

The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at trustees@sc.edu. Electronic or other copies of original minutes are not official Board of Trustees' documents.

University of South Carolina

BOARD OF TRUSTEES

Executive Committee

December 14, 2009

The Executive Committee of the University of South Carolina Board of Trustees met on Monday, December 14, 2009, at 9:00 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Herbert C. Adams; Dr. C. Edward Floyd; Mr. Toney J. Lister; Mr. Michael J. Mungo; and Mr. Eugene P. Warr, Jr.

Other Trustees present were: Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck, Jr.; Mr. Greg Gregory; Mr. William W. Jones, Jr.; Ms. Leah B. Moody; Mrs. Amy E. Stone; Mr. John C. von Lehe, Jr.; Mr. Mack I. Whittle, Jr.; and Mr. Othniel H. Wienges, Jr.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Finance and Planning William T. Moore; Vice President for Academic Affairs and Provost Michael D. Amiridis; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Human Resources Jane M. Jameson; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Interim Vice President for Communications and Public Affairs Charles Bierbauer; Special Assistant to the President J. Cantey Heath; Vice President for Medical Affairs Donald J. DiPette; Vice Provost and Executive Dean for System Affairs and Extended University Chris P. Plyler; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Beaufort Jane T. Upshaw; Dean of USC Lancaster John Catalano; Dean of USC Sumter C. Leslie Carpenter; Vice Provost for Academic Affairs and the Dean of Undergraduate Studies Helen I. Doerpinghaus; Vice Provost for Faculty Development Christine W. Curtis; Associate Vice President for Resource Planning Edward L. Walton; Executive Director of the Office of Foundations Jerome D. Odom; Director of Facilities, Division of Business and Finance, Tom Quasney; Executive Director of the Alumni Association Marsha D. Cole; Director of Athletics Eric C. Hyman; Director of the Department of Internal Audit Alton McCoy; Special Assistant to the President and Athletics Director John D. Gregory; Dean of the College of Arts and Sciences Mary Anne Fitzpatrick; Dean of the School of Medicine Richard A. Hoppmann; Dean of the College of Nursing Peggy O. Hewlett; Dean of the College of Hospitality, Retail and Sport Management Brian J. Mihalik; Associate Dean of the College of Hospitality, Retail, and Sport Management Sheryl Kline; Associate Dean for Clinical Research and Special Projects, School of

Medicine, Stanley D. Fowler; Director of Administrative Services, University Libraries, Mary Horton; Interim Associate Dean for Research and Graduate Studies, College of Hospitality, Retail, and Sport Management, Ercan S. Turk; Deputy Athletics Director Marcy Girton; Chief Financial Officer, Department of Athletics, Jeff Tallant; Assistant Provost for Academic Programs Kristia H. Finnigan; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Vice Chancellor for Advancement, USC Beaufort, Lynn W. McGee; Faculty Senate Patrick D. Nolan; President of the Student Government Association Meredith Ross; University Graduate Student Association President Alan Tauber; Director of Media Relations, Division of University Advancement, Margaret Lamb; Executive Assistant, Facilities Planning and Construction, Donna Collins; Chief Financial Officer, Office of Foundations Russell H. Meekins; Assistant Soccer Coach Mat Cosgriff; University Baptist Chaplain Emerita Jane Poster; USC Women's Soccer Team coaches Jamie Smith and Shelley Smith; USC Women's Soccer Team members Blakely Mattern and Kacie Brewer; University Technology Services Production Manager, Justin Johnson; and Board staff members Terri Saxon, Vera Stone, and Karen Tweedy.

Chairman Loadholt called the meeting to order and invited those present to introduce themselves. Ms. Lamb introduced members of the press who were present.

Chairman Loadholt 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.

Chairman Loadholt stated that there were personnel matters relative to athletics contracts extensions and an addendum to the operating agreement between the United States Department of Justice and the University of South Carolina which were appropriate for discussion in Executive Session.

Dr. Floyd moved to enter Executive Session. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Moore, Mrs. Jameson, Dr. Pruitt, Dr. Hogue, Dr. Kresovich, Dr. Plyler, Ms. Dodenhoff, Mr. Parham, Mr. Heath, Mr. Hyman, Mr. Gregory, Mrs. Martin, Ms. Mills, and Mrs. Lamb.

#### Return to Open Session

##### I. Contracts Valued in Excess of \$250,000:

##### A. Athletics Contracts:

1. Head Men's Basketball Coach - Darrin Horn: Chairman Loadholt called on Mr. Parham who, on behalf of the Athletics Department, proposed for board

consideration a series of amendments to Coach Horn's employment agreement.

First, he proposed a two year extension of the term of the agreement beginning April 1, 2013, and ending March 31 2015. There would be no change in his Base Salary of \$250,000 annually.

Second, he proposed a \$300,000 increase in Coach Horn's compensation package. The \$300,000 increase would be divided between contributions to a tax-deferred compensation plan that would be created upon approval by this committee; and an increase in the guaranteed compensation provided for personal services compensation (promotional and fund-raising activities, television and radio services, and endorsements). Currently, Coach Horn received \$550,000 annually for personal services compensation. Under the agreement modifications, his compensation would increase \$100,000 annually for the next three years and would level off and remain the same each year thereafter.

Other proposed revisions to Coach Horn's agreement:

Tax Deferred Compensation Plan: Currently, Coach Horn does not have a tax deferred compensation, but the board had approved similar plans for other coaches in the past. He proposed that the University create a tax-deferred compensation plan and contribute to the plan as follows:

On or about March 31, 2010	\$300,000
On or about March 31, 2011	\$200,000
On or about March 31, 2012	\$100,000
On or about March 31, 2013	\$ - 0 -
On or about March 31, 2014	\$ - 0 -
On or about March 31, 2015	\$ - 0 -

He stated that Coach Horn would be vested in the plan each year upon payment of the annual contribution.

In addition, Mr. Parham reported on other modifications to the contract as distributed and discussed in Executive Session.

Mr. Mungo moved to approve the contract as described in the meeting materials. Mr. Adams seconded the motion. A vote was taken, and the motion carried.

2. Head Football Coach - Steve Spurrier: Mr. Parham, who on behalf of the Athletics Director, proposed a one year extension of the Head Football Coach's employment agreement beginning January 1, 2013, and ending on December 31, 2013. He stated that there were no changes in the compensation provisions.

Mr. Mungo moved to approve the contract as described in the meeting materials. Mr. Lister seconded the motion. A vote was taken, and the motion carried.

B. Addendum to the Operating Agreement between the Unites States

Department of Justice and the University of South Carolina: Chairman Loadholt called on Mr. Parham who requested board approval for an addendum to the existing operating agreement between the University and the Department of Justice (DOJ).

This agreement was the culmination of years of work by various University officials who have been involved in negotiations with the DOJ. Most recently, Dr.

Pastides, Ted Moore and Ed Walton finalized the financial terms of these negotiations. The agreement had been approved by the DOJ.

Mr. Parham stated that this agreement outlined three main purposes:

- The terms of USC's proposed lease to DOJ of the Close-Hipp Building;
- The terms of USC's lease to DOJ for the adjacent parking lot;
- The terms of the extension of the existing lease between the University and DOJ of the National Advocacy Center (NAC).

Lease of the Close-Hipp Building: The Close-Hipp Building consisted of 326,271 net assignable square feet. Once the University had constructed the new Moore School of Business facility, the University would vacate the Close-Hipp Building and would spend \$15 million to renovate the facility according to specifications and plans provided by DOJ. Once the renovations were completed, DOJ would assume possession, move in and would lease the facility from USC for a 20-year period. The annual rental fee would be \$16.26 per square foot which equated to \$5,301,903.75.

Title to the facility would remain at all times with USC. DOJ would vacate the facility at the end of the 20-year lease period unless the parties mutually agree to an extension of the lease terms.

In addition to the \$15 million that the University had committed to the renovation of the building, USC would also contribute an additional \$5 million at the end of the 10<sup>th</sup> year of the lease, and \$5 million at the end of the 15<sup>th</sup> year of the lease for ongoing capital improvements to the Close-Hipp Building. All improvements to the building would be owned by USC. The total amount that USC would contribute toward renovations of the Close-Hipp Building would be \$25 million.

In addition to the annual rental fee, DOJ would also be responsible for all costs associated with occupying and using the Close-Hipp Building including maintenance and utility costs. If DOJ made use of any other service of USC during the term of the lease, for example, telecommunications, security, food service, health and safety, and postal services, DOJ would be responsible for paying the costs associated with such service. This was the same arrangement DOJ already had in place for the NAC.

Mr. Parham explained that because USC would continue to own the facility, USC would be responsible for maintaining property insurance on the facility.

Finally, full-time DOJ staff who work in the Close-Hipp facility and would have access to USC's libraries, the Wellness Fitness Center, and the Health Center, on the same basis as USC employees. This was same arrangement that USC currently provided full-time employees working in the NAC.

Lease of the Parking Facility: The second lease was for the parking facility adjacent to the Close-Hipp building. The parking lot has 365 parking spaces. USC would also lease the adjacent parking facility to DOJ for the same 20-year period beginning with the date DOJ assumed occupancy of the Close Hipp Building. DOJ would control the parking facility, including the assignment of spaces and security. And,

DOJ would pay USC an annual rental fee of \$219,000 for the parking facility. This equates to \$50 per space per month.

Extension of the National Advocacy Center Lease: The University leased the NAC to DOJ, rent free, for a period of 25 years. The lease began in 1998 and would end in 2023. Because DOJ's use of the Close-Hipp Building was inextricably tied to DOJ's use of the NAC, the term of the existing lease agreement between USC and DOJ for the NAC would be extended so that the new term would expire on the same date that the 20-year lease of the Close-Hipp Building expired. The University would not receive compensation for the first 25 years of the lease; the University would receive compensation for the extended term through the end of the 20 year period.

DOJ would pay rent on the NAC during the period of the extension. The NAC had 153,814 net assignable square feet. Beginning in 2023, DOJ would pay an initial annual rent of \$16.25 per square feet adjusted annually by Consumer Price Index (CPI) from December 31, 2009 through 2023. However, the initial rental amount could not exceed \$29.25 per square feet. The rental fee would be adjusted based on CPI annually thereafter.

Mr. Hubbard stressed again the importance of the asbestos issue as discussed in Executive Session.

Mr. Adams moved to approve the agreement as distributed in the materials for this meeting. Mr. Warr seconded the motion. A vote was taken, and the motion carried.

Mr. Adams reiterated that the members had requested to be provided a schedule of expenditures and revenue over the term of this project and clarification regarding the presence of asbestos in the building.

C. Indefinite Delivery Contracts: Chairman Loadholt called on Mr. Parham who stated that the University used Indefinite Delivery Contracts (IDCs) as a way to have companies readily available to respond to construction projects as needed on campus. Traditionally, on behalf of the Facilities office, he would seek board approval for this type of contract three or four times per year. However, President Pastides and Dr. Moore wanted to make the approval process more efficient, therefore, they directed Facilities to compile the IDCs based on the service areas to be presented in bulk simultaneously for board approval.

Mr. Parham presented two sets of IDCs. The first set consisted of the following 44 companies that would cover general construction services, landscaping services, and mechanical services:

1. AOS Specialty Contactors, Inc.
2. Arnold Construction Corporation
3. Boykin Contracting, Inc.
4. Carabra Construction Company, LLC
5. Construction Dynamics, LLC
6. Cullum Constructors, Inc.

7. Cunningham-Waters Construction Co., Inc.
8. First Class Construction, LLC
9. I & E Specialties, Inc.
10. Ideal Construction Company SC, LLC
11. Lindler Construction Company, Inc.
12. M. A. R. Construction Company, Inc.
13. Monroe Construction Company, LLC
14. Monterey Construction Company, Inc.
15. MSI Construction Company, Inc.
16. Penn Contracting, LLC
17. Preferred Construction Company, Inc.
18. Priority Construction Company, Inc.
19. Pyramid Contracting, LLC
20. Smith Construction & Engineers, Inc.
21. Solid Structures, LLC
22. Tyler Construction Group, Inc.
23. Weber Construction Company, Inc.
24. AOS Specialty Contractors, Inc.
25. Davis Lawn Care, LLC
26. Exceed Landscape Solutions, Inc.
27. First Class Construction, LLC
28. Green View Landscaping, Inc.
29. Greene's Landscaping Service, Inc.
30. The Metrolina Landscape Company
31. MSI Construction Company, Inc.
32. Roebuck Wholesale Nursery & Landscaping, Inc.
33. Shurburtt Group, LLC
34. Southern Vistas, Inc.
35. Springdale Outdoor Services, Inc.
36. Bear Mechanical Services, LLC
37. Cullum Constructors, Inc.
38. Johnson Controls, Inc.
39. McCarter Mechanicals, Inc.
40. MSI Construction Company, Inc.
41. Regional Mechanical Services Inc.
42. State Mechanical Contracting
43. W.B. Thomasson Heating Company, Inc.
44. W.O. Blackstone and Company, Inc.

The contracts for each of these 44 companies were identical and contained the terms and conditions established by the State of South Carolina for a two-year period. According to the state regulations, the university could not pay more than \$750,000 to any one of the companies during the two-year period, nor could one company receive more than \$150,000 for any one project during that two-year period.

The second set of IDCs consisted of 24 companies who would perform professional/consulting services in the areas of architectural, electrical and structural consultation:

1. The Boudreaux Group
2. CDA Architects
3. DP3 Architects
4. Garvin Design Group
5. GMK Associates
6. JHS Architecture
7. Jumper Carter Sease
8. Liollo Architecture, Inc.
9. LS3P
10. Michael Keeshen & Associates, Inc.
11. McMillan Smith & Partners Architects, PLLC
12. Neal Prince Architects
13. Quackenbush Architects & Planners
14. Stubbs Muldrow Herin Architect, Inc.
15. Watson Tate Savory
16. Belka Engineering Associates, Inc.
17. Davis & Floyd, Inc.
18. RMF Engineering, Inc.
19. Sims Group Engineer, Inc.
20. ADC Engineering, Inc.
21. Britt, Peters and Associates, Inc.
22. Chao and Associates
23. MACTEC Engineering & Consulting, Inc.

24. Moore and Associate Engineering and Consulting

These 24 contracts were for a two-year period, were identical, and contained the terms and conditions established by the State of South Carolina. According to state regulations, the University could not exceed \$300,000 plus \$60,000 for expenses to any one of the companies, nor could one company receive more than \$100,000 for any one project during that two-year period.

The companies would be on standby and the University was under no obligation to use the companies.

Mr. Parham stated that by approving these contracts, the Board was not waiving any other applicable project approvals that may be required. For example, the Procurement Code required any project valued at \$150,000 or more to be separately bid. State regulations required a State Project Approval for any project valued at \$100,000 or more. The Board of Trustees must approve any project valued at \$250,000 or more.

Mr. Burroughs asked how those companies were selected and the process used to get on the list. Mr. Parham responded that the University advertised in the South Carolina Business Opportunities newsletter for companies that wished to be considered for this type of work; and the University had a selection committee that evaluated and selected those companies based on experience. The committee came up with a master list of proposed companies. Mr. Burroughs requested a list of businesses used in the past to see if there had been turnover and if there was consistency. Mr. Parham stated that he would get this information and forward it to him.

Mr. Jones asked if the University still needed to go through the procurement process. Mr. Parham responded, yes, the IDC did not change any other approval by this committee or by the state. All construction projects over \$150,000 had to be set up separately and would come back to this committee as well as contracts in excess of \$250,000.

Mr. Lister moved to approve the contract as described in the meeting materials. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

D. Marriott Conference Facility Rental Agreement: Chairman Loadholt called on Mr. Parham who reported that the Institute for HIV Prevention Leadership, located in the Arnold School of Public Health, was funded by the Centers for Disease Control and Prevention (CDC) through a cooperative agreement with the Association of Schools of Public Health. Its mission was to enhance the HIV prevention capacity of community based organizations that serve populations affected by or at risk for HIV/AIDS through the provision of comprehensive educational programs.

Mr. Parham presented a Conference Facility Rental Agreement between the Institute for HIV Prevention Leadership and the Atlanta Marriott Northwest. The Marriott was selected through a competitive bid process. Under the agreement, the Marriott would host four weeks of on-site instruction by the Institute for a cohort of approximately

40 leaders and staff members of community based organizations nationwide selected by the CDC.

The Institute was funded completely by a \$1.2 million grant from the CDC; and the grant would cover all costs associated with the educational program to be held at the Marriott. Therefore, no University funds or state funds would be used for this matter. This was the 10<sup>th</sup> year that CDC had funded the Institute.

Mr. Mungo moved to approve the contract as described in the meeting materials. Mr. Warr seconded the motion. A vote was taken, and the motion carried.

II. College of Education Extension of Special Tuition Rate for DSS Students - Masters in Early Childhood Education - USC Columbia: Chairman Loadholt

called on Dr. Amiridis who reported that in December 2006, the Board of Trustees approved the special tuition rate for the M.Ed. in Early Childhood Education. This program allowed the Department of Social Services (DSS) to pay a below-standard tuition rate for each course for up to 10 courses.

Today, he was requesting board approval to continue offering the Masters in Early Childhood Education Program for a new cohort of approximately 20 students. In the previous agreement, the rate was \$6,000 per course and now they were requesting a rate of \$8,100 per course which would generate \$81,000 in revenue.

Dr. Amiridis stated that this was a good program with DSS because there was a strong relationship between the College of Education and the Department of Social Services that extended beyond the Child Development and Research Center (CDRC). The reason for the previous petition and this one was that DSS had been generous in funding significant portions of the CDRC and supporting many flow-through federal contracts that easily exceeded \$1 million per year in external funding to USC. The program allowed the College of Education to partner with DSS to address a critically important childcare leadership development program for the state. He advised that this program was revenue neutral, consistent with the University's mission, and was fully supported by the leadership of the University.

Mr. Adams moved to approve the fee schedule. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

III. Endowment Report: Chairman Loadholt called on Dr. Jerry Odom who gave an overview of the University's endowment report to NACUBO. Last fiscal year, the total endowment decreased by approximately \$30 million, an 8-percent lost. Currently, the endowment was valued between \$425 million to \$430 million.

The USC Foundation Pooled Portfolio consisted of money from four foundations and they had lost 22 percent last fiscal year which was the average nationwide. The USC funds were up substantially because of the Centers of Excellence program which came from the lottery and was held by the state Treasurer's Office. The value of the

endowment as of June 30, 2009 was \$391,468,285.00.

Chairman Loadholt called for a motion to accept the report as presented. Mr. Adams so moved and Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

Since there were no other matters to come before the Executive Committee, Chairman Loadholt declared the meeting adjourned at 9:45 a.m.

Respectfully submitted,

Thomas L. Stepp  
Secretary