuses Dr. Pastides will receive for each year he continues to serve as President to the amounts set forth in the schedule below, and fund the purchase of an insurance policy/retirement vehicle for Dr.

Pastides, with Dr. Pastides' rights to the benefits of the insurance policy/retirement vehicle vesting as set forth in the schedule below:

Amended Retention Bonus Schedule:

- (a) \$100,000 if he serves as President on July 1, 2017;
- (b) \$100,000 if he serves as President on July 1, 2018;
- (c) \$100,000 if he serves as President on July 1, 2019;
- (d) \$50,000 if he serves as President on July 1, 2020;
- (e) \$0 if he serves as President on July 1, 2021;

Insurance Policy/Retirement Vehicle Vesting Schedule:

- (a) 12.50% upon purchase of the insurance policy;
- (b) 32.50% if he serves as President on July 1, 2018;
- (c) 52.50% if he serves as President on July 1, 2019;
- (d) 75.00% if he serves as President on July 1, 2020;
- (e) 100% if he serves as President on July 1, 2021.

Chairman von Lehe called for second and discussion. Dr. Smith seconded the motion. Mr. Williams requested clarification on the vesting schedule and received confirmation that the President would receive a percentage of the whole annually; thus, he would only lose a percentage of the insurance policy if he were to leave the University prior becoming 100% vested on July 1, 2021.

Chairman von Lehe called for the vote and the motion was approved.

VII. Report of the President

Chairman von Lehe called on President Pastides who thanked the Board for its review and endorsement. He said he had the energy to face the year ahead, which he predicted would again be tumultuous. President Pastides said he looked forward to seeing Trustees on September 12 at the State of the University address when he would share many of the University's accomplishments from the past year such as the University's success in fund raising, which totaled \$133.5 million. Continuing his report to the Board, he said:

The beginning of the academic year brings joy preceded by lots of preparation. We are ready. Our enrollment will "eclipse" every class at USC — in Columbia and in the system's history. And the credentials of our class will "eclipse" every class we've ever had at the University. Meaning that the academic quality of this class is the best ever. It's a matter of great pride to me that our enrollment at USC will be the greatest ever and that our enrollment of South Carolinians will be the greatest ever. And that our enrollment of minority students, we're hoping, will be the greatest ever. We've got to wait until they are here; but that would be a trifecta. More South Carolinians, more minority enrollment than ever before in the history of this University; this at a

time of flat or declining enrollments around the state and around the country.

I coined the term, “basketball bounce,” and while that’s a cute thing to say, there’s little doubt that there are many reasons why our enrollment continues to grow and some of them are not so subtle, especially the reason related to our rising academic reputation and, most importantly, our very positive lifestyle and culture, which is becoming widely known around the country.

Our new students will come from 42 states, plus the District of Columbia; from 15 countries; and 77 were valedictorians at their high school. We have 28 sets of twins enrolling in Columbia; but, sadly, for only the second time in my presidency we have no triplets. I’m going to make it a personal goal to recruit triplets into the class of 2022.

All of you know about the Senate Higher Education Committee’s meeting earlier this week where we clarified our extremely positive enrollment story. We reiterated that abatements are not cash payments; that non-resident students do not displace South Carolina students, ever; that South Carolina residents pay less tuition because non-residents pay more; that many out-of-state students who receive abatements are mandated by the General Assembly to receive those abatements; and finally, and most importantly, that the exact and specific reason for increasing out-of-state and international enrollment was the drastic and now, unfortunately, seemingly permanent cuts to our state appropriation. Our state appropriation now ranks 5th in our sources of revenue. This for a state university. And worse, our USC campuses receive significantly less than other public universities within the state, per capita. That’s unfair and must be addressed.

The recent events in Charlottesville could occur anywhere and, while we hope they won’t appear here or on any of our campuses, we must be prepared. Not only prepared from a crowd management, law enforcement and safety perspective, but to continue to develop trusted relationships with our students and communities.

I reached out to UVA President Teresa Sullivan to offer our support and comfort and I look forward to engaging on these issues, especially with our own students as they return, at our regular “DIVE-IN” lunches and at many other occasions.

Finally, I thank the Board for arranging the total solar eclipse to occur on August 21 (I mean that as a joke). That will further build anticipation of the new academic year.

I hope I’ll see many of you in Charlotte for our 3 p.m. kickoff on September 2. It will be a great season. I’ve gone to see the Gamecock football team practice and spoken with the coach and I feel like a child excited about the year ahead of us and about the many other fall sports as well. Academics,

athletics here at the University of South Carolina; either can take your breath away.

Chairman von Lehe thanked the President for his remarks and asked if there were any other matters to come before the Board.

VIII. Other Matters

Chairman von Lehe called on Secretary Heath who announced the 2018 meeting schedule had been finalized and Trustees would find a copy in their seat packets. He also reminded Trustees to sign and return the conflict of interest memo to the Board Office, noting a Conflict of Interest Form was included in the seat packet for those who may need to complete one.

VI. Adjournment

There being no other matters to come before the Board, Chairman von Lehe adjourned the meeting at 5:35 p.m.

Respectfully submitted,

J. Cantey Heath, Jr.  
Secretary