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University of South Carolina
BOARD OF TRUSTEES

Executive and Governance Committee

February 8, 2019

The Executive and Governance Committee of the University of South Carolina Board of Trustees met at 11:20 a.m. on Friday, February 8, 2019, in the Alumni Center's C. Edward Floyd Boardroom.

Members present were: Mr. John C. von Lehe Jr., Chairman; Mr. Hubert F. Mobley, Board Vice Chairman; Dr. C. Edward Floyd; Mr. Toney J. Lister; Mr. Miles Loadholt; and Mr. Eugene P. Warr Jr.

Other Trustees present were: Mr. C. Dan Adams; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Robert F. Dozier Jr.; Mr. A. C. "Bubba" Fennell III; Mr. William C. Hubbard; Mr. Richard A. Jones Jr.; Ms. Leah B. Moody; Ms. Rose Buyck Newton; Dr. C. Dorn Smith III; and Mr. Thad H. Westbrook.

Also present were USC Columbia Faculty Senate Chairman Marco Valtorta and USC Columbia Student Government President Taylor Wright.

Others present were: President Harris Pastides; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Vice President for Student Affairs Dennis A. Pruitt; Chief Advancement Officer and Senior Advisor to the President Paula Harper Bethea; Vice President for Human Resources Caroline Agardy; Vice President for Research Prakash Nagarkatti; Vice President for Facilities and Transportation Derrick Huggins; President & Chief Executive Officer of University Foundations Jason Caskey; Chief Communications Officer Wes Hickman; Chief Audit Executive Pam Doran; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Al Panu; Palmetto College Chancellor Susan Elkins; USC Upstate Chancellor Brendan Kelly; College of Arts and Sciences Dean Lacy Ford; University Treasurer Pat Lardner; Chief Financial Officer, Athletics Department, Jeff Tallant; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Director of State Government and Community Relations Derrick Meggie; Director of Government Relations Craig Parks; Executive Director for Strategic Initiatives Jack Claypoole; Assistant to the President of University Foundations & Project Manager Hunter Lambert; Office of Equal Opportunity Programs Director Clifford Scott; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Assistant to the President for System Affairs Eddie King; Palmetto College Faculty Senate Executive

Committee Chair Christine Sixta Rinehart; Trustee Emeritus M. Wayne Staton; Ann Loadholt, wife of Trustee Miles Loadholt; American Council on Education Fellow, President's Office, Lisa Di Bartolomeo; St. Helena Island, South Carolina businessman J. Whitmire Suber; 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. Secretary Heath confirmed no Trustees had joined the meeting by telephone. Mr. Hickman introduced members of the news media in attendance: Zahida Ashroff and Hannah Dear with *The Daily Gamecock*.

Motion for Executive Session

Chairman von Lehe called for a motion to enter Executive Session for personnel matters regarding the appointment of Trustees to standing committees and the appointment of interim vice president positions, as well as proposed contractual matters regarding federal grants. Mr. Mobley so moved, and Mr. Warr seconded the motion. The vote was taken, and the motion passed.

Chairman von Lehe invited President Pastides, Secretary Heath, Mr. Walton, Ms. Agardy, Mr. Parham and Ms. Doran to remain.

Executive Session

With no further matters to discuss in Executive Session, Chairman von Lehe declared a return to Open Session.

Return to Open Session

II. Appointment to Board of Trustees' Standing Committees

Chairman von Lehe called for a motion and a second to re-assign Egerton Burroughs from the Student and System Affairs Committee to the Intercollegiate Athletics Committee and to appoint new Board members C. Dan Adams and Richard A. Jones Jr. to serve on the Academic Affairs and Faculty Liaison Committee and the Student and System Affairs Committee, with Mr. Adams also appointed to serve on the Buildings and Grounds Committee and Mr. Jones to serve on the Health Affairs Committee.

Mr. Loadholt so moved. Mr. Lister seconded the motion. The vote was taken, and the motion approved.

III. Report of the University's Educational Foundation and Development Foundation

Chairman von Lehe called on Mr. Jason Caskey who reminded Trustees that the Educational Foundation is where most donor gifts in the form of cash are received, as well as certain real estate gifts. The Development Foundation he described as holding most of the real estate owned and operated, as well the entity that acquired property which might be needed for future use by the University.

The Educational Foundation has current assets of approximately \$550 million, which are primarily investment securities, with some real estate. This investment portfolio is managed by an investment committee of both boards of the two foundations. These board members are primarily investment professionals. The Development Foundation has current assets of approximately \$250 million, consisting of properties such as 650 Lincoln, two parking garages, two office buildings and other real estate that has been purchased and is being held for future use by the University. As with the investment portfolio, real estate professionals comprise the foundation's real estate committee and help manage the day-to-day activities associated with the real estate held by the foundation.

Most foundations are measured on their endowment, which includes all or most investments and certain real estate investments. Mr. Caskey said the overall endowment was \$809 million as of June 30, 2018, compared to \$770 as of June 30, 2017. This calculation is typically done on an annual basis as of June 30. For comparative purposes, he said USC was 11th in the Southeastern Conference in terms of total endowment value. Texas A&M, which is an anomaly he said, has an endowment of \$13.5 billion. USC's endowment is larger than those at Auburn, Mississippi State and Ole Miss. Clemson's endowment totaled \$741 million at June 30, 2018, he said. The one-year return on the foundation's investment portfolio was 9.4% as of June 30, 2018. For the five-year period, it was 9.1% and for the past 10 years it was 7%.

The earnings on the endowment are used in accordance with donor restriction, but primarily fund scholarships and chair professorships. The Educational Foundation also has budgeted funds that are used to provide additional scholarships and for the Provost's Retention Fund, Mr. Caskey said.

The Development Foundation stays in communication with the University administration to purchase properties that become available that might be of use for future needs of the University. Examples of this effort are the Catawba Street property behind the baseball field that was acquired in 2018 and the Whaley House that the foundation currently is in process of acquiring, he said.

"We have a strong staff that is committed to supporting the University through scholarships, salary supplements, and in purchasing real estate that might be of use to the University. I appreciate all of the

support of the administration since I started in August 2018; especially that of Ed Walton," Mr. Caskey said.

Chairman von Lehe thanked Mr. Caskey for his report, which was accepted as information.

IV. Contracts

Chairman von Lehe called on Mr. Parham for presentation of contracts.

A. Geotechnical and Material Testing Indefinite Delivery Contracts

1. Bunnell Lammons Engineering, Inc.
2. F&ME Consultants, Inc.
3. Terracon Consultants, Inc.
4. S&ME, Inc.

Mr. Parham said approval was sought for four professional services indefinite delivery contracts (IDCs) for geotechnical services and material testing. The University uses IDCs to have companies readily available to respond to campus construction projects and needs in a timely manner. These companies were selected through a competitive solicitation process outlined in the South Carolina Consolidated Procurement Code and approved by the State Engineer. The provisions are identical in each two-year contract, during which the maximum amount of work that can be performed by any one company cannot exceed \$500,000 and the maximum amount of work that any one company can perform on any one project cannot exceed \$200,000. The University is under no obligation to provide these companies a certain amount of work, or any work at all. The companies are merely on call if needed.

Chairman von Lehe called for a motion and second to approve the four geotechnical and material testing indefinite delivery contracts with Bunnell Lammons Engineering, Inc.; F&ME Consultants, Inc.; Terracon Consultants, Inc.; and S&ME, Inc. Dr. Floyd so moved. Mr. Warr seconded the motion.

Trustee Burroughs asked if the companies had held such contracts with the University for a long time. Mr. Parham said IDCs were awarded on a two-year basis, but he was unable to answer the question of how many total years an individual company had been engaged with the University. Mr. Parham said he would research the question and let Mr. Burroughs know. The vote was taken, and the motion was approved.

B. Sage Publications License Agreement

Mr. Parham said University Libraries sought approval of a Master License Agreement with SAGE Publications, Inc. Under the agreement, University Libraries receives unlimited access to 1,093

electronic journals and databases for University faculty, staff, students and researchers systemwide. Cost of the one-year agreement is \$292,361.80. The University Libraries Materials budget is the source of funds.

Chairman von Lehe called for a motion and second to approve the Sage Publications License Agreement.

Mr. Loadholt so moved. Mr. Lister seconded the motion. The vote was taken, and the motion was approved.

C. University 101 Conference Site Agreement

Mr. Parham said the National Resource Center for the First-Year Experience and Students in Transition, better known as University 101, sought approval of a hotel event contract with the Rosen Center Hotel in Orlando Florida. The hotel will be the site of the 41st Annual National Conference on the First-Year Experience on February 9-17, 2022.

This is a standard hotel event contract. Upon approval, the Rosen Center Hotel will hold 3,715 room nights for individuals attending the event who will pay the hotel directly for the rooms. The National Resource Center guarantees that at least 80% of the reserved rooms will be used. In the event 80% of the rooms are not utilized, the center is obligated to pay the difference.

The center has never had an event at which the minimum number of rooms were not utilized. The center also is obligated under the contract to spend \$275,000 for food and beverages during the event, which it will pay from the conference fees paid to it by individuals registering for the event. If the center cancels the conference after the agreement has been signed, there are cancellation fees described in the contract that the center is obligated to pay based on when the cancellation occurs. The center has never cancelled a conference, Mr. Parham said. The contract also contains a force majeure clause which relieves both parties of its obligations under the contract in the event an Act of God, riot, strike, etc. prevents the conference from being held.

