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University of South Carolina
BOARD OF TRUSTEES

Executive and Governance Committee

August 14, 2020

The Executive and Governance Committee of the University of South Carolina Board of Trustees met at 12:28 p.m. on Friday, August 14, 2020, in the Pastides Alumni Center Ballroom and by Microsoft Teams Audio Conference.

Members present were Mr. John C. von Lehe Jr., Chairman; Mr. Hubert F. Mobley, Board Vice Chairman; Dr. C. Edward Floyd; Mr. Miles Loadholt; Mr. Eugene P. Warr Jr.; and Mr. Toney J. Lister who joined by audio conference.

Other Board members present were Mr. C. Dan Adams; Mr. Chuck Allen; Mr. Alex English; Mr. Richard A. Jones Jr.; Mr. Robin D. Roberts; Ms. Leah B. Moody; Dr. C. Dorn Smith III; Mr. Thad H. Westbrook; and Mr. Mack I. Whittle Jr. Joining by audio conference were Mr. J. Egerton Burroughs; Ms. Rose Buyck Newton; Ms. Molly B. Spearman; and Mr. Charles H. Williams.

Also present were: Board of Trustees Strategic Advisor David Seaton, Board of Trustees Governance Consultant Cameron Howell; USC Columbia Faculty Senate Chair Mark Cooper, and USC Columbia Student Government President Issy Rushton.

Others present were: President Robert L. Caslen Jr.; Secretary J. Cantey Heath Jr.; Vice President for Human Resources Caroline Agardy; President's Chief of Staff Mark Bieger; Presidential Faculty Fellow and Executive Assistant to the President Susan Bon; Executive Director for Strategic Initiatives Jack Claypoole;

Chief Audit Executive Pam Dunleavy; Palmetto College Chancellor Susan Elkins; Interim Chief Development Officer Will Elliott; Chief Information Officer Doug Foster; Alumni Association Chief Executive Officer Wes Hickman; Assistant to the President for System Affairs Eddie King; Director for the Office of Economic Engagement William D. “Bill” Kirkland; Associate Vice President for Finance Kelly Epting; University Controller Mandy Kibler; Senior Associate Dean, College of Engineering and Computing, Michael A. Matthews; General Counsel Walter “Terry” H. Parham; Chief Operating Officer Jeffrey L. Perkins III; Vice President for Student Affairs Dennis A. Pruitt; Assistant Vice President of Administrative Operations Joe Sobieralski; Director of Public Relations Jeff Stensland; Athletics Director Ray Tanner; Provost William “Bill” F. Tate IV; Vice President for Communications Larry Thomas; Vice President for Diversity, Equity and Inclusion Julian R. Williams; and Board staff members Delphine Bigony and Christina McCormick.

Others joining by audio conference were: USC’s Federal Legislative Liaison Steve Beckham; University Foundations President and Chief Executive Officer Jason Caskey; Special Assistant to the President and Executive Director of Military Programs and Strategies James Smith; USC Upstate Interim Chancellor J. Derham Cole Jr.; USC Aiken Chancellor Sandra Jordan; Director of Institutional Effectiveness and Accreditation, Division of Institutional Research, Assessment and Analytics, Donald Miles; and USC Beaufort Chancellor Al Panu.

I. Call to Order

Chairman von Lehe 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. He asked those in the room to introduce themselves. Secretary Heath confirmed a quorum by calling roll to identify Trustees and others joining by audio conference.

Mr. Stensland introduced members of the news media who were in attendance in person or who joined the meeting virtually: Tyler Fedor with *The Daily Gamecock*; Josh Kendall from The Athletic; John Whittle with The Big Spur; Ben Breiner and Lucas Daprile with *The State*; and Jessica Holdman with *The Post and Courier*.

II. Contracts

Chairman von Lehe called on Mr. Parham to present contracts.

A. Athletics Travel Agreements – Air Charter 2020

Mr. Parham said the Athletics Department sought approval of a charter flight agreement with Air Planning for the 2020 football season.

The agreement covers flights to four away football games – Kentucky, Florida, Vanderbilt, and LSU – at a cost of \$314,700. However, he said, the agreement was prepared before the coronavirus threatened the football season and before the SEC decided to play a 10-conference-game-only schedule. Last week, the SEC added Ole Miss as an additional away game for USC, but the Athletics Department has been unable to obtain a firm price from Air Planning for the trip to Oxford, Mississippi.

To avoid a called special meeting of the Board in the next few weeks to approve the final charter flight agreement, Mr. Parham said the Athletics Department sought approval of the current charter flight agreement for four games plus approval to add the flight to Mississippi to the contract once the cost is set. Athletics estimates the Mississippi flight will cost \$85,000 to \$90,000.

Mr. Parham said the final contract will not be executed until the University is certain there will be a football season, and the final contract will contain language allowing for its termination if the season is cancelled at any point.

Chairman von Lehe called for a motion and second to approve the charter flight agreement for the

2020 football season with permission to add in the flight to Mississippi. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

B. Athletics Travel Agreements – Air Charter 2021

Mr. Parham said the Athletics Department also sought approval of a charter flight agreement with Air Planning for the 2021 football season.

The agreement covers flights to three away football games – Tennessee, Texas A&M and Missouri – at a cost of \$282,600. Mr. Parham said there are only three flights in 2021 because the team traditionally buses to the remaining two away games. The Athletics Department was able to negotiate a lower rate by committing to a two-year deal with Air Planning, he said, noting the final contract will contain language allowing the University to terminate the agreement if the football season is cancelled at any point.

Chairman von Lehe called for a motion and second to approve the charter flight agreement for the 2021 football season. Mr. Lister so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion was approved.

C. Development Gifts and Bequests – Nephron Pharmaceuticals, Inc.

Mr. Parham said the Development Office sought approval to accept a gift of 115,000 bottles of hand sanitizer from Nephron Pharmaceuticals. The value of the gift is approximately \$402,500.

Chairman von Lehe called for a motion and second to accept Nephron’s gift of hand sanitizer. Mr. Warr so moved. Mr. Mobley seconded the motion, adding “Nephron has been a great supporter of the University, not just monetarily, but in its overall commitment to the University.” The vote was taken, and the motion was approved.

D. USC Development Foundation Lease Agreement – Catawba Street

Mr. Parham said Derek Gruner and USC’s Facilities Planning Design and Construction

Division sought approval to renew its lease agreement with the USC Development Foundation for the building located at 707 Catawba Street. The University's current lease, which was approved by the Board in 2015, will expire September 30, 2020.

As required, the lease was competitively solicited through the S.C. Real Property Services office that determined the lease is the most economical option and authorized the University to proceed. The building at 707 Catawba Street contains approximately 26,658 square feet of space.

The University has utilized this space since 2005 primarily to house the University's MovieTone News Collection, Marine Corp films, and other film collections. The digitization of some of the old acetate film is occurring there. In the future, the space also will accommodate the School of Visual Arts and Design student work studios and the Theater Department's Center for Performance Experiment theater, which are being relocated as part of the development of Greek Parking on Devine Street.

The University will pay the Development Foundation rent in the sum of \$123,006 per year for a total value of \$615,030 over the lease's five-year term. This is the identical rent the University currently pays the Development Foundation for use of this space.

Chairman von Lehe called for a motion and second to approve the lease agreement for 707 Catawba Street. Mr. Lister so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

E. Darla Moore School of Business Service Agreement – U.S. Army Finance and Comptroller School, Fort Jackson, South Carolina

Mr. Parham said the Darla Moore School of Business (DMSB) sought approval to renew its agreement to provide educational services to the U.S. Army Finance and Comptroller School at Fort Jackson, South Carolina.

Under the revenue-generating contract, the DMSB will provide classes focused on data analytics and

Enterprise Resource Planning to U.S. Army financial managers. The classes offered will be the same as otherwise offered by the DMSB – that is, the contract does not require the DMSB to create a program unique to the U.S. Army.

There are two educational tracks for which Army financial managers may register:

1. A traditional executive education offering that provides one-week classes leading to the award of academic certificates by DMSB.
2. Graduate-level course offerings that provide four-week classes with the opportunity to earn up to 12 hours towards a graduate degree. Army financial managers choosing this track must apply and be admitted to the USC Graduate School in the same manner as any other student.

The U.S. Army Finance and Comptroller School will pay the tuition and standard fees for classes as approved by the USC Board of Trustees each year. The five-year term of the proposed contract begins upon approval by the Board and the complete execution of the contract. Either party may terminate the contract on 90 days written notice. DMSB estimates the contract could generate revenues of \$1.75 million per year during its five-year term.

Chairman von Lehe called for a motion and second to recommend full Board approval of the agreement between DMSB and the U.S. Army Finance Comptroller School at Fort Jackson. Mr. Mobley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion was approved.

F. Libraries Online Services – Taylor & Francis Group

Mr. Parham said University Libraries sought approval to renew a license agreement with the Taylor & Francis Group, under which the library will obtain online access to approximately 2,000 refereed e-journal subscription titles. The Board last approved this agreement in August 2019.

The one-year agreement begins January 1, 2021. Cost of the online subscription is \$445,000, which is the same price paid by University Libraries for its 2020 subscription.

Chairman von Lehe called for a motion and second to approve the library's online services agreement with Taylor & Francis. Mr. Loadholt so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion was approved.

G. USC Support Foundations Affiliation Agreements

Mr. Parham said he would present for a single motion four affiliation agreements between the University and four of its support foundations – the South Carolina Research Foundation, the USC Alumni Association, the Educational Foundation of USC Lancaster, and the USC Upstate Foundation.

As part of the University's accreditation report to the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), which will be submitted in September, Mr. Parham said the University must establish that it meets SACSCOC Standard 5.3. For this reason, the Board previously approved three other support foundation agreements.

This standard requires the University to have a written affiliation agreement with each support foundation that addresses three issues:

1. That the legal authority and operating control of the institution and the foundation is clearly defined;
2. That any legal liability to the institution arising from its relationship with the foundation is clearly defined; and
3. That the fund-raising activities of the foundation are defined in the affiliation agreement to assure that the foundation's activities are for the purpose of furthering the mission of the institution.

To ensure compliance with SACS Standard 5.3, language was added to each of the University's support foundation affiliation agreements expressly addressing each of the three issues. Mr. Parham said the content of the four agreements are virtually identical.

Chairman von Lehe called for a motion and second to recommend full Board approval of the four affiliation agreements as presented by Mr. Parham and provided for review in the meeting materials. Mr. Mobley so moved. Mr. Loadholt seconded the motion.

Trustee Whittle said there was an outstanding issue on the Audit and Compliance Committee's tracking report regarding the Research Foundation's policies and procedures and how it interacts with the University. "It is inappropriate to enter into a five-year affiliation agreement when we don't know what the policies and procedures are. There may be items that should be included in the affiliation agreement," he said.

He said he did not want to hold up approval of the agreement but asked the Executive and Governance Committee to have Audit & Advisory Services review the foundation's policies and procedures and only sign the affiliation agreement after a satisfactory review.

Mr. Parham agreed with Trustee Whittle. However, he recommended approval of the affiliation agreement as presented since it addressed issues pertaining to the SACSCOC's 5.3 standard. There will be no issue, he said, with making any additional changes recommended by Audit & Advisory Services.

Trustee Whittle agreed, asking that the tracking report issue remain on the table to be revisited at the committee's next meeting to ensure a response is received from the Research Foundation. Chairman von Lehe asked the University's Chief Audit Executive to report on the foundation's progress in answering questions posed by the audit. Audit and Compliance Committee Chair Newton observed the affiliation agreement provides for 180 days to terminate the contract, which should be sufficient time for receipt of answers to the audit questions, especially with the item scheduled to remain on the agenda.

The vote was taken, and the motion to recommend full Board approval of the four affiliation agreements was approved.

H. Amendment to Concessions Services Agreement – Aramark Sports and Entertainment Services, LLC.

Mr. Parham said the Athletics Department sought approval of an amendment to its Concessions Services Agreement with Aramark Sports and Entertainment Services, LLC, which the Board approved on June 23, 2017.

Under the concessions contract, Aramark was granted the sole and exclusive right to operate concession sales – that is, food and beverages – at all Athletics’ venues, except, Aramark was not granted the right to sell food in premium areas in Williams-Brice Stadium because there was a pre-existing contract with Southern Way for that service.

The concessions contract, which was amended following the Board’s action on December 17, 2019 to allow beer and wine sales in non-premium areas of Athletics’ venues, gives Aramark the right to sell alcohol in all areas of Athletics’ venues, including suite and premium areas and non-premium areas during athletic events and non-athletic events.

To increase revenues, Athletics wants to issue an RFP later this year to engage a company to be responsible for managing third-party rentals of premium areas of Williams-Brice Stadium for meetings and weddings, etc. Athletics wants to include in that RFP food and beverage service, specifically alcohol rights because it makes the RFP more attractive to a company trying to market and engage people to rent Athletics’ facilities for use on a more regular basis.

Currently, Athletics has the right to award food service for the rental of these premium areas beginning when the current Southern Way contract expires at the end of this football season, but it will not have the right to award alcohol sales for the rental of these premium areas until the Aramark Concessions contract expires in 2027.

Athletics has negotiated an amendment to the Aramark Concessions contract, which addresses those

issues as follows:

1. It terminates Aramark's right to sell alcohol in defined suite and premium areas of Williams-Brice Stadium – including the Zone, Champions Club, Press Box, and other specified areas detailed in the contract – during any event, including football and stadium-wide events.

Aramark will still have the right to sell alcohol in defined club areas and non-premium areas during football games and stadium-wide events such as concerts.

2. The amendment defines specifically what is considered a suite, premium area, club area and non-premium area so there is no ambiguity, and it provides that as new areas are established in Williams-Brice Stadium, Athletics will determine if the area is considered premium, club or non-premium.

3. In exchange for Aramark giving up its right to sell alcohol in the premium and suite areas, Athletics agrees that Aramark will pay Athletics 45% of net revenues from alcohol sales at Williams-Brice Stadium rather than the current 50%.

Athletics estimates that alcohol sales at the stadium during a seven-home-game season would generate \$750,000 to \$1,000,000 in gross revenues. A 5% reduction in commissions would amount to about a \$50,000 decrease in revenues.

The stadium rental management contract – if it includes the right to food and beverage services – is expected to generate significantly more than the \$100,000 per year Athletics currently generates from rentals and will more than make up for the 5% commission loss. Conservatively, Athletics estimates the new contract will generate \$150,000 to \$200,000 per year.

Chairman von Lehe called for a motion and second to recommend full Board approval of the amendment to the Athletics Department Concessions Services Agreement with Aramark Sports and Entertainment Services, LLC. Mr. Loadholt so moved. Mr. Lister seconded the motion. The vote was taken,

and the motion was approved.

I. Laboratory Services Agreement – Nephron Sc Inc.

Mr. Parham said the University sought approval of a Laboratory Services Agreement under which Nephron will perform COVID-19 testing for the University, as needed, at a cost of \$85 per test. For students to be allowed to move-in to University residence halls this fall, students must provide proof of a negative COVID-19 test. Additionally, Mr. Parham said, the University and President Caslen are highly recommending all students get tested on their return.

Because testing supplies have been limited in the past and could become limited again in the future, President Caslen wants to ensure the University has access to adequate supplies to accommodate the needs of the University community heading into the fall semester.

Under the contract, Nephron will provide the University with additional testing capabilities. Additionally, the University needs to be able to get test results back quickly and Nephron has promised to use best efforts to return test results within 24 hours, if possible – faster than many testing services are able to respond.

Although the contract provides that the University will pay \$85 per test, Nephron CEO Lou Kennedy – who has “gone the extra mile” to help the University with COVID-19 testing – has discussed not charging the University for these tests and in exchange reducing the amount previously pledged to donate to the University by an equal amount. This agreement covers USC Columbia and USC Aiken.

Chairman von Lehe called for a motion and second to approve the laboratory services agreement with Nephron. Mr. Mobley so moved. Dr. Floyd seconded the motion.

Chairman von Lehe noted the University’s appreciation of Nephron’s support. He also agreed with Trustee Mobley’s suggestion that he send a letter acknowledging Nephron’s support.

Trustee Floyd asked if the cost of testing were subtracted from a pledged gift, leaving the University with no upfront cost, would that interfere with receiving federal or state assistance to help pay for the tests. Mr. Parham said he would research the question.

The vote was taken, and the laboratory services agreement with Nephron was approved subject to clarifying the issue of allowing the cost to be offset by changing a pledged donation.

III. Report of the Ad Hoc Advisory Committee on Governance

Chairman von Lehe called on Ad Hoc Advisory Committee on Governance Chair Smith who said the committee was moving forward, having completed work on the following six goals:

1. Oath of Office/Code of Conduct/Statement of Commitment
2. BTRU 1.19 Protecting the Institution from External Influences
3. New Committee Structure and Charters
4. BTRU 3.01 Presidential Candidate Search Committee, which will be revisited by the committee
5. BTRU 3.02 Fiduciary Duties of Trustees
6. Two continuing-education modules for all Trustees completed.

At today's full Board meeting, Trustee Smith said a second-reading and final approval would be sought on two bylaws items relating to BTRU 3.01 Presidential Candidate Search Committee and BTRU 3.02 Fiduciary Duties of Trustees.

Regarding the committee's continuing work, he said, the following topics would be handled later in August:

- Status of SACSCOC monitoring report
- Draft schedule for BOT and committee meetings for rest of 2020 and for 2021
- Governance Committee work plan for rest of 2020 and for 2021
- Continuing education for Trustees for rest of 2020 and for 2021

- Orientation plan for any new Trustees for October, after September elections
- Comments received regarding composition of search committee according to BTRU 3.01 and intent to study the composition

Regarding SACSCOC, Trustee Smith said, “a great group is working on the monitoring report.” The advisory group is composed of:

- Christian Anderson: Associate Professor, College of Education; President, USC Chapter of AAUP
- Mark Bieger: Chief of Staff to the President
- Susan Bon: Professor, College of Education; Affiliate Professor, School of Law; Presidential Fellow
- Robert Caslen: President, USC System; Chancellor, USC Columbia
- Mark Cooper: Professor, College of Arts and Sciences; Chair, USC Faculty Senate
- Tayloe Harding: Dean of the USC School of Music; Interim Provost for 2019-20
- Cantey Heath: University Secretary; Secretary of the Board of Trustees
- Cameron Howell: Consultant
- Sandra Jordan: Chancellor, USC Aiken
- Donald Miles: Director of Institutional Research and Accreditation; SACSCOC Liaison
- Terry Parham: General Counsel
- Dorn Smith: Chair of the 2020 BOT Ad Hoc Advisory Committee on Governance
- William Tate: Executive Vice President for Academic Affairs and Provost
- Ernest Wiggins: Associate Professor, College of Information and Communications, School of Journalism and Mass Communications

Finally, he said, the deadline for the SACSCOC monitoring report is nearing and detailed the following schedule:

- **August 17:** SACSCOC Monitoring Report Advisory Group meets to discuss evolving draft
- **August 21:** SACSCOC Monitoring Report Advisory Group meets to discuss evolving draft

- **August 24-28:** External review of draft SACSCOC monitoring report
- **August 28:** SACSCOC Monitoring Report Advisory Group meets for final discussion of report
- **September 1:** Target date for mailing monitoring report to SACSCOC
- **September 8:** Deadline for SACSCOC monitoring report

Thanking everyone who has assisted in the process, Trustee Smith asked for any questions. Responding to Trustee Allen's question about what the procedure would be once the monitoring report is submitted, Dr. Howell said the typical onsite visit by a special SACSCOC team would now be conducted by video conference during the first full week in October. This special team will include the presidents of James Madison University and Georgia Tech, and a former board member from Louisiana State University. The special team will report and make recommendations to SACSCOC's Executive Council, which will meet in early December and let the University know what, if any, action will be taken.

Dr. Howell added updates on any continuing action by the Governance Committee and the Board of Trustees could be provided SACSCOC between October and December. He also clarified for Trustee Allen that the SACSCOC special team will determine who it wants to meet with by video conference.

Trustee Smith asked Dr. Howell to comment on the reaccreditation effort being led by Donald Miles. Noting President Caslen would address the topic in his report, Dr. Howell said "it is an enormous lift to do a SACSCOC compliance report every 10 years and everything I see from watching President Caslen, Donald Miles and others, indicates the University is on track. But we should not lose sight of our opportunity to appreciate the magnitude of the work being done by Donald and his colleagues with both the compliance report and the monitoring report being due to SACSCOC on September 8."

Chairman von Lehe thanked Dr. Smith and Dr. Howell, adding he was "amazed at what Dr. Smith and this committee has been able to do in such a short period of time. This committee has accomplished

something that is really monumental.”

IV. Adjournment

There being no other business to come before the committee, Chairman von Lehe declared the meeting adjourned at 1:07 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J. Cantey Heath, Jr.", written in a cursive style.

J. Cantey Heath, Jr.
Secretary