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University of South Carolina
BOARD OF TRUSTEES

Intercollegiate Athletics Committee

June 7, 2019

The Intercollegiate Athletics Committee of the University of South Carolina Board of Trustees met at 10:00 a.m. on Friday, June 7, 2019, in the C. Edward Floyd Boardroom at the Pastides Alumni Center.

Members present were: Mr. Mack I. Whittle Jr., Chairman; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. Thad Westbrook; Mr. John C. von Lehe Jr., Board Chairman; and Mr. Hubert F. Mobley, Board Vice Chairman; with Mr. Eugene P. Warr Jr. joining by telephone. Mr. Charles H. Williams was absent.

Other Trustees present were: Mr. C. Dan Adams; Mr. A.C. "Bubba" Fennell III; Mr. William C. Hubbard; Mr. Richard A. Jones Jr.; Ms. Leah B. Moody; Ms. Rose Buyck Newton; and Dr. C. Dorn Smith III; with Dr. C. Edward Floyd joining by telephone.

Also present were: Strategic Advisor David Seaton; President of USC Lettermen's Association Patrick Keegan; USC Columbia Faculty Senate Chairman Marco Valtorta; and USC Columbia Student Government President Luke Rankin.

Others present were: President Harris Pastides; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Interim President-Elect and USC Upstate Chancellor Brendan Kelly; Chief Operating Officer Edward L. Walton; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Caroline Agardy; Vice President for Facilities and Transportation Derrick Huggins; Chief Advancement Officer and Senior Advisor to the President Paula Harper Bethea; Interim Chief Communications Officer Sally McKay; Interim Provost-Elect and School of Music Dean Tayloe Harding; Athletics Director Ray Tanner; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Al Panu; Palmetto College Chancellor Susan Elkins; Regional Palmetto College Dean – USC Union John Catalano; College of Arts and Sciences Dean Lacy Ford; School of Law Dean Robert M. Wilcox; College of Nursing Dean Jeannette Andrews; College of Pharmacy Dean Stephen Cutler; Dean of Libraries Thomas McNally; Chief Financial Officer, Athletics Department, Jeff Tallant; Associate Athletics Director Kevin O'Connell; Senior Associate Athletics Director, Development & Gamecock Club, Steve Eigenbrot; Executive

Associate Athletics Director for Sport and Risk Management Judy Van Horn; University Treasurer Pat Lardner; University Budget Director Joe Sobieralski; Associate Vice President for Administration and Finance and Medical Business Affairs Jeffrey L. Perkins III; Associate Vice President for Finance Kelly Epting; Associate Provost for Academic Programs Tena B. Crews; Executive Director for the Office of Economic Engagement William D. “Bill” Kirkland; Chief Executive Officer My Carolina Alumni Association Wes Hickman; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Chief Audit Executive Pam Doran; Director of Institutional Effectiveness and Accreditation, Office of Institutional Research, Assessment, and Analytics, Donald Miles; Director of Public Relations Jeff Stensland; Director of Outcomes Research and Distinguished Professor Emeritus, College of Pharmacy, Gene Reeder; Director of State Government and Community Relations Derrick Meggie; Director of Government Relations Craig H. Parks; Chief Diversity Officer and Senior Associate Provost for Inclusion, Office of Diversity and Inclusion, John H. Dozier; Associate Dean for Research and Graduate Education, School of Medicine Columbia, Francis G. Spinale; Associate Dean for Academic Affairs, School of Law, Eboni Nelson; Assistant Dean for Administration, School of Law, Elizabeth Niehaus; Associate Dean of Faculty Affairs and Curriculum, Arnold School of Public Health, James W. Hardin; Director of the Biomedical Studies Certificate Program, USC School of Medicine Columbia, Chandrashekhar Patel; USC Columbia Faculty Senate Chair-Elect Mark Cooper; Palmetto College Faculty Senate Executive Committee Chair Christine Sixta Rinehart; Carolina Distinguished Professor, College of Education, Gloria Boutte; Assistant to the President for System Affairs Eddie King; USC Upstate Faculty Chair Lizabeth Zack; representing the University of Possibilities: Lancaster County School District Family & Community Engagement Coordinator LaVilla Brevard, Bright Light Baptist Church Pastor William Coleman, President and CEO of J. Marion Sims Foundation Susan DeVenny, J. Marion Sims Foundation Fellow Elizabeth Howe, and J. Marion Sims Foundation Interns Savannah Crosby, Alicia Jones, Tanner Knight, Taylor Meadows, Sydney Ribelin, Reagan Wade and Jillian Wilks; Administrative Assistant, Office of the Provost, Katie Sites; Legends Hospitality LLC representatives Michael Behan and Jay Lenhardt; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Chairman Whittle called the meeting to order, welcomed everyone and invited those at the table to introduce themselves. Secretary Heath confirmed those Trustees participating by telephone. Ms.

McKay introduced Josh Kendell with *The State* newspaper; David Cloniger with the *Post and Courier* newspaper; John Del Bianco with *The Big Spur*; and Collyn Taylor with *Gamecock Central*.

Chairman Whittle said 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 provided to the committee; and a quorum was present to conduct business.

Motion for Executive Session

Chairman Whittle called for a motion to enter Executive Session to discuss negotiations incident to a proposed contract with Legends Hospitality, LLC regarding Athletics debt, and for the receipt of legal advice. Mr. Lister so moved and Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

Chairman Whittle invited the following persons to remain: President Pastides, Secretary Heath, Interim President-Elect Kelly, the Faculty Representative and Student Representative to the Board, members of the President's Executive Council, Ms. Doran, Mr. Gruner, Mr. Tallant, Mr. Eigenbrot, Mr. Keegan and representatives of Legends Hospitality, LLC.

Executive Session

There being no other matters appropriate for Executive Session, Chairman Whittle declared a return to Open Session.

Return to Open Session

II. Department of Athletics FY 2019-20 Budget Summary

Chairman Whittle called on Mr. Tanner, who began by noting student-athlete academic achievements for Spring 2019. The most notable successes included the Spring 2019 Grade Point Average (GPA) of 3.338, marking the 25th consecutive semester with a departmental GPA of at least 3.0; with 17 of 18 teams earning a 3.0 GPA or better; and 12 teams earning a perfect 1,000 APR score.

In addition to academic successes, Mr. Tanner reported student-athletes logged approximately 7,057 hours of community service during the 2018-2019 academic year, which he expects will earn them first place in the Southeastern Conference (SEC) for the past five consecutive years. He also anticipates, once the final numbers are determined, the Gamecocks will place ahead of the 2nd place finisher by approximately 3,000 hours.

Mr. Tanner said the FY 2019-20 Athletics Department Budget included proposed revenues of \$125,411,845; expenditures of \$113,010,805; and proposed transfers of \$11,637,881; with a projected net increase to athletics reserves of \$763,159 as of June 30, 2020.

Mr. Tanner discussed the FY 2019-20 budget highlights. A projected increase in revenues over FY 2018-19 results from: increased football ticket sales at \$750,000 due to the strength of the 2019 schedule; a \$2 million increase in Guarantees, due to a neutral site football game in the 2019 season; a \$3 million increase in Sponsorship, Media Rights & Royalties, due to the University Trademarks & Licensing program; and a projected revenue increase of \$2.7 million in the SEC distribution due to the SEC Bowl and the ESPN TV football contracts. Also, there was a decrease of \$2.5 million in Gifts & Donations from the Educational Foundation used for capital projects completed in FY 2018-19, he said.

Increased expenses in the FY 2019-20 budget are a result of a \$2.5 million increase in coaches and staff salaries due to raises and a 2% state mandated salary increase for employees making less than \$100,000 plus a \$600 bonus for employees making less than \$70,000. The \$565,000 decrease in football guarantees is due to the Clemson game taking place at home. Also, a \$1 million decrease in Grants-in-Aids is due to in-state tuition for out-of-state student-athletes.

Mr. Tanner said the Athletics Department is totally self-supporting, funding all direct and indirect expenses. In addition, the department provides funds to the University's General Fund. All Athletics revenues, including Gamecock Club donations, are non-appropriated state funds and are deposited with the University. In FY 2019-20, the Athletics Department will provide the University \$5,102,948 in financial support, including \$2 million for scholarships.

The total revenue from departmental operations for FY 2019-20 reflects a 5.04% increase over the FY 2018-19 budget. The FY 2019-20 total expenditures from departmental operations reflect a 3.18% increase over the FY 2018-19 budget.

Mr. Tanner discussed the individual line items in the following revenue and expenditures summary:

<u>Revenues</u>	<u>Expenditures</u>
\$20,915,395 Ticket Sales	\$52,307,330 Personnel
\$ 2,000,000 Guarantees	\$13,613,900 Grants-in-Aids
\$ 6,394,500 Premium Seat Payments	\$ 2,875,500 Guarantees
\$ 2,852,250 Student Fees	\$ 7,257,100 Team Travel
\$13,232,700 Gamecock Club (net)	\$ 547,800 General Travel
\$ 9,550,000 Gifts and Donations	\$ 1,985,300 Recruiting
\$44,365,000 SEC/NCAA Distributions	\$ 2,954,200 Team & Department Functions
\$ 4,410,500 Ancillary Sales	\$ 8,376,300 Uniforms, Equipment & Supplies
\$17,460,000 Sponsorship, Media Rights & Royalties	\$ 7,567,700 Event/Game Services
\$ 4,231,500 Other Revenue	\$ 790,200 General Services
\$125,411,845 Total Revenues	\$ 8,782,400 Facilities
	\$ 1,071,100 Marketing Services
	<u>\$ 4,881,975</u> General and Administrative
	\$113,010,805 Total Operational Expenditures
	\$ 11,637,881 Transfers
	\$ 763,159 Projected-Net Increase to Athletics Reserves

The FY 2018-19 budgeted ticket sales revenue was \$20,158,762. Budgeted ticket sales of \$20,915,395 by sport for FY 2019-20 include: Football, \$17,418,645; Baseball, \$1,250,000; Men's Basketball, \$1,300,000; Women's Basketball, \$425,000; Softball, \$47,500; Men's Soccer, \$16,750; Women's Soccer, \$12,500; Volleyball, \$10,000; Track \$10,000; and \$425,000 in handling and mail orders fees.

The outstanding Athletics' debt on June 30, 2019, will be \$173,600,000 with a debt service of \$13,485,156 from the following sources:

Football Bond Fee of \$15 per ticket	\$6,017,250
Men's Basketball \$4 and Women's Basketball \$1 Bond Fee per ticket	\$ 550,000
Student Facility Fee \$81 per semester (non-resident)	\$1,910,000
Interest	\$ 175,000
Athletics – (Operating/Debt Service Fund)	\$4,832,906

The projected outstanding debt as of June 30, 2020, will be \$190,470,000 with estimated annual debt service payments totaling \$13,930,406.

Mr. Tanner commended the Athletics Department's Chief Financial Officer Jeff Tallant for his extensive work on the budget development.

Trustee Allen asked if all out-of-state student-athletes now pay the in-state tuition rate and Mr. Tanner responded yes.

Mr. Tanner mentioned some of the Spring 2019 athletic highlights, noting additional information was provided in the meeting materials on the Board Portal. Paul Jubb won the National Collegiate Athletic Association (NCAA) Men's Tennis Singles Championship, becoming the program's first national

champion and finishing the season ranked 3rd in the nation. Kevin Epley was named the Women's Tennis SEC Coach of the Year. The Women's Tennis team won the SEC tournament, finishing the season ranked 5th in the Intercollegiate Tennis Association (ITA) rankings; the recruiting class was ranked #1 nationally by Tennis Recruiting Network; teammates Mia Horvit and Ingrid Martins were ranked #1 in the ITA doubles poll; Ms. Martins climbed to the #4 position for singles play and was named the National ITA Player of the Year and SEC Player of the Year.

Mr. Tanner announced that for the fourth consecutive year, the Gamecocks clinched the Certified SC Grown Palmetto Series sponsored by the South Carolina Department of Agriculture. The series places USC and Clemson in competition academically and athletically.

Mr. Tanner concluded his presentation with a spring sports video.

Trustee Burroughs commended Mr. Tanner and his staff for the financial detail and transparency in the Athletics Department budget.

III. SEC Annual Spring Meeting Report

Chairman Whittle called on President Pastides, who said the SEC remains the best conference in the U.S. in terms of competitive performance, financial strength, and spirit, as embodied in the SEC tagline, "It Just Means More." He noted the SEC is one of the few athletics conferences that does not have an exit fee. The SEC is comprised of 14 universities with a combined student body over half a million, including: Texas A&M – 70,000; University of Florida 57,000; University of South Carolina System – 51,000; LSU System – 46,000; with Mississippi State University (the smallest) at 22,000.

President Pastides said May 30 and 31 marked his last meeting as conference president and chair of the SEC chancellors and presidents. He said, while the decision on the sale of alcohol at athletic venues "may have gotten the most press," he first wanted to talk about other issues covered in the meeting.

The conference committee met with student-athlete representatives, who provided points of view on the entire agenda and specifically on issues related to student hosts. These are students who meet recruits before football games to visit and accompany them from the field to their seats and back to their designated departure area after the game. President Pastides said the committee made changes to the student host policy to restrict the time students have access to recruits.

Also during the meeting, the committee received an update from the NCAA Vice President for Enforcement John Duncan, who provided information about investigations. President Pastides said the committee let its feelings be known on the unseemly length of NCAA investigations and other issues; and

they insisted on consistency in how the NCAA adjudicates enforcement matters. The conference staff and outside consultants provided an update on the media landscape of the sports entertainment industry, which remains ever changing and fluid; with concerns expressed about attendance decline at athletic events.

President Pastides said the SEC contracted with Deloitte to conduct an audit of football officiating. The audit results reinforced the committee's confidence in SEC officiating. However, he expressed his concern over the growing game delays due to play reviews, adding that he would rather officials "get it right most of the time" than elongating the game with excessive time outs.

Also, the committee reviewed the college football playoff system and expressed its support of and enthusiasm for the current format.

Arena and facility security around the conference was discussed. President Pastides said best practices include metal detectors to be in place for large athletic events by Fall 2020. The committee determined that ways to implement detector usage will be left to the individual universities. He said some universities will pursue perimeter screening, away from the athletics venues, while others will screen at the point of entry. President Pastides reported Mr. Tanner and USC Police Chief Wuchenich are already discussing the issue and plan to experiment with options during the Fall 2019 football season.

The committee reviewed football scheduling philosophies, as it does at every retreat, with interest in ensuring the student-athletes' best interests and the fans' points of view are considered. Also, they discussed the need to play the right teams with the right frequency; while respecting the interdivisional rivalries that have been established.

President Pastides said the committee adopted a new policy on selling alcoholic beverages in athletics venues, to become effective August 1, 2019. The policy allows each institution to determine the permissibility of selling alcoholic beverages in athletics venues and establish a policy governing the sale and distribution of alcoholic beverages in its athletics facilities.

IV. Other Matters

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

V. Adjournment

Chairman Whittle declared the meeting adjourned at 11:54 a.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary