University of South Carolina

BOARD OF TRUSTEES

Executive Committee

February 10, 2012

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, February 10, 2012 at 2:15 p.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. John C. von Lehe, Jr.; and Mr. Eugene P. Warr, Jr. Vice Chairman.

Other Trustees present were: Mr. J. Egerton Burroughs; Mr. W. Lee Bussell, Sr.; Mr. Mark W. Buyck, Jr.; Mr. Thomas C. Cofield; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Dr. C. Dorn Smith III; Mr. Thad Westbrook; Mr. Charles H. Williams and Mr. Mack I. Whittle, Jr.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Vice President for Academic Affairs and Provost Michael D. Amiridis; Chief Financial Officer Edward L. Walton; Chief Information Officer and Vice President for Information Technology William F. Hogue; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; Vice President for Human Resources Chris Byrd; Vice President for Communications Luanne Lawrence; General Counsel Walter (Terry) H. Parham; Vice Provost and Executive Dean for Extended Campus Chris P. Plyler; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Associate Vice President for Business and Finance and Medical Business Affairs Jeff Perkins; Dean of the College of Arts and Sciences Mary Anne Fitzpatrick; Chancellor of USC Upstate Thomas F. "Tom" Moore; Associate Vice President for Facilities Tom Quasney; Director of State Relations Trey Walker; Associate Vice President for Administration, Student Affairs, Stacey Bradley; Associate Athletics Director Marcy Girton; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Director of Capital Budgets and Financing, Division of Finance and Planning, Charlie Fitzsimons; Director of Athletics Eric C. Hyman; Deputy Athletics Director Marcy Girton; Chief Financial Officer, Department of Athletics, Jeff Tallant; Special Assistant to the President J. Cantey Heath, Jr.; Associate Vice President for Business

Affairs, Finance and Planning Division, Helen T. Zeigler; Managing Director for Higher Education Services, Huron Consulting Group, William A. Jenkins; Manager for Health and Education Consulting, Huron Consulting Group, Benjamin Kennedy; Financial Underwriters, Barclays Capital, Brian Frankel and Christoph Muelbert; Bond Counsel, Robert Galloway of Haynsworth Sinkler Boyd, PA; Director of News and Internal Communication Wes Hickman; Assistant Director of News and Internal Communication Margaret Lamb; University Technology Services Production Manager, Justin Johnson; Board staff members Terri Saxon, Vera Stone and Karen Tweedy; and members of the media.

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 contractual matters dealing with athletics contracts which were appropriate for discussion in Executive Session. Mr. Lister 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 Stone, Dr. Amiridis, Mr. Walton, Dr. Pruitt, Mr. Byrd, Ms. Lawrence, Ms. Dodenhoff, Mr. Parham, Mr. Walker, Ms. Brunelli, Dr. Hogue, Dr. Plyler, Dr. Curtis, University Chancellors, Mrs. Hanna, Mr. Heath, Mr. Hyman, Ms. Girton, Ms. Mills, Mr. Hickman, and Mrs. Lamb.

Return to Open Session

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

A. Athletics Contracts: Chairman Loadholt called on Mr. Parham who presented the following contracts:

1. Ray Tanner - Head Baseball Coach: On behalf of Athletics, Mr. Parham requested board approval to amend Coach Tanner's employment agreement. He proposed a one year extension to Coach Tanner's contract. The current contract would expire on June 30, 2015; therefore, the contract would now expire on June 30, 2016.

Guaranteed Compensation: Currently, Coach Tanner's guaranteed compensation is $510,000 (Base Salary - $210,000, Supplement - $100,000, Media - $200,000). Mr. Parham requested that Coach Tanner's guaranteed compensation be increased by $140,000 effective this fiscal year (July 1, 2011 to June 30, 2012).

Deferred Compensation: Currently, the Athletics Department would contribute $56,000 on June 30, 2012 to Coach Tanner's deferred compensation plan. This figure represents the final contribution to a 5-year plan previously approved by the Board. Mr. Parham proposed that Athletics Department contribute $56,000 on June 30, 2012 to Coach Tanner's deferred compensation plan. Thereafter, Athletics will continue $56,000 annually on or before June 30 of each year beginning June 30, 2013 as long as Coach Tanner remains employed as Head Baseball Coach. Furthermore, he is authorized to direct the manner in which he receives the $56,000.

Additionally, the University will announce that Coach Tanner has agreed to serve as a Special Advisor to President Pastides for Community Relations. The Coach will perform this role while serving as the Head Baseball Coach and his duties in this role will be determined by the President. He noted that this addition will not be included in the employment agreement.

2. Stephen O. "Steve" Spurrier, Sr. - Head Football Coach: Mr. Parham said on December 2011, the Board approved a two year extension to Coach Spurrier's employment agreement. Today, he was requesting three modifications as it related to his guaranteed compensation, deferred compensation and incentive based supplemental compensation.

Guaranteed Compensation: Mr. Parham requested to increase Coach Spurrier's guaranteed compensation to $3.3 million for years January 1, 2012 through December 31, 2015 (Base Salary - $350,000, and TV/Radio/Apparel $2,950,000). The payment schedule for the TV/Radio/Apparel compensation will be $1,282,500 payable in four equal installments of $320,625 on April 1, July 1, October 1 and December 1 of each contract year. Then, $1,667,500 in five equal installments of $333,500 payable on August 1, September 1, October 1, November 1, and December 1 of each contract year.

Coach Spurrier's guaranteed compensation was $2, 875,000 for contract year January 1, 2012 to December 31, 2012 and $2,950,000 for contract years January 1, 2013 to December 31, 2015.

Deferred Compensation: Coach Spurrier's deferred compensation was previously approved for four years in the amount of $250,000 a year. This represented the final contribution to the 4-year plan which was approved by the Board on December 31, 2011. However, that particular plan is not being carried forward. He proposed that the Athletics Department's annual $250,000 contributions to a deferred compensation plan not be extended. However, Athletics Department will provide Coach Spurrier $250,000 during the current fiscal year only; and Coach Spurrier is authorized to direct the manner in which he receives the payment.

Incentive Based Supplemental Compensation (Bowl Games): Mr. Parham stated that Coach Spurrier has requested to add the Outback Bowl in the 2nd tier level. Mr. Parham requested to modify the contract as follows: $50,000 in any year that the football team participates in a post-season bowl game other than the Capital One Bowl, Cotton Bowl, Chick-Fil-A- Bowl, Outback Bowl or a Bowl Championship Series (BCS) game; and $100,000 in any year that the football team participates in one of the following post-season bowl games: Capital One Bowl, Cotton Bowl, Chick Fil-A-Bowl or Outback Bowl.

Incentive Based Supplemental Compensation (Game Victories): Currently, Coach Spurrier's contract provides that he would receive $50,000 in any year that the football team wins nine (9) games in the regular season and post-season; or $100,000 in any year that the football team wins ten (10) or more games. Mr. Parham proposed the following: $50,000 in any year that the football team wins nine (9) games in the regular season and post-season; or $100,000 in any year that the football team wins ten (10) games in the regular season and post-season; $200,000 in any year that the football team wins eleven (11) games in the regular season and post-season; or $300,000 in any year that the football team wins twelve (12) games.

Mr. Parham presented the eight contracts below for Assistant Football Coaches, of which, four were new coaches: Kirk Botkin, Grady Brown, Joseph Robinson, and Everette Sands, Jr. and four returning Assistant Coaches: Shawn Elliott, Brad Lawing, Steve Spurrier, Jr., and Lorenzo Ward.

Mr. Parham noted that each contract had been negotiated by the Athletics Director and Head Football Coach, Steve Spurrier. Each Coach would have a two year extension and the term would expire

January 31, 2014. Three of the coaches have a base salary and five have a base salary plus a media component paid for by an outside source. Each Coach has at least one identical incentive provision which provides that the coach will receive $30,000 if the football team participates in a BCS bowl game; or $20,000 if the football team participates in the Capital One, Cotton, Chick-Fil-A, or Outback; or $15,000 if the football team participates in any other bowl game. Each coach will receive the use of one automobile.

Buyout: The buyout provisions were essentially the same and as follows: (a) If the University terminates the contract for cause, the University's obligation to pay the coach would end as of the effective date of termination; (b) if the University terminates the contract without cause, the University would pay the coach his base salary for the remaining term of the contract, payable in equal monthly installments; provided, however, the University's obligation to pay the buyout amount shall end in its entirety if, and as of the date, the Coach begins employment with another institution or entity.

However, relative to the four new Assistant Coaches, if the coach leaves the University during the term of the contract, they would owe the University $20,000. The four returning coaches did not have a buyout.

