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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

June 23, 2005

The Executive Committee of the University of South Carolina Board of Trustees met on Thursday, June 23, 2005, at 12:35 p.m. in the Capstone House Campus Room.

Members present were: Mr. Herbert C. Adams, Chairman; Mr. Miles Loadholt, Vice Chairman; Mr. James Bradley; Mr. Michael J. Mungo; and Mr. Mack I. Whittle, Jr. Dr. C. Edward Floyd was absent. Other Trustees present were: Mr. Mark W. Buyck, Jr.; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Rita M. McKinney; Mr. Robert N. McLellan; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Research and Health Sciences Harris Pastides; General Counsel Walter (Terry) H. Parham; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; Associate Provost for Budget and Operations William T. Moore; Director of Business Affairs, Division of Business and Finance, Helen Zeigler; Assistant Treasurer Susan D. Hanna; Director of the Department of Internal Audit Alton McCoy; Assistant to the Vice President, Office of Business and Finance, Ken Corbett; Public Information Officer, USC Lancaster, Shana Funderburk; University Legislative Liaison John D. Gregory; President of the USC Columbia Student Government Association Justin Williams; AG Edwards & Sons, Inc. Bond Counsel Brian Ubell; McNair Law Firm PA Bond Counsel Wayne Corley; Public Information Officer, Office of Media Relations, Karen Petit; and members of the media.

Chairman Adams called the meeting to order and invited Board members to introduce themselves. Ms. Petit introduced those members of the media who were in attendance.

Chairman Adams 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.

Chairman Adams directed the attention of the Committee to a contract valued in excess of \$250,000 and called on Mr. Kelly.

I. Contracts Valued in Excess of \$250,000: Vending Contract: Mr. Kelly was requesting Committee approval of a ten year contract with Atlas Food Systems and Services, Inc. from Greenville. Currently, the University was under a five year contract with Cromer Food Services to provide vending services (approximately 60 machines) on the Columbia campus; that contract will terminate in June 2006. Mr. Kelly noted that the University received a 26.5 percent commission on vending sales from the Cromer contract.

Recently, the University asked the Cromer vendor to consider the possibility of installing card reading equipment on their machines at the current commission rate; however, the dealer was not willing to install the equipment. Mr. Kelly observed that the University I.D. card (CarolinaCard) was becoming "one of the most important instruments that we have on our campus." As a debit card, the CarolinaCard was used to purchase a wide variety of goods and services; installation of card reading equipment would also expand its usage to vending machine purchases. This card served two primary purposes: to avoid using cash in order to make a purchase; and, 2) to provide an accurate tally of the amount of sales a particular machine generated.

Mr. Kelly further pointed out that the current commission rate of 26.5 percent raised approximately \$64,000 per year. Under the proposed contract with Atlas Food Systems and Services, Inc., the commission rate will change as follows: 17 percent of the initial \$300,000; 18 percent above \$300,000-\$400,000; 19 percent above \$400,000 with continued escalating amounts as the total sales figure increased. The base commission rate will be negotiated each year. Mr. Kelly anticipated a rapid growth of revenue which will substantially exceed the prior commission rate.

Mr. Loadholt moved approval of the Atlas Food Systems and Services, Inc. vending contract as described in the materials distributed for the meeting. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

II. Adjournment: Since there were no other matters to come before the Committee, Chairman Adams declared the meeting adjourned at 12:40 p.m.

Respectfully submitted,

Thomas L. Stepp  
Secretary