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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

October 7, 2011

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, October 7, 2011, at 10:30 a.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.

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. Hubert F. Mobley; Ms. Leah B. Moody; Dr. C. Dorn Smith, III; Mr. Thad Westbrook; Mr. Mack I. Whittle, Jr.; and Mr. Charles H. Williams.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Communications Luanne Lawrence; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; Chief Financial Officer Edward L. Walton; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Vice President for Human Resources Chris Byrd; Vice Provost and Executive Dean for Extended Campus Chris P. Plyler; General Counsel Walter (Terry) H. Parham; Senior Vice Provost and Director of Strategic Planning Christine W. Curtis; University Treasurer Susan D. Hanna; Associate Vice President for Business Affairs, Finance and Planning Division, Helen T. Zeigler; Associate Vice President for Facilities Tom Quasney; Associate Vice President for Student Life and Development, Division of Student Affairs, Jerry Brewer; Associate Vice President for Transportation and Logistical Relations Derrick Huggins; Director of Capital Budgets and Financing, Division of Finance and Planning, Charlie FitzSimons; Director of Facilities Planning and Programming, University Architect Derek Gruner; Executive Associate Athletics Director Kevin O'Connell; Executive Assistant, Facilities Planning and Construction, Donna Collins; Chancellor of USC Beaufort Jane T. Upshaw; Chancellor of USC Upstate Tom Moore; Executive Dean and Senior Associate Dean for Graduate Education, College of Arts and Sciences, Roger H. Sawyer; Dean of USC Salkehatchie Ann Carmichael; Dean of USC Sumter C. Leslie Carpenter; Director of the Department of Internal Audit Phil Iapalluci; Executive Associate Athletics Director Kevin O'Connell; Associate Professor in the Department of Educational Leadership and Policies, College of Education, Zach Kelehear; Director of State Relations Trey Walker; Special Assistant to the President J. Cantey Heath, Jr.; Chair of the Faculty Senate Sandra Kelly; Student Government Association President, Joe Wright; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Financial Underwriters, Barclays Capital, John Augustine and Brian Frankel; Bond Counsel, Haynesworth Sinkler

Boyd, PA, Robert Galloway; Manager at Kyzer and Timmerman Structural Engineers, LLC Ken Timmerman; Director of Media Relations, Office of Communications, Margaret Lamb; Board staff members Terri Saxon, Vera Stone and Karen Tweedy; and members of the press.

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 was a personnel matter which was appropriate for discussion in Executive Session.

Mr. Adams moved to enter Executive Session. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Amiridis, Mr. Walton, Dr. Pruitt, Mr. Byrd, Ms. Lawrence, Ms. Dodenhoff, Mr. Parham, Mr. Walker, Ms. Brunelli, Dr. Hogue, Dr. Plyler, University Chancellors, Mrs. Hanna, Mr. Heath, Ms. Mills, and Mrs. Lamb.

Return to Open Session

I. Contracts Valued in Excess of \$250,000: Chairman Loadholt called on Mr. Parham to present the contracts.

A. Service Agreement and Service License Agreement with EnGenCore:

Mr. Parham reported that on October 8, 2010, this committee approved a request by the Office of Research to purchase a state-of-the-art DNA sequencing platform, consisting of equipment and software, from a company named Pacific Biosciences, for the sum of \$767,000. The equipment enables a wide range of research applications.

That equipment had now been manufactured and was being delivered to USC. In anticipation of its delivery, the University issued an RFP in June 2011 seeking a service provider to promote, manage and operate both the new equipment, and the old Roche 454 gene sequencing machine that the University purchased several years ago. EnGenCore, a local start-up company founded and headed by former USC DMSB IMBA student John Busch, submitted a proposal.

The University was now seeking board approval of a Service Agreement with EnGenCore under which EnGenCore would perform genomic sequencing analysis and support services using both the new and the old gene sequencing equipment. The services would be provided to University researchers as well as non-University researchers. EnGenCore would be responsible for all aspects of the DNA sequencing, including product quality and timely production of data in a secure and user-accessible format. The term of the contract would be five years.

Under the agreement, EnGenCore would pay USC \$69,000 per year for use of the equipment. EnGenCore would also reimburse USC for the costs of a Lab Director (\$37,200) and a Lab Technician (\$25 per hour) who would work with the equipment. EnGenCore was also responsible for reimbursing USC for the cost of the service-maintenance contracts on the equipment. EnGenCore was also responsible for paying the costs of all supplies, materials and labor necessary for DNA preparation and the sequencing of DNA samples.

