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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

February 12, 2004

The Executive Committee of the University of South Carolina Board of Trustees met on Thursday, February 12, 2004, at 11:40 a.m. in the Carolina Plaza Board Room.

Members present were: Mr. Mack I. Whittle, Jr., Chairman; Mr. Herbert C. Adams; Mr. James Bradley; Dr. C. Edward Floyd; Mr. William C. Hubbard; and Mr. Michael J. Mungo. Other Trustees present were: Mr. Mark W. Buyck, Jr.; Mr. Samuel R. Foster, II; Mrs. Helen C. Harvey; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. Robert N. McLellan; Mr. M. Wayne Staton; and Mr. Eugene P. Warr, Jr.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Vice President for Academic Affairs and Provost Jerome D Odom; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Research and Health Sciences Harris Pastides; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Human Resources Jane M. Jameson; General Counsel Walter (Terry) H. Parham; Vice Provost and Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Beaufort Jane T. Upshaw; Vice Chancellor for Business Affairs, USC Spartanburg, Robert Connelly; Assistant Treasurer Susan D. Hanna; Assistant to the Vice President, Office of Business and Finance, Ken Corbett; Executive Assistant, Campus Planning and Construction, Donna Collins; Project Manager, Campus Planning and Construction, Delisa Clark; University Legislative Liaison John D. Gregory; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; and members of the media.

Chairman Whittle called the meeting to order and invited Board members to introduce themselves. Mr. McKinney introduced members of the media who were in attendance. Chairman Whittle 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 to members of the Committee; and a quorum was present to conduct business.

There were personnel matters relative to an athletics hiring and foundation board appointments which were appropriate for discussion in Executive Session. Chairman Whittle called for a motion to enter Executive Session. Mr. Bradley so

moved, and Mr. Hubbard seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: Dr. Sorensen, Mr. Stepp, Dr. Odom, Mr. Kelly, Dr. Pastides, Dr. Hogue, Ms. Jameson, Dr. Plyler, Mr. Parham, Mr. McKinney, Ms. Tweedy, and Ms. Stone.

Return to Open Session

I. Employment Agreement for Head Football Coach: Chairman Whittle

recognized Mr. Parham who presented the proposed employment agreement for Head Softball Coach Joyce Compton.

Mr. Parham reviewed the essential terms of this four year contract which began June 1, 2003 and would terminate May 31, 2007. The base salary of \$83,401, reflected an increase of approximately \$2,500. This contract also contained nearly identical performance based supplemental compensation opportunities which were based on predetermined amounts rather than a certain percentage of the base salary. Coach Compton would continue to receive the use of an automobile; would have the opportunity to hold up to four weeks of softball camp; and could earn outside income if prior approval had been obtained from President Sorensen and Dr McGee.

The termination "for cause" provisions were the same as in the current contract; termination "without cause" were also identical. Termination by the Employee provisions stated that Coach Compton would pay the University 50 percent of her base salary for each remaining year up to a maximum of \$100,000. And, finally, as in other athletics contracts, the Athletics Director's approval was required before seeking employment elsewhere.

Mr. Hubbard moved approval of the Employment Agreement for Head Softball Coach Joyce Compton as presented. Mr. Bradley seconded the motion. The vote was taken, and the motion carried. Mr. Mungo abstained from voting.

II. Indefinite Delivery Contracts:

- A. Accent Contracting, Inc.
- B. Bonitz Contracting Co., Inc.
- C. Boykin Contracting, Inc.
- D. By Design Group, Inc.
- E. Monteray Construction Co., Inc.
- F. Preferred Construction Co., Inc.
- G. Priority Construction Co., Inc.
- H. MSI Construction Co., Inc.
- I. Southeast Construction Co., Inc.
- J. Strickland Waterproofing Co., Inc.

Chairman Whittle called on Mr. Parham who stated that Mr. Kelly had submitted for Executive Committee approval ten indefinite delivery contracts. Under these agreements, small construction projects could be performed for the University in an expeditious manner. These ten companies were selected because they offered the greatest discount from the construction estimating guide used in the industry; discounts ranged from 40 percent - 51 percent. By approving these contracts, the

University was not obligated to award any work at any time to any of these businesses. No company could be paid more than \$150,000 for a particular project or more than \$750,000 during a two year period. Further, the Executive Committee was not waiving other existing approvals pursuant to Board policy or state law.

Mr. Adams moved approval of the Indefinite Delivery Contracts as presented. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

III. State Energy Office Energy Efficiency Loan: Chairman Whittle recognized Mr. Kelly who explained that the University was undergoing two energy audits through an Energy Management contract. During the latter 1980s and early 1990s, the Federal Government had created an "overcharge fund" which had subsequently funded the establishment of an energy office in every state.

In June 2003, the University had applied to participate in a low interest energy efficiency loan program sponsored by the State Energy Office; a loan of \$1 million, which will fund lighting retrofits in various buildings, had been approved.

Mr. Kelly was requesting Executive Committee permission to enter into a loan agreement with the State Energy Office to borrow \$1 million at a 1 percent interest rate for 8 years; he guaranteed repayment in 5.4 years with additional energy savings.

Mr. Mungo moved approval of the State Energy Office Energy Efficiency Loan as presented. Mr. Bradley seconded the motion.