Mr. Parham presented the eight Assistant Football Coaches, Head Men's Soccer Coach, Head Softball Coach, and Athletics Director's contracts as follows:

1. Kirk Botkin - Assistant Football Coach: Mr. Parham proposed that Assistant Football Coach Kirk Botkin contract be extended for a term of two years (January 13, 2012 to January 31, 2014). His base salary would be $185,000 in Year 1 (January 13, 2012 to January 31, 2013) and $200,000 in Year 2 (February 1, 2013 to January 31, 2014).

The incentives and the use of an automobile were standard in the agreement.

Buyout: The Buyout provisions were as follows: (a) If the University terminates the contract for cause, the University's obligation to pay Coach Botkin shall end as of the effective date of termination; (b) if the University terminates the contract without cause, the University shall pay Coach Botkin his base salary for the remaining term of the contract, payable in equal monthly installments; provided, however, the University's obligation to pay the buyout amount shall end in its entirety if, and as of the date, Coach Botkin begins employment with another institution or entity; (c) If Coach Botkin terminates the contract during the initial two year term, Coach Botkin shall pay the University $20,000, payable in lump sum within sixty days from the effective date of termination.

2. Grady Brown - Assistant Football Coach**:** Mr. Parham reported that Coach Brown's contract was for a two year term beginning February 3, 2012 and ending January 31, 2014. His Base Salary

would be $150,000 for Year 1 (February 3, 2012 to January 31, 2013) and $170,000 for Year 2 (February 1, 2013 to January 31, 2014).

His incentive bonus provision was $30,000 if the football team participates in a BCS bowl game; or $20,000 if football team participates in the Capital One, Cotton, Chick-Fil-A or Outback Bowl games; or $15,000 if football team participates in any other bowl game.

The buyout clause and use of an automobile was standard in the agreement.

3. Shawn Elliott - Assistant Football Coach: Mr. Parham requested that Coach Elliott's agreement be extended for a two year term beginning January 13, 2012 and ending January 31, 2014. His base salary would be $250,000 per year, and his media payment would be $50,000 (January 13, 2012 to January 31, 2013) and $65,000 in (February 1, 2013 to January 31, 2014).

Coach Elliott would receive $30,000 if the football team participates in a BCS bowl game; or $20,000 if football team participates in the Capital One, Cotton, Chick-Fil-A, or Outback Bowl games; or $15,000 if football team participates in any other bowl game.

Coach Elliott would receive the use of one automobile.

<u>Buyout</u>: The buyout provision states the following: (a) If the University terminates the contract for cause, the University's obligation to pay Coach Elliott shall end as of the effective date of termination; (b) if the University terminates the contract without cause, the University shall pay Coach Elliott his base salary for the remaining term of the contract, payable in equal monthly installments; provided, however, the University's obligation to pay the buyout amount shall end in its entirety if, and as of the date, Coach Elliott begins employment with another institution or entity.

4. <u>Brad Lawing - Assistant Football Coach</u>: Mr. Parham stated the essential terms of the employment agreement for Coach Lawing. The term of the agreement was two years beginning January 1, 2012 and ending January 31, 2013; and his base salary would be $250,000 per year. Coach Lawing would receive media payment for Year 1 (January 1, 2012 to January 31, 2013) in the amount of $50,000 and Year 2 (February 1, 2013 to January 31, 2014) $65,000. Annual media payments would be paid directly to Coach Lawing by the Athletics Department's outside rights holder(s) in two equal installments (one-half each) on June 30th and December 1st of each contact year; provided, however, the Athletics Department would be obligated to make such payments in the event the outside rights holder(s) fail(s) to do so.

The incentives, termination provisions and use of an automobile were standard in the agreement.

5 Joseph Robinson - Assistant Football Coach: Mr. Parham requested to extend Coach Robinson's employment agreement by two years beginning January 13, 2012 and ending January 31, 2014. His base salary would be $250,000 per year. Coach Robinson's media payment would be $30,000 for the first year and $50,000 for the second year.

The incentives, buyout and use of an automobile were standard in the agreement.

6. Everette Sands, Jr. - Assistant Football Coach: Mr. Parham proposed a two year extension for Coach Sands' employment agreement beginning January 16, 2012 and ending January 31, 2014. His base salary would be $185,000 for Year 1 (January 16, 2012 to January 31, 2013) and $200,000 in Year 2 (February 1, 2013 to January 31, 2014).

The incentives, buyout provisions and use of an automobile were standard in the agreement.

7. Steve Spurrier, Jr. - Assistant Football Coach: Mr. Parham requested a two year extension of Coach Spurrier, Jr.'s agreement beginning January 1, 2012 and ending January 31, 2014. His base salary would be $250,000 per year.

The media payment for Year 1 (January 1, 2012 to January 31, 2013) would be $50,000 and $65,000 for Year 2 (February 1, 2013 to January 31, 2014). His media income would be $50,000 for Year l and $65,000 for Year 2. The payments would be made directly to Coach Spurrier by the Athletics Department's outside rights holder(s) in two equal installments (one-half each) on June 30th and December 12th of each contract year.

The incentives, buyout and use of an automobile provisions were standard in the agreement.

8. Lorenzo Ward - Assistant Football Coach: Mr. Parham proposed that the term of Coach Ward's employment agreement be extended for a two year term beginning January 1, 2012 and ending January 31, 2014. His base salary would be $300,000 per year; and his media income would be $250,000 (January 1, 2012 to January 31, 2013) and $275,000 (February 1, 2013 to January 31, 2014).

The incentives, buyout and use of automobile provisions were standard in the agreement.

9. Mark Berson - Head Men's Soccer Coach: Mr. Parham requested a three year extension for the employment agreement for Coach Berson. The contract term would begin January 1, 2012 and end December 31, 2015). His base salary would be $100,000.

Incentive Based Supplemental Compensation Opportunities: Coach Berson could earn supplemental compensation for each of the following incentive provisions: National Coach of the Year as selected by the National Soccer Coaches Association (5 percent of base salary); Conference USA Coach of the Year as selected by the Conference USA soccer coaches (2 percent of base salary); if soccer team had a

Grade Point Average (GPA) for the academic year (Fall and Spring semesters only) that is 0.2 or more higher than the GPA of the soccer team of the preceding two academic years (Fall and Spring semesters only) (1 percent of base salary); if soccer team has a multi-year APR of 950 to 979 (1 percent of base salary); if soccer team has a multi-year APR of 980 or higher (2 percent of base salary); if soccer team wins the conference USA regular season and/or tournament championship (25 percent of base salary).

Coach Berson could earn supplemental compensation from only one of the following incentive provisions: If the soccer team is selected to participate in the NCAA post-season championships (4 percent of base salary); or if soccer team wins the NCAA post-season team championship (35 percent of base salary); or if soccer team is ranked in Top 5 of the NCAA Men's RPI or NSCAA Final Season Ranking (20 percent of base salary); or if soccer team is ranked in Top 6 - 10 of the NCAA Men's RPI or NSCAA Final Season Ranking (15 percent of base salary); or if soccer team is ranked in Top 11 - 15 of the NCAA Men's RPI or NSCAA Final Season Ranking (10 percent of base salary); or if soccer team is ranked in Top 16 - 25 of the NCAA Men's RPI or NSCAA Final Season Ranking (8 percent of base salary).

Coach Berson would also have the opportunity to conduct up to three weeks of summer soccer camps.

He would be allowed the use one automobile; and the buyout provision in the agreement was standard.

10. Beverly Smith - Head Softball Coach: Mr. Parham requested that the term of Coach Smith's employment agreement be extended for three years beginning January 1, 2012 and ending June 30, 2015. The base salary would be $106,638.

Incentive-Based Supplemental Compensation Opportunities: Coach Smith could earn supplemental compensation from each of the following incentive provisions: National Coach of the Year as selected by the National Softball Coaches Association (5 percent of base salary); SEC Coach of the Year as selected by the SEC softball coaches (2 percent of base salary); if the softball team had a GPA for the academic year, Fall and Spring semesters only, that is 0.2 or more higher than the GPA of the softball team for the preceding two academic years, Fall and Spring semesters only, (1 percent of salary); if softball team had a multi-year APR of 950 - 979 (1 percent of base salary); if soccer team had a multi-year APR of 980 or higher (2 percent of base salary).

Further, Coach Smith could earn supplemental compensation from only one of the following incentive provisions: If softball team wins SEC Eastern Division Championship (4 percent of base salary); or if softball team wins SEC regular season overall team championship and/or SEC tournament championship: (25 percent of base salary); or if softball team is selected to participate in the NCAA post-season championships (4 percent of base salary); or if softball team wins the NCAA post-season team championship (35 percent of base salary); or if softball team is ranked in Top 5 of the NCAA Women's Softball RIP, ESPN.com/USA Softball or USA Today/NFCA Coaches Final Ranking (20 percent of base salary); or if softball is ranked in Top 6 - 10 of the NCAA Women's Softball RPI, ESPN.com/USA Softball or USA Today/NFCA Coaches Final Ranking (15 percent of base salary); or if softball team is ranked in Top 11 - 15 of the NCAA Women's Softball RPI, ESPN.com/USA Softball or USA Today/NFCA Coaches Final Ranking (10 percent of base salary); or if softball team is ranked in Top 16-25 of the NCAA Women's Softball RPI, ESPN.com/USA Softball or USA Today/NFCA Coaches Final Ranking (8 percent of base salary).

Coach Smith will also have opportunity to conduct up to three weeks of summer softball camps. The termination and use of an automobile provision was standard.

11. Eric Hyman - Director of Athletics: Mr. Parham requested amendments to Mr. Hyman's employment agreement relative to paragraphs 3.02, 4.04, 8.05, 11.02, 11.03, and 11.04 (c) as follows:

Term of Employment – Notice of Intent to Extend (Paragraph 3.02): Mr. Hyman's current contract does not provide a deadline by which an extension of the contract term beyond June 30, 2015 (the current ending date) must be agreed upon. Mr. Parham proposed that if either party desires to extend the term of the contract beyond June 30, 2015, such party must provide notification on or before June 30, 2014. If both parties desire to extend the term of the contract beyond June 30, 2015, the parties agree to complete negotiations on the contact extension within 90 days thereafter.

Guaranteed Supplemental Compensation – Automatic Increase (Paragraph 4.04): Mr. Parham said that Mr. Hyman's current contract does not provide for automatic increases to his guaranteed supplemental compensation. Mr. Parham proposed that Mr. Hyman's guaranteed supplemental compensation shall increase automatically by the amount of any percentage increase to his base salary, if any, awarded by the University in any contract year (July 1 - June 30). (For example, if employee receives a three percent increase to his base salary; his guaranteed supplemental compensation shall be increased automatically by three percent).

Tax Deferred Compensation Plan – Vesting Schedule (Paragraph 8.05): Currently, Mr. Hyman's contract states that the University makes annual contributions to a tax deferred compensation plan on June 30 of each year during the period of July 1, 2011 - June 30, 2015. Employee shall vest in all contributions to the tax deferred compensation plan on June 30, 2015 if he is employed as the Director of Athletics on that date. Mr. Parham proposed that the University shall make annual contributions to a tax deferred compensation plan on June 30 of each year during the period of July 1, 2011 – June 30, 2015. Employee shall vest in each annual contribution to the tax deferred compensation plan on June 30 of each year if he is employed as the Director of Athletics on that date.

Termination by University Without Cause – Obligation to Provide Alternative Employment (Paragraph 11.02): Currently, Mr. Hyman's contract does not obligate the University to provide him alternative employment through June 30, 2015 if the University terminates the contract without cause. Mr. Parham proposed that if the University terminates the contract without cause prior to June 30, 2015, the University would offer employee a teaching position for a term ending June 30, 2015, at a salary determined by the University. He noted that in order for Mr. Hyman to qualify for employer funded health insurance benefits upon retirement, he must complete 10 consecutive years of qualified State employment – that is, he must remain employed by the University through June 30, 2015.

Termination by Employee – Buyout Obligation (Paragraph 11:03): Currently, if Mr. Hyman terminates the contract, he would pay the University liquidated damages in the sum of $325,000 per year for the remaining term of the contract. Mr. Parham proposed that if Mr. Hyman terminates the contract, he would not be obligated to pay the University liquidated damages nor be obligated to pay the University liquidated damages.

Permanent Disability - Definition (Paragraph 11.04(c): Currently, Mr. Hyman's employment agreement states that "permanent disability" shall mean disability due to illness or accident of a nature that prevents employee, in the opinion of two physicians selected by the University, from performing his duties and responsibilities as Director of Athletics for a period of three consecutive months. Mr. Parham proposed that the contract be amended to read: "Permanent disability" shall be determined by the South Carolina Office of Human Resources in accordance with its established policies and procedures.

Mr. Warr moved approval of all of the Athletics employment agreements as described in the meeting materials. Mr. Lister seconded the motion. The vote was taken, and the motion carried.