The agreement protects the intellectual property rights of University researchers using the equipment and contains appropriate confidentiality clauses regarding research results. Because the DNA sequencing equipment is located on campus in the School of Public Health Research Lab, Board approval was also requested for a Facility License Agreement under which EnGenCore would be granted a license to occupy and use the lab and office space in connection with its performance of the services described. EnGenCore would pay USC \$15,860 per year for this facility access license.

In closing, Mr. Parham stated that the Facility License Agreement required EnGenCore to maintain insurance on the facility, to be responsible for any damages it causes, and to indemnify the University from any claim resulting from its presence in the facility. The license is terminable at will by the University.

Mr. Lister moved approval of the agreement as described in the meeting materials.

Mr. von Lehe seconded the motion. The vote was taken, and the motion carried.

B. MOU between USC Beaufort and Sea Pines Resort, LLC: Mr. Parham reported that in 2002, USC Beaufort was approached by Sea Pines Resort, LLC of Hilton Head Island, and asked to assist Sea Pines in arranging for accredited Continuing Medical Education classes to be provided to physicians at the Sea Pines Resort Harbor Town Conference Center. USCB's Office of Continuing Education agreed to assist.

Since USC Beaufort was not itself accredited to provide Continuing Medical Education classes, it entered into collaboration with the USC School of Medicine - Palmetto Health Richland Joint Office of Continuing Medical Education to provide the actual CME courses.

As a result, USC Beaufort sponsors the CME programs and does conference planning and on-site administration, Sea Pines does the marketing, and the USC School of Medicine - Palmetto Health Richland's CME Office does the curriculum planning and CME course presentation and facilitation. This arrangement had been in place and operational since 2003 and had been successful.

For Board consideration today, Mr. Parham presented a new three year agreement between USC Beaufort and Sea Pines that would run through August 1, 2014.

Under the agreement, USC Beaufort was responsible for sponsoring, planning, overseeing and conducting accredited CME programs at Sea Pines on a schedule mutually agreed upon by the parties. The School of Medicine - Palmetto Health Richland Office of Continuing Medical Education continues to arrange for the speakers.

USC Beaufort and Sea Pines provided approximately five conferences per year, all in the summer months of June and July. Traditionally, over 400 physicians attended the conferences.

Sea Pines was obligated to provide conference facilities and lodging, market the conferences, and collect the registration fees from conference participants. All marketing materials must be approved by USC Beaufort in advance.

Sea Pines retains 29 percent of the registration fees to cover its costs, and remits the remaining 71 percent to USC Beaufort within 15 days of the conclusion of each conference. From this amount, USC Beaufort first recoups its expenses - that is, the cost of preparing conference materials, conference supplies, and the cost of speakers. It then remits 50 percent of the remaining funds to the USC School of Medicine - Palmetto Health Richland Office of Continuing Medical Education to cover the costs it incurred in securing faculty, creating the conference curriculum, and providing a conference moderator. The remaining 50 percent was retained by the USC Beaufort Office of Continuing Education to fund the operation.

Sea Pines also provides accommodations to USC Beaufort's conference workers and Continuing Medical Education speakers free of charge during the conference. Further, the contract provides that either party may terminate the agreement with or without cause upon three months written notice; provided, however, that the parties were obligated to

fulfill their respective obligations in connection with any CME program that had already been scheduled.

In addition to the revenue it receives, USC Beaufort sees its participation in this agreement as a community service to encourage economic development in the area - in the form of revenue from meals, lodging, and entertainment - that results from bringing physicians to a conference.

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

C. Governmental Real Estate Lease between Stoneridge Office Investment, LLC and USC Institute for Partnerships to Eliminate Health Disparities (IPEHD): Mr. Parham stated that the Institute for Partnerships to Eliminate Health Disparities was a component of the Arnold School of Public Health headed by Dr. Saundra Glover. Its mission was to eliminate health disparities through community, academic and other strategic public - private partnerships in South Carolina and beyond. These partnerships provided the opportunity for the pursuit of inter-institutional, multi-disciplinary research, education, and training to address health disparities.

Today, Mr. Parham was seeking Board approval for a new five year Lease for its office space at 220 Stoneridge Drive in Columbia. This was actually a lease renewal - the Institute had been located in this facility for more than 10 years. The new Lease term would expire June 30, 2016.

The Lease was the standard Governmental Real Estate Lease required by the State Budget and Control Board. Under the Lease, the Institute would lease 4,388 square feet of space at an annual rental as follows:

Year 1 (7/1/11 - 6/30/12):	\$63,626.04	\$14.50 per sq. ft.
Year 2 (7/1/12 - 6/30/13):	\$65,381.16	
Year 3 (7/1/13 - 6/30/14):	\$67,136.40	
Year 4 (7/1/14 - 6/30/15):	\$68,891.64	
Year 5 (7/1/15 - 6/30/16):	\$70,646.76	\$16.10 per sq. ft.

The rental amount included utilities. Total rental cost over the five year term was \$335,682. This Lease rental would be paid 100 percent by research grant funds - that is, no state dollars were involved. The Landlord was also responsible for insurance and taxes.

After the first six months of the lease term, the University had the right to terminate the Lease upon 60 days written notice if it was going to relocate to a facility owned or controlled by the State of South Carolina or any South Carolina County or City.

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

II. Department of Defense Memorandum of Understanding for Military Student

Tuition Rates: Chairman Loadholt called on Mr. Chris Plyer who reported that

based on a recent government accountability office report; the Department of Defense (DoD) was taking steps to enhance its oversight of schools receiving tuition assistance funds. USC Columbia and its regional campuses received such funds. To improve accountability and quality review of tuition assistance, the DoD issued an instruction last March which included a requirement that all of our education institutions participating in the military tuition assistance program have education partnership Memorandum of Understanding with the DoD. The application was now available to all post-secondary institutions across the country. We have until January 1st to complete the MOU and comply with the tuition assistance policy. Without the signed MOU, the University would not be able to offer those service members who were eligible to tuition assistance to enroll in calendar year 2012. Therefore, the application process would begin now and once the application has been submitted electronically to the President he will receive status emails throughout the process and as President he is required to sign the MOU on behalf of all of campuses.

In addition to active duty military, National Guardsman and reservists are now eligible for tuition assistance.

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

III. Bylaws Change - Article VII, Section 2: Chairman Loadholt called on Secretary Stepp who proposed for Board consideration some minor revisions to Article VII of the Bylaws. He stated that Article VII, Section 2 defined the duties and responsibilities of the Buildings and Grounds Committee.

In section B, the revisions simply added the ability to name a building, part of a building, outdoor space, or other facility for a campus Chancellor. The following language was added: "...or a Chancellor of a component four-year institution within the University System."

In Section A, the words "or naming"....."or other facility, or (2) the creation "or naming" were added. This made it clear how to name something that may already exist. The paragraph would now read: A) in cases where a gift, either inter vivos or testamentary, has been accepted by the Board for 1) the construction or naming of a building, part of a building, or other facility, or 2) the creation or naming of an outdoor space, or other facility, and the term of the gift require or request that a particular name be used, or; B) in cases where it is desired to acknowledge conspicuous services of an individual to the University by the special designation of a building, part of a building, outdoor space, or other facility; provided, however, except in cases where it is desired to honor a past president of the University, or a Chancellor of a component four-year institution within the University System, etc.

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

IV. Darla Moore School of Business Bond Resolution Approval: Chairman Loadholt called on Ms. Brunelli who reported that the Higher Education Revenue Bond Resolution for

the Darla Moore School of Business had been mailed to Board members last week. She acknowledged several individuals who would assist her in answering specific questions, financial underwriters John Augustine and Brian Frankel of Barclays Capital, Bond Counsel Robert Gallaway of Haynesworth Sinkler Boyd, PA, and Director of Capital Budgets and Financing Charlie Fitzsimons.

Furthermore, she stated that the cost of the project was \$106.5 million. The sources of funds were state institution bonds (\$15 million had already been issued); private funding (\$25 million from Foundation). Last year, \$1.5 million in institutional funds were added to include an auditorium capable of being a concert hall for the School of Music. Remaining was the revenue bonds totaling \$65 million which would be used toward construction costs and the amount necessary for capitalized interest and issuance costs associated with the bonds. The intent is to service these bonds with revenues from the lease of the Close-Hipp building to the Department of Justice which would generate a total of \$5.3 million annually. The request was for bond authorization up to \$80 million.

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

V. Ratification of Vice President for Research Appointment: Chairman Loadholt called on President Pastides who requested Board ratification of his recommendation of Dr. Prakash Nagarkatti to serve as Vice President for Research. Dr. Nagarkatti had served as Associate Dean of the USC School of Medicine since 2005, overseeing all research-related activities. During his tenure, external funding at the USC School of Medicine had increased from \$26 million to \$41 million.

President Pastides reported that Dr. Nagarkatti had presented a very ambitious and aggressive agenda for growth in sponsored research which would put the University in the league as most of our peer universities.

President Pastides was very excited that Dr. Nagarkatti accepted the job offer and felt confident that the Board would be pleased with his appointment. The Board unanimously ratified the President Pastides appointment of Dr. Prakash Nagarkatti as Vice President for Research.

Since there were no other matters to come before the Committee, Chairman Loadholt declared the meeting adjourned at 11:15 a.m.

Respectfully submitted,

Thomas L. Stepp
Secretary