Mr. Bradley asked if it was unusual for the State Budget and Control Board to lend money to another state agency at an interest rate of 1 percent. Mr. Kelly responded that the interest rate would likely increase to 3 percent the following month; therefore, timely Executive Committee approval was requested.

The vote was taken, and the motion carried.

IV. Change in Graduate Fee Structure in the Moore School of Business:

Chairman Whittle called on Provost Odom who stated that Executive Committee approval of an increased graduate fee structure in the Moore School of Business was requested because the effected classes would begin in May. Dean Joel Smith and the school's associate deans had proposed a new fee schedule for full and part-time master's students only.

Mr. McLellan asked the amount of additional revenue which would be generated as a result of this increase; he also asked why this particular school was permitted to request a fee adjustment at this time as opposed to the others. Provost Odom explained that the IMBA (International Masters of Business Administration) program would begin in May; therefore, the Business School was requesting an effective date of May 1 for this fee increase.

Responding to Mr. McLellan's question regarding the reason for this increase, Provost Odom indicated that after comparing current charges with those of peer institutions, the Business School had determined that its fees were low. In addition, both undergraduate and graduate enrollment had expanded; therefore, its budget, as Provost Odom commented, was somewhat "on the edge." As expressed in the past, Mr. McLellan voiced his concern about tracking peer institutions in terms of cost.

Mr. Bradley moved approval of the Change in Graduate Fee Structure in the Moore School of Business as presented. Mr. Hubbard seconded the motion. The vote was taken, and the motion carried.

V. Legislative Status Report: Chairman Whittle called on Dr. Sorensen who stated that since becoming President of the University, the most significant piece of legislation addressing higher education - the "Life Sciences Bill" - had passed the House of Representatives by a vote of 84 to 10 during the final 2003 legislative session; it recently passed the Senate by a vote of 32 to 10.

Three provisions were particularly pertinent to the University of South Carolina:

- Bond authorization of the State of South Carolina was increased by $\frac{1}{2}$ of 1 percent for the use of universities.

It was estimated that this increase would generate revenue of approximately \$250 million. Of that amount, \$220 million will be made available to the 3 research institutions and the remaining \$30 million will be divided among the 10 four year public institutions.

President Sorensen noted that Senator Leatherman had been especially instrumental in securing passage of this legislation as well as House Speaker David Wilkins and Chairman Bobby Harrell of the House Ways and Means Committee.

The bill stipulated that the \$220 million must be used only for the construction of new facilities, not the refurbishment of existing buildings or deferred maintenance needs. In addition, the new facilities must demonstrate the ability to stimulate economic development in the "near term."

- A second provision provided regulatory relief for universities from stifling state agency procedures.

This measure would make it possible to circumvent the rigidity and complexities of the state procurement code, for example, on guidelines for the construction of buildings on a research campus using private capital as the funding source could be created.

- USC Sumter will be awarded four year status.

President Sorensen indicated that he had sent a letter to Dean Les Carpenter of USC Sumter, with copies to all Board members, regarding this topic. It clearly outlined the criteria he believed Dean Carpenter must fulfill before forwarding a recommendation to the Board to grant USC Sumter four year status.

President Sorensen noted that Governor Sanford in his budget message had recommended that USC Salkehatchie and USC Union be closed. After visiting those campuses on several occasions, President Sorensen was convinced that they provided an important service to the people living in those communities. The total legislative appropriation for those campuses was 4/100ths of 1 percent or \$3.1 million of the higher education budget; tuition generated from students attending those institutions equaled \$2.4 million.

Responding to Mr. Mungo's question regarding the governor's position on this bill, President Sorensen explained that Governor Sanford had called him about it; the governor may veto the bill because he was opposed to the USC Sumter amendment. If the governor did veto the bill, the House and Senate leaders would consider proposing an override; a 2/3rds vote would be needed in each of the houses to override his veto.

If this legislation passed, President Sorensen was confident that rigorous standards, which the University would have the right to establish, would guide the four year status process for USC Sumter; in addition, the Board of Trustees must approve all degree programs which might be offered. Rather than objecting to the total bill because of the USC Sumter amendment, President Sorensen was primarily concerned about the importance to the University of the other provisions of this bill.

Mr. Bradley asked the source of the \$250 million anticipated from the bond authorization increase. In response, Mr. Gregory explained that the debt service of the state had been elevated to raise this anticipated amount.

There really is no money now. The General Assembly will authorize a process that, when Dr. Sorensen and his team find economic development, find developers, find matching non-state dollars to bring to the table, and persuade the leadership of this state that in fact jobs and economic development will come, then out of that ½ percent debt increase the state of South Carolina will borrow the money on the theory that it is generating millions of dollars in jobs (i.e., BMW, Roche-Carolina, Savannah River Site).

Each effort is a bonding process which must go before this Board first, to the Endowed Chairs Board, the Joint Bond Review Committee, and then to the Budget and Control Board. Again, there will be no money until we do our part.

Mr. McLellan asked whether this bill could be sent to Conference Committee if the House refused to accept the Senate addition of the USC Sumter amendment; that maneuver could open the possibility of removing the amendment if enough support existed. President Sorensen indicated that many coalitions had developed regarding

the various factors of the governor's budget; he was concerned that opposition to the USC Sumter amendment could prompt defeat of the entire bill.

Since there were no other matters to come before the Committee, Chairman Whittle declared the meeting adjourned at 12:30 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary