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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

February 19, 2016

The Executive Committee of the University of South Carolina Board of Trustees met at 1:00 p.m. on Friday, February 19, 2016, in the Alumni Center Boardroom.

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

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

Also present were faculty representative August E. "Augie" Grant and 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; Chief Financial Officer Leslie Brunelli; Provost Joan T.A. Gabel; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Chris Byrd; Vice President for Facilities and Transportation Derrick Huggins; Associate Vice President for Administration and Finance and Medical Affairs Jeffrey L. Perkins III; Associate Vice President for Business Affairs Helen Zeigler; Executive Director of Audit & Advisory Services Pam Doran; Chief Communications Officer Wes Hickman; Athletics Director Ray Tanner; Vice President for System Planning Mary Anne Fitzpatrick; Palmetto College Chancellor Susan Elkins; USC Upstate Chancellor Thomas Moore; Executive Vice Chancellor for Academic Affairs, USC Aiken, Jeff Priest; Vice Chancellor for Finance and Administration, USC Aiken, Joe Sobieralski; Chief Information Officer, USC Beaufort, Eddie King; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; University Controller Jennifer Muir; University Treasurer Pat Lardner; Director of Trademark and Licensing Ken Corbett; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Chief of Staff, President's Office, J. Cantey Heath Jr.; USC Trustee Emeritus Wayne Staton; Ben and Lisa Kaufman, parents of Student Government President Jonathan Kaufman; University

Technology Services Production Manager Matt Warthen; and Board staff members Terri Saxon and Ina Wilson.

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 media in attendance: Josh Kendall with *The State*, David Caraviello with *The Post and Courier*, Willie T. Smith III with *The Greenville News*; Pete Iacobelli with the Associated Press, Scott Hood with Gamecock Central, and Hannah Jeffrey with the *Free Times*.

Chairman Warr next called for a motion to enter Executive Session for legal advice related to the USC School of Medicine and Palmetto Health Richland, and for proposed contractual matters related to Athletics Employment Contracts and employee insurance benefits. Mr. Loadholt so moved and Dr. Floyd 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. Grant, Mr. Kaufman and Ms. Doran.

EXECUTIVE SESSION

RETURN TO OPEN SESSION

II. Amendment to BTRU 1.04 Authority to Sign Contracts

Chairman Warr called on Mr. Parham who said Board approval was sought for an amendment to the Board of Trustees' Contract Signatory Policy (BTRU 1.04) that would grant the Athletics Director the authority to sign event contracts on behalf of the University for events that will take place in facilities and venues that are managed by the Athletics Department. A copy of the proposed amendment was provided on the Board Portal prior to the meeting.

Chairman Warr called for a motion to recommend approval by the full Board of the amendment to the contract signatory policy. Mr. Loadholt so moved. Mr. Lister seconded the motion. The votes were taken and the motions carried.

III. Contracts

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

A. Athletics Department Employment Agreements

1. Travis J. Robinson
2. Kurt S. Roper
3. Bobby D. Bentley
4. Shawn Elliott
5. Coleman R. Hutzler
6. Bryan E. McClendon
7. Porter Michael Peterson
8. J. Lance Thompson
9. Patrick H. Washington
10. Jeffery Dillman

Mr. Parham said the Athletics Department sought approval of 10 Athletics Department Employment Contracts for which materials were provided on the Board Portal prior to the meeting. The contracts, which are for nine assistant football coaches and the new Director of Football Strength and Conditioning, are identical except for the contract term, base salary and outside compensation. [Exhibit A]

Chairman Warr called for a motion to approve the 10 employment agreements and to recommend approval by the full Board of the agreements for Mr. Robinson, Mr. Roper and Mr. Thompson. Mr. von Lehe so moved. Mr. Lister seconded the motion to approve the 10 contracts and Mr. Loadholt seconded the motion to recommend Board approval of three of the contracts as stated. The votes were taken and the motions carried.

B. Under Armour

Mr. Parham said the Athletics Department sought approval of a new Official Outfitter Agreement with Under Armour, Inc. Under the 10-year \$71.5 million contract, Under Armour will pay the University a \$2 million signing bonus, rights fees of \$25 million, and provide \$44.5 million worth of Under Armour products for outfitting the University's teams, coaches and athletic department staff. The University ranks second in the Southeastern Conference and seventh nationally in terms of the value of its athletic apparel and equipment contract.

Chairman Warr called for a motion to recommend approval of the contract with Under Armour, which would begin July 1, 2016. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

C. Collegiate Licensing Company

Mr. Parham said the University sought approval of a new five-year agreement with Collegiate Licensing Company for the marketing, licensing and enforcement of the University's trademarks. The contract will begin July 1, 2016, and the University will receive 90% of the first \$4 million in licensing revenues generated, 85% of revenues between \$4 million and \$8 million, and 90% of revenues in excess of \$8 million.

Chairman Warr called for a motion to recommend approval by the full Board of the contract with Collegiate Licensing Company. Mr. Lister so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

D. U.S. Army Financial Management School

Mr. Parham said the University sought approval of an agreement for the Darla Moore School of Business (DMSB) to provide educational services to the U.S. Army Financial Management School. Under the five-year agreement, the DMSB will provide educational programs of study consisting of graduate level courses to U.S. Army financial managers. The programs of study will lead to the award of academic certificates by DMSB. All students must apply and be admitted to the DMSB and will pay tuition and fees as set by the Board of Trustees under the graduate special student rate.

Chairman Warr called for a motion to recommend approval by the full Board of the agreement between the Darla Moore School of Business and the U.S. Army Financial Management School. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

E. Wm. Jennings Bryan Dorn VA Medical Center Parking Lease

Mr. Parham said the School of Medicine (SOM) sought approval of a sublease agreement with Keenan Development Associates of South Carolina, LLC. The lease is for 13.08 acres of property located at the William Jennings Bryan Dorn VA Medical Center and adjacent to the School of Medicine. The property will be used for parking for SOM students and staff. The lease is the standard State of South Carolina document. Under the five-year lease, the SOM will pay \$147,360.00 annually.

Chairman Warr called for a motion to approve the parking lease. Dr. Floyd so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

F. Indefinite Delivery Contracts

Mr. Parham said the University sought approval of 11 indefinite delivery contracts for professional consultant services: three for electrical consultants, three for structural consultants, and five for architectural consultants. The companies are: Land Engineering, Inc.; Stevens & Wilkinson, SC; Belka Engineering Associates, Inc.; Britt, Peters and Associates, Inc.; Kimley-Horn and Associates, Inc.; Chao and Associates, Inc.; Goodwyn Mills and Cawood, Inc.; LS3P Associates, Ltd.; Watson Tate Savory; Liollo Architecture, Inc.; and Garvin Design Group. These contracts are identical and are the standard agreements approved by the State Engineer. During the two-year term of each contract, 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.

Chairman Warr called for a motion to approve the indefinite delivery contracts. Mr. Lister so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

IV. Mid-Year Financial Review

Chairman Warr called on Ms. Brunelli who explained that due to the late hour she would forgo presenting the Mid-Year Financial Review as a PowerPoint since most of the information had been provided at the Board Retreat in January. Instead, she referred Trustees to the actual Mid-Year Financial Review document that had been provided on the Board Portal. She said this voluminous document was used internally to review accounts to ensure the University was operating on budget as of December 31.

Ms. Brunelli said that information was sent and responses sought from all campuses and the Columbia campus auxiliaries so that everyone was clear on the mid-year financial status. Because the University is so driven by enrollment, she said the status of tuition revenue for the campuses was the significant element to identify at mid-year.

She reported the Columbia campus enrollment was up, as expected, but increased enrollment also occurred at Aiken, Beaufort and Upstate. USC Beaufort (USCB) reported exceptionally good enrollment, with the campus showing an increase of more than 10% for the fall. This was good news since enrollment increases typically are not budgeted, she said. Responding to a Trustee question, she said the USCB increase was primarily due to in-state students. There was concern about the regional campuses; where fall enrollments were unchanged, had decreased or were relying on concurrent students. As a result, she said, USC Salkehatchie and USC Union had been advised to make budget adjustments following meetings with the campus deans.

Ms. Brunelli said that spring review would be conducted at the end of February, noting that the challenge would be pulling data with PeopleSoft. She added that work was continuing on the PeopleSoft stabilization, which had improved since her December report. Budget development also is coming up, she said. The House Ways and Means Committee will hold budget deliberations the week of February 22, and Ms. Brunelli said that she hoped to have the results of those deliberations to Trustees by the end of the week. Ms. Brunelli also called attention to the ratio analysis summary for the 2015 fiscal year located at the back of the mid-year review document. This is the reporting for the Capital Debt Management audit finding.

She next summarized the preliminary needs for the Columbia campus for FY2016-2017, noting that each campus currently is going through the process of identifying their needs for the coming fiscal year. The top item for consideration is whether there will be a state pay package and fringe increases, which drives budget development.

Chairman Warr stated that Ms. Brunelli's report was received as information.

III. Adjournment

There being no other matters to come before the committee, Chairman Warr declared the meeting adjourned at 2:45 p.m.

Respectfully submitted,

Amy E. Stone
Secretary