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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

December 16, 2014

The Executive Committee of the University of South Carolina Board of Trustees met at 11:40 a.m. on Tuesday, December 16, 2014, in the Board Room at 1600 Hampton Street.

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

Other Trustees present were: Mr. Chuck Allen; Mrs. Paula Harper Bethea; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck, Jr.; Mr. Thomas C. Cofield; Mr. A. C. "Bubba" Fennell III; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Dr. C. Dorn Smith III; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr.; and Mr. Charles H. Williams.

Also present were faculty representative Dr. James H. Knapp and student representative Lindsay Richardson.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Chief Operating Officer Edward L. Walton; Provost Michael D. Amiridis; General Counsel Walter "Terry" H. Parham; Vice President for Student Affairs Dennis A. Pruitt; Chief Financial Officer Leslie Brunelli; Vice President for Information Technology William F. Hogue; Vice President for Human Resources Chris Byrd; Palmetto College Chancellor Susan Elkins; Executive Vice Chancellor for Academic Affairs, USC Aiken, Jeff Priest; Senior Vice Provost and Dean for Graduate Studies Lacy Ford; Senior Vice Provost and Dean for Undergraduate Studies Helen Doerpinghaus; College of Arts and Sciences Dean Mary Anne Fitzpatrick; Executive Associate Athletics Director Kevin O'Connell; Chief Financial Officer, Athletics Department, Jeff Tallant; University Treasurer Patrick Lardner; Executive Director of Audit & Advisory Services Pam Doran; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Chief Communications Officer Wes Hickman; University Controller Jennifer Muir; Director of Financial Reporting, Controller's Office, Sandy Smith; Chief of Staff, President's Office, J. Cantey Heath, Jr.; University Technology Services Production Manager Wes Reardon; Board staff members Debra Allen and

Ina Wilson; Mrs. Ann Loadholt, wife of Trustee Miles Loadholt, and Mrs. JoAnn Fennell, wife of Trustee Bubba Fennell.

I. Call to Order

Chairman Warr called the meeting to order and 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 news media in attendance: Andy Shain with *The State* newspaper and Scott Hood with *Gamecock Central*.

Chairman Warr stated that there were proposed contractual matters appropriate for Executive Session and called for a motion to enter Executive Session. Mr. von Lehe so moved and Mr. Hubbard 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, Mr. O'Connell, Ms. Doran, Ms. Richardson and Dr. Knapp.

EXECUTIVE SESSION

Return to Open Session

II. Contracts

Chairman Warr called on Mr. Parham to present contracts that required approval.

A. Athletics Employment Agreement, Baseball

Mr. Parham said that approval was sought to extend the term of the employment agreement of Baseball Coach Edwin C. Holbrook for a period of two years beginning July 1, 2017, and ending without further notice June 30, 2019, subject to earlier termination in accordance with the provisions of Paragraphs 7 and 8 of the Employment Agreement. All other terms, conditions and provisions of the employment agreement not expressly amended remain in full force and effect, he said.

Chairman Warr called for a motion to recommend approval by the full Board of the two-year extension as described in the agenda materials and presented by Mr. Parham. Mr. Hubbard so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

B. Greenville Health System, USC School of Medicine Greenville

Mr. Parham said that the Master Memorandum of Understanding (MOU) between the USC School of Medicine Greenville (SOM Greenville) and the Greenville Hospital System (GHS)

approved by the Board required an addendum to be prepared each year confirming the cost of contractual services provided by GHS to the SOM Greenville. The Master MOU also requires that the cost of these services shall be within the budget for the SOM Greenville approved annually by this Board.

In August 2014, the Board approved an Addendum A that addressed the estimated cost of services that GHS personnel will provide to the SOM Greenville for teaching faculty, curriculum development, student services, budgeting, administrative support, etc. Today approval is sought for Addendum B that addresses research, specifically research to be provided to GHS and the SOM Greenville by the Care Coordination Institute (CCI).

This Institute previously was affiliated with the Medical University of South Carolina, but decided to affiliate with the SOM Greenville and GHS. CCI does research in the field of public health and health care practice management. CCI is grant funded and all of its grants now flow through USC. Those grants currently total up to \$5 million for fiscal year 2014-2015. CCI provides research to the SOM Greenville through GHS. GHS pays the costs and salaries and then invoices USC. The University uses the grant funds to pay these costs.

Addendum B reflects this contractual service, valued at up to \$5 million paid by grant funds, that is provided by CCI and GHS to the SOM Greenville.

Chairman Warr called for a motion to recommend approval by the full Board Addendum B to the Master MOU between the USC School of Medicine Greenville and the Greenville Hospital System as described in the agenda materials and presented by Mr. Parham. Dr. Floyd so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

C. Taylor & Francis, University Libraries

Mr. Parham said that the University Libraries sought approval to enter into a renewal of a license agreement with Taylor & Francis Group, under which the library would obtain online access to approximately 1,800 refereed journal subscription titles. The three-year agreement would begin January 1, 2015, and end December 31, 2017, at a cost of \$1,058,788 to be paid from the Library materials budget.

Chairman Warr called for a motion to recommend approval by the full Board of the renewal of the license agreement with Taylor & Francis Group 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.

D. IBM Gift-in-Kind, College of Engineering and Computing

Mr. Parham said that the College of Engineering and Computing and the University's

Development Office sought approval of an IBM gift of software and maintenance support valued at \$2.4 million. He said that the gift was not related to the IBM-USC IT project that the Board approved last month, but was a gift that had been under discussion for more than a year. The software being donated is predictive maintenance and quality software that is used to monitor, analyze and predict the failure of equipment, determine the best repair procedures, and identify the root causes of the equipment failure. The software will be used by faculty and students for educational and research purposes. An immediate use of the software, Mr. Parham said, would be in connection with a separate sponsored research project between IBM and USC to build a predictive rotary aircraft equipment maintenance software solution.

Chairman Warr called for a motion to recommend approval by the full Board of the IBM Gift-in-Kind as described in the agenda materials and presented by Mr. Parham. Dr. Floyd so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

E. Indefinite Delivery Contracts

1. Chao and Associates, Inc.
2. American Engineering Consultants, Inc.
3. Cox and Dinkins, Inc.
4. URS Corporation
5. Terracon Consultants, Inc.
6. GS2 Engineering, Inc.
7. ECS Carolinas, LLP
8. F&ME Consultants

On behalf of the Facilities Department, Mr. Parham said that the University sought approval of eight Indefinite Delivery Contracts for civil and surveying, and geotechnical services. The University uses Indefinite Delivery Contracts as a way to have companies readily available to respond to campus construction projects and needs in a timely manner.

The terms of the contract for each of the eight companies listed 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 \$500,000 and the maximum amount of work that any one company can perform on any one project cannot exceed \$200,000 – conditions that are regulated by the State Engineer. The University is not under any obligation to give any of these companies a certain amount of work, or any work at all. The companies are merely on call if needed.

Chairman Warr called for a single motion to approve the eight Indefinite Delivery Contracts as described in the agenda materials and presented by Mr. Parham. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

F. Varrow, Inc., University Technology Services

Mr. Parham said that University Technology Services (UTS) sought approval of a services contract with Varrow, Inc. Under the contract, Varrow will be responsible for planning, and then managing the actual migration and transfer of all data from the University's current equipment to new data infrastructure being purchased by UTS. The new equipment is scheduled to arrive on campus in the next 30 days and Varrow will be required to complete the migration project within eight months after it begins. Mr. Parham said that the University's contract has been issued under the auspices of a state-wide contract established by the State of South Carolina following a competitive solicitation.

Chairman Warr called for a motion to approve the contract with Varrow, Inc. 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.

III. Comprehensive Annual Financial Report

Chairman Warr called on Ms. Brunelli to present the Comprehensive Annual Financial Report (CAFR), ending the year June 20, 2014. Ms. Brunelli discussed the document without using her prepared PowerPoint presentation. She reminded the Board that a commitment was made several years ago to provide the CAFR following approval of additional resources to increase the size and analysis within the financial reporting department. She then introduced the University Controller, the Director of Financial Reporting, and the University Treasurer, along with several other staff members. The CAFR, combined with the Budget Document and the Bonded Indebtedness Report, provide a solid financial picture of the University, how the financial picture relates to the mission, and how the University is moving forward with the President's Strategic Plan.

President Pastides pointed out that for the third consecutive year the University had been recognized with a Certificate of Achievement for the quality of its financial reporting by the Government Finance Officers Association of the United States and Canada (GFOA). Secretary Stone noted that the FY 2015 quarterly report as of September 30 had been posted to the Board Portal for review by Trustees. It was noted that Ms. Brunelli's office is now preparing those reports.

Chairman Warr stated that this report was received as information.

IV. Off-Cycle Fee Requests

A. USC Aiken

B. USC System, Aruba Tuition Agreement

Chairman Warr called on Ms. Brunelli to present two off-cycle fee requests. She said

that the USC Aiken off-cycle fee request was for field trip components related to science courses. The intention is to bring the fees into the University's fee process so that they will show on student bills when students register for the courses. The fees cover the cost of transportation, lodging and any additional materials or costs charged in association with the field trips. Approval of a \$200 fee was requested for required field trips associated with two courses, BIOL 516 Herpetology and GEOL 425 Coastal Field Geology. Approval of a \$300 fee was requested for GEOL 431 Geology of the Southern Appalachians. She said the field trips were required components of the classes. Approval of a fourth fee of \$300 for an optional spring break trip to the Okefenokee Swamp also was requested BIOL 516 Herpetology.

Chairman Warr called for a motion to recommend that the full Board approval of the USC Aiken off-cycle fee request as described in the agenda materials and presented by Ms. Brunelli. Mr. von Lehe so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

Ms. Brunelli next described a USC System off-cycle fee request. She said that South Carolina has several sister state agreements with other countries that allow exchange students to attend at resident student tuition rates. On October 27, 2014, Governor Haley signed an MOU with the Government of Aruba that includes cooperation on economic development; renewal energy initiatives; academic, scientific, and educational cooperation; and tourism and hospitality. Thus, the off-cycle fee request was to allow an abatement of the non-resident tuition rate for students from Aruba in accordance with the State of South Carolina Code of Laws 59-112-70 (C). Ms. Brunelli said that University System campuses also would be able to opt-in to the resident tuition rate for students from Aruba.

Chairman Warr called for a motion to recommend that the full Board approve the off-cycle fee request for resident tuition rates for students from Aruba as described in the agenda materials and presented by Ms. Brunelli. Mr. Loadholt so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

V. Other Matters

There were no other matters to come before the committee.

VI. Adjournment

Chairman Warr declared the meeting adjourned at 12:25 p.m.

Respectfully submitted,

Amy E. Stone
Secretary