The center estimates that between 1,800 and 2,100 people will attend the conference. Registrations will range from \$545 to \$695, depending on time of registration. The center is entirely self-supporting, receiving no state funds, he said. It expects to make approximately \$500,000 on this annual conference.

Chairman von Lehe called for a motion and second to approve the University 101 Conference Site Agreement. Dr. Floyd so moved. Mr. Warr seconded the motion. The vote was taken, and the motion was approved.

D. STM Charters 2019 Football Charter Agreement

Mr. Parham said the Athletics Department sought approval to enter into a charter flight agreement with STM Charters, Inc. for the 2019 football season. Under the agreement, STM will transport the football team to away games at Missouri, Tennessee and Texas A&M at a total cost of \$347,675. Travel to two remaining away games will be by bus.

Chairman von Lehe called for a motion and second to approve the 2019 Football Charter Agreement with STM Charters. Mr. Mobley so moved. Mr. Loadholt seconded the motion.

Trustee Floyd asked how the price compared to previous years, to which Mr. Parham said the annual cost varies due to the location of the scheduled away games. President Pastides asked if there would be a benefit to combining the chartered travel contracts for football and basketball and Mr. Parham said he would discuss the options with Athletics. The vote was taken, and the motion was approved.

E. Francis Marion University Lease Agreement

Mr. Parham said the USC School of Medicine Columbia (USCSOM) sought approval to renew its current three-year lease agreement with Francis Marion University (FMU) for educational space in the Center for Health Services located at 200 West Evans Street in Florence, South Carolina. The three-year lease will begin July 1, 2019, and end June 30, 2022.

The space will continue to be used to support the medical education program being operated by the USCSOM in Florence. Under the terms of the lease, Mr. Parham said the USCSOM will pay FMU \$7,083 per month, which is \$84,996 annually or \$254,988 over the three-year term – the exact rental amount being paid under the current agreement. FMU will continue to be responsible for all taxes, telephone, internet, utilities, air conditioning, heating, janitorial service, security, water, sewer, electricity, trash disposal and lawn care. Because both USC and FMU are insured through the State of South Carolina, both parties will maintain their own insurance.

Mr. Parham said the entire cost of the lease – in fact, the entire cost of the Florence medical education program – is paid by a \$9 million grant awarded by the South Carolina Department of Health and Human Services to FMU. The grant – which paid the costs of the lease for the past three years – has been extended through June 30, 2024. This makes it a no-cost lease for the University, he said. The Center for Health Sciences is shared by USC and FMU, with USC using about 9,366 square feet of space, which results in a rental rate of 76 cents per square foot per month.

Chairman von Lehe called for a motion and second to approve the lease agreement with Francis Marion University. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

F. Gift Agreements

1. Jennifer Wilcox

Mr. Parham said the College of Engineering and Computing sought approval to accept a gift of various items of scientific equipment from Jennifer Wilcox. The specific items were listed on the gift agreement provided with the Board's agenda materials, and include items such as two gas analyzers, mass spectrometers, vacuum pumps, mercury analyzer, and ultraviolet flame amplifiers.

Dr. Wilcox holds a Ph.D. in chemical engineering from the University of Arizona and is a professor of chemical engineering at Worcester Polytechnic Institute in Massachusetts. According to that institution's website, her research explores methods for removing carbon dioxide, a gas that contributes to the greenhouse effect that is related to the Earth's rising average temperature, from power plant emissions and from the atmosphere using "synthetic forests."

The equipment, which has been appraised at \$385,625 by an independent appraisal company, will be used by the College of Engineering and Computing in its research and teaching endeavors.

Chairman von Lehe called for a motion and second to approve to accept the gift of equipment from Dr. Wilcox. Mr. Lister so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion was approved.

2. Herbert Fitzgerald III

Mr. Parham said University Libraries sought approval to accept a gift from Herbert Fitzgerald III of 99 engravings by Mark Catesby, who created the first natural history of America. His illustrated "Natural History of Carolina, Florida and the Bahama Islands" was published in 1931 based on his visits to America in 1712 and 1722. It was the only such work of America's natural history until John James Audubon published "The Birds of America" nearly 100 years later.

The engravings, appraised at \$378,300, will add to the library's existing exceptional collection of natural history works. These loose engravings will be available for exhibition and for study by faculty and students.

Chairman von Lehe called for a motion and second to accept the Fitzgerald gift of 99 engravings by Mark Catesby. Mr. Warr so moved. Mr. Mobley seconded the motion. Before calling for the vote, Chairman von Lehe commented on the significance of the Catesby engravings, expressing how happy the

Board should be about receipt of such a gift. The vote was taken, and the motion was approved.

V. Adjournment

With no other matters to come before the committee, Chairman von Lehe declared the meeting adjourned at 12:32 p.m.

Respectfully submitted,

J. Canney Heath, Jr.
Secretary