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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

February 17, 2017

The Executive Committee of the University of South Carolina Board of Trustees met at 1:35 p.m. on Friday, February 17, 2017, in the C. Edward Floyd Boardroom at the My Carolina Alumni Center.

Members present were: Mr. John C. von Lehe Jr., Chairman, who joined by telephone; Mr. Hubert F. Mobley, Board Vice Chairman, who served as presiding chairman for the meeting; Dr. C. Edward Floyd; Mr. William W. Jones Jr.; Mr. Toney J. Lister; and Mr. Eugene P. Warr Jr.

Other Trustees present were: Mr. Mark W. Buyck Jr.; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell; Mr. William C. Hubbard; Mr. Miles Loadholt; Ms. Leah B. Moody; Dr. C. Dorn Smith; Mr. Thad H. Westbrook; Mr. Mack I. Whittle Jr.; and Mr. Charles H. Williams.

Also present was faculty representative August E. "Augie" Grant.

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 Development Jancy Houck; Vice President for Human Resources Chris Byrd; Vice President for Information Technology Doug Foster; Chief Communications Officer Wes Hickman; Executive Director of Audit & Advisory Services Pam Doran; Executive Director for University Foundations Russell H. Meekins; Vice President for System Planning and Interim Chancellor for USC Upstate Mary Anne Fitzpatrick; USC Aiken Chancellor Sandra Jordan; USC Upstate Chancellor-Elect Brendan Kelly; Palmetto College Chancellor Susan Elkins; Associate Vice President for Finance Jennifer Muir; Associate Vice President for Finance Kelly Epting; University Treasurer Pat Lardner; Vice Provost and Director for Global Carolina P. Allen Miller; Director of Facilities Design and Construction Jeffrey D. Lamberson; Director of Capital Budgets and Financing Charlie Fitzsimons; College of Engineering and Computing Dean Hossein Haj-Hariri; College of Engineering and Computing Associate Dean Hanif Chaudhry; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; Executive Director of My Carolina

Alumni Association Jack W. Claypoole; Mrs. Ann Loadholt, wife of Trustee Miles Loadholt; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Presiding Chairman Mobley 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.

Mr. Hickman announced no media were in attendance.

II. Board of Trustees Bylaws Amendment

Presiding Chairman Mobley called on Mr. Parham who said the proposed amendment updated the language in Article X, Section 8 of the Board of Trustees Bylaws, titled "Appearance Before and Documents Presented to the Board." H noted that discussions in December resulted in the amendment being changed to allow the full Board to make the final decision on who could appear before the Board. The new language states:

All individuals who wish to appear before and be heard by the Board and its committees must apply for permission to do so by submitting a written request to the Secretary of the Board. The request must describe with reasonable particularity the issue to be addressed and must include any documentation to be disseminated to the Board. The Secretary shall forward any such request to the Executive Committee for consideration and recommendation to the Board. The Board shall determine by majority vote if the request to appear will be granted. Only requests to address matters within the subject matter jurisdiction of the Board will be considered.

If the Board approves a request for appearance, the Board shall, in its discretion, direct that the presentation be made either to the Board or to a standing committee of the Board. The Secretary shall notify the requesting party of the Board's decision.

Presiding Chairman Mobley called for a motion to recommend Board approval of the amendment to the Bylaws. Mr. von Lehe so moved. Mr. Jones seconded the motion. The vote was taken and the motion was approved.

III. Board of Trustees Member Expense Policy and Procedure

Presiding Chairman Mobley said the proposed new policy had been discussed at the Board's January 2017 retreat in detail. It was prepared after several months of evaluating existing procedures to capture in writing, the practices that have been used in the past, as well as specifying when reimbursements

would be reportable on forms W-2 or 1099. He then called for a motion and second to recommend Board approval of the BTRU 1.16 Board of Trustees Member Expense Policy and Procedure.

Mr. Lister so moved and Dr. Floyd seconded the motion. The vote was taken and the motion was approved.

IV. Contracts

A. Elsevier, USC Libraries

Mr. Parham said the University has contracted for several years with Elsevier, which is a company that owns and operates an online periodical service called ScienceDirect. These contracts have been brought to the Board for approval approximately every five years, most recently in February 2012. The new agreement includes a five-year term with a total cost of \$9.8 million. By approving the agreement, the University will continue to have access to 630 science journals and another 939 titles in a collection called the Freedom Collection. Online access is available to all faculty, staff and students on all University campuses, including the medical schools and the law school.

Presiding Chairman Mobley called for a motion to recommend Board approval of the Elsevier contract. Mr. Jones so moved. Mr. Warr seconded the motion. The vote was taken and the motion was approved.