B. Lease – Secretary of the Army (Army National Guard): Mr. Parham reported that this Lease was between the Athletics Department and the Department of the Army, Army National Guard. For several years, the Athletics Department had leased the Army National Guard property located on Bluff Road across from Williams-Brice Stadium for use as a practice field for the football team. Until recently, the property had been provided to the Athletics Department free of charge. However, when it was time to enter into a new agreement, the Athletics Director Eric Hyman was informed that the Army needed to charge Athletics to continue to use that property. Mr. Hyman and his staff spent significant time discussing this issue with the Army National Guard but were unable to convince the Army to waive the fee.

The Lease is a standard US government lease. Also, the term of the new lease is five years beginning May 1, 2011 and ending April 30, 2016. The Athletics Department will pay rent in the sum of $156,000 per year, in advance, on May 1st of each year. If the Athletics Department's payment is late, a mandatory interest charge and an administrative charge will be imposed. The Army has waived the late fee for the first year of the lease, which began May 1, 2011, so long as payment is made by March 8, 2012.

Mr. Parham reported that the Athletics Department could terminate the lease at any time upon 30 days written notice. However, if the University terminates the lease during a lease term, it was not entitled to any pro rata refund of the rent paid for that year. And, if Athletics terminates the lease less than 30 days in advance of May 1st of any year, Athletics will be obligated to make the next rental payment of $156,000.

The Athletics Department will be responsible for paying for any utilities necessitated by its use of the property. Also, the Athletics Department is required to maintain liability insurance with limits of $1,000,000 for bodily injuries resulting from its use of the property.

Mr. Warr moved approval of the Army National Guard Lease as described in the meeting materials. Mr. Lister seconded the motion. The vote was taken, and the motion carried.

C. <u>Donation of Horse – Brian Hart</u>: On behalf of Athletics, Mr. Parham requested board approval to accept as a gift a horse (a chestnut gelding named Carpe Diem) from Mr. Brian Hart. The value of the horse had been independently appraised and set at $300,000.

Mr. Parham stated that the University did not in any way certify or assert that it agreed with the value of the horse as claimed by the donor. The University signs IRS Form 8283 when it receives a Noncash Charitable Contributions and under the heading "Donee Acknowledgment," it clearly states: "This acknowledgment does not represent agreement with the claimed fair market value." He said the donor had the responsibility of establishing the fair market value of the gift to the satisfaction of the IRS.

Mr. von Lehe moved approval to accept the horse as a gift as described in the meeting materials. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

D. <u>Elsevier Subscription Agreement</u>: Mr. Parham reported that Elsevier is a company that owns and operates an on-line periodical service called ScienceDirect which provides subscribers with electronic access to science journals. For several years, the University's Library has contracted with

Elsevier. On December 18, 2006, the Board approved a five year extension of the Elsevier contract; however, that contract expired December 31, 2011. Therefore, Mr. Parham was requesting another extension of the agreement.

The term of the new agreement is five years beginning January 1, 2012 and ending December 31, 2016.

The total amount of the agreement is $8,070,707.34, and the University will make payments as follows:

follows:	Year 1:	$1,460,594.63
	Year 2:	$1,533,624.36
	Year 3:	$1,610,305.59
	Year 4:	$1,690,820.86
	Year 5:	$1,775,361.90

Payment is due within 30 days of the date of invoice in Year 1, and on or before December 15 of each year thereafter.

Mr. Parham said that these funds will be paid from the Library's Materials budget. In exchange for these payments, the University will be granted on-line access to approximately 630 science journals (plus approximately 939 titles in what is called the Freedom Collection). A list of the journals and publications has been included in the board materials for this meeting. The University also received print subscriptions to approximately 35 titles, and the right to use all of these materials in connection with classroom instruction.

The on-line access is available to all university faculty, staff and students on all university campuses, including the Medical School and the Law School. This is a significant benefit to faculty and students because it allows them to access the science database and conduct research from their offices and homes rather than having to go to the Library.

Mr. Warr moved approval of the Elsevier agreement as described in the meeting materials. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

E. Lease – State Budget and Control Board (Arts Commission Building): Mr. Parham reported that this lease was between the University and the State Budget and Control Board, Office of General Services. The proposed lease was for the office building located at 1800 Gervais Street. Currently, the office building was occupied by the SC Arts Commission.

The building offers 17,926 square feet of space and would be occupied by the Neuropsychology Research Group. Additionally, there were 33 regular parking spaces and three handicapped parking spaces.

The facility would house 30 to 40 faculty, research staff, post-docs, graduate students and undergraduate students, as well as research study participants. This space would allow the College of Arts and Sciences to consolidate this research group in one location.

The State Budget and Control Board had listed the property for lease and/or sale. He said this lease was the standard Governmental Real Estate Lease required by the Budget and Control Board with the addition of an option to purchase. The option to purchase could be exercised at any time and the total of the monthly base rent paid by the University ($10.60 per square foot – which is equivalent to the monthly bond cost) would be credited against the appraised cost, at the time of the sale.

The term of the lease was four years beginning May 1, 2012 and ending June 30, 2016.

The total cost of the lease was $1,062,812.50. During the term, the University would pay annual rent as follows:

rent as follows:	Year 1 (5/1/12 – 6/30/13):	$297,587.50 (14 months)
	Year 2 (7/1/13 – 6/30/14):	$255,075.00 ($190,075 basic rent + $65,000 M & O)
	Year 3 (7/1/14 – 6/30/15):	$255,075.00
	Year 4 (7/1/15 – 6/30/16):	$255,075.00

These amounts would be paid from "A" funds from the College of Arts and Sciences. Under the lease, the State would provide utilities, building and electrical systems maintenance, elevator maintenance, custodial services, grounds maintenance and insurance.

Mr. Warr moved approval of the Lease as described in the meeting materials. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

II. <u>Off-Cycle Fee Request – Gamecock Gateway</u>: Chairman Loadholt called on Ms. Brunelli who stated that the Gamecock Gateway program was a partnership between the University of South Carolina Columbia (USC) and Midlands Technical College (MTC) to provide an academic and residential link between the two institutions. The Gamecock Gateway program is offered by invitation only and offers a residential experience on or near the USC camp. Students will pursue transfer compliant course work at MTC, while benefitting from a variety of support programs and student services offered by each institution. Upon successful completion of the one year academic program in Gamecock Gateway, students will be eligible to full matriculate at USC.

Gamecock Gateway (GG) students will enroll at MTC and take all coursework on the MTC airport campus. No course work will be taken at USC. Approximately 175 students are anticipated in the program in 2012-2013. GG students will be housed on the USC campus and will pay to access certain services (housing, wellness center, transportation, student health services, student activities, Carolina Card, etc.). Students will not pay the athletics fee or be entered into the lottery for ticketed athletics events.

The program is for one year only –either student will be eligible to transfer to USC in year two or they can remain at MTC but would no longer be part of the residential bridge program.

All tuition, housing and program fees will be paid to MTC, with the exception of the initial deposit which will be paid to USC. All housing fees and USC's portion of the program fees will be transferred to USC by MTC. All financial aid will be processed and distributed to the students by MTC; and there will be no concurrent enrollment.

Today, Ms. Brunelli was only seeking board approval of a $750 fee which was the deposit to secure participation in the program. In the future, she would return to request board approval of the program.

Ms. Brunelli said Dr. Pruitt was available to respond to questions.

Mr. Lister moved approval of the Gamecock Gateway Fee as described in the meeting materials. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

Chairman Loadholt stated that in the interest of time several agenda items would be deferred as indicated.

III. <u>Barclays Capital Debt Update</u>: Chairman Loadholt stated that this item was deferred.

IV. <u>State Institution Bond Refunding Resolution</u>: Mr. Loadholt called on Ms. Leslie Brunelli who proposed a Resolution to issue State Institution Refunding bonds for up to $35 million to be used to refund outstanding Series 1999A, 2003B, and 2004A/B State Institution Bonds. The authorized amount would provide funding to retire the existing bonds and the amount necessary for issuance costs associated with the bonds. By doing so, she projected a substantial debt service savings of $3.5 million in present value costs. [Exhibit A]

Mr. Lister moved approval of the Bond Resolution as described in the meeting materials. Mr. von Lehe seconded the motion. The vote was taken, and the motion carried.

V. <u>Presentation of Comprehensive Annual Financial Report (CAFR)</u>: Chairman Loadholt stated that this agenda item was deferred.

VI. <u>Update of University Budget Status for Current Year</u>: Chairman Loadholt stated that this item was deferred.

VII. <u>OneCarolina Update</u>: Chairman Loadholt stated that this agenda item was deferred.

Since there were no other matters to come before the Committee, Chairman Loadholt declared the meeting adjourned at 5:30 p.m.

Respectfully submitted,

Amy E. Stone
Secretary