B. Caledonian College of Engineering, Sultanate of Oman

Mr. Parham said the College of Engineering and Computing sought approval of an Academic Collaboration Agreement with the Caledonian College of Engineering, located in the Sultanate of Oman. Under the agreement, the University's College of Engineering and Computing will serve in an advisory role on academic matters, curriculum development and delivery, and accreditation issues, so the Caledonian College of Engineering can upgrade current undergraduate programs and develop new undergraduate and master's degree programs. The agreement also provides that the two colleges of engineering will pursue and consider possible faculty and student exchange agreements, and identify opportunities to engage in joint research.

In exchange for providing the services under the agreement, Caledonian will pay USC \$10,000 for each program developed, \$6,000 for each program that is accredited, an annual accreditation maintenance fee of \$1,000, and a share of the tuition paid by Caledonian students for the courses USC will help develop. Over the five-year term of the agreement, the USC College of Engineering and Computing will receive an estimated \$2.85 million. In addition, expenses incurred by the University's faculty and staff who travel to Caledonian to assist with the services being provided will be reimbursed 100%.

Trustee Cofield asked whether the agreement would result in foreign students coming to the University. Mr. Parham indicated the opportunity for an exchange existed and would have to be established separately. Trustee Cofield then renewed his concern over the vetting of foreign students coming to the University, stating that campus safety should take precedence over revenue generation. President Pastides said that at a future Board meeting, a review of the University's vetting procedures would be presented. Mr. Mobley assured Mr. von Lehe that he had asked Secretary Heath to place the topic on a future agenda.

Presiding Chairman Mobley called for a motion to recommend Board approval of the revenue generating contract with Caledonian College of Engineering. Dr. Floyd so moved. Mr. Warr seconded the motion. The vote was taken and the motion was approved.

C. Indefinite Delivery Contracts (for Geotechnical and Material Testing and Civil and Surveying)

1. ECS Carolinas, LLP
2. F&ME
3. G2S Engineering
4. S&ME
5. AECOM
6. Chao & Associates, Inc.
7. Cox & Dinkins, Inc.
8. WK Dickson

Mr. Parham said approval was sought for eight indefinite delivery contracts; four for geotechnical services and four for civil and surveying services. Each two-year term contract was the standard agreement approved by the State Engineer, restricting each company to \$500,000 worth of work during the contract term.

Presiding Chairman Mobley called for a motion to approve the eight indefinite delivery contracts. Mr. Lister so moved. Mr. Jones seconded the motion. The vote was taken and the motion was approved.

V. Mid-Year Financial Review

Presiding Chairman Mobley noted that this information was discussed extensively at last month's Board retreat and the information was provided in greater detail on the Board Portal. He then called on Ms. Brunelli for her report.

Ms. Brunelli said budget review was a process that took place almost daily, not just the semi-annual compilation of a comprehensive document detailing revenues and expenditures by campus. Her report also addressed enrollment, on which the budget is dependent. Ms. Brunelli noted, for the first time in its

history, the University's enrollment had reached 50,000 students in Fall 2016, which strengthened the budget. She said that the Columbia campus met its budget target as far as enrollment was concerned, while Beaufort, Upstate and Lancaster campuses experienced slight declines. USC Beaufort experienced a growth in enrollment, but not to the level that had been budgeted. Each campus had adjusted its budget accordingly, she said.

All campuses and auxiliaries were performing within budget expectations, she said. Ms. Brunelli then outlined the review schedules for campuses, academic and service units. As discussed in the Board retreat, all Columbia campus units will undergo a 3% budget reduction for strategic reallocation.

As of December 31, 2016, Ms. Brunelli outlined the amount of revenue received throughout the University system and then illustrated the level of expenditures as of the same date. System-wide, 78.64% of revenue had been received while expenditures were on budget at 50%. A review of the budget calendar was presented, with Ms. Brunelli noting President Pastides was to appear before Senate Finance Higher Education Subcommittee on March 15. She said needs for the Columbia campus are being identified, as are those on the other campuses. She noted the top item was the proposed 2% increase in the pension bill, which translates into a \$9.5 million increase for the University.

Ms. Brunelli concluded the University's financial challenges continue as the University implements its strategic planning and Board retreat initiatives, managing enrollment, complying with increased regulatory requirements, balancing operating and capital needs, and completing conversion and operationalization of OneCarolina for payroll and human resources.

Trustee Fennell commended the efforts to improve enrollment levels at USC Union and asked about a future report on falling enrollment at the School of Law. Provost Gabel said Dean Wilcox had been preparing a plan and would be asked to present a report at a future meeting.

Presiding Chairman Mobley accepted Ms. Brunelli's report as information.

VI. Adjournment

Presiding Chairman Mobley called for any other matters to come before the committee.

There being none, Chairman von Lehe declared the meeting adjourned at 1:50 p.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary