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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

December 20, 2010

The Executive Committee of the University of South Carolina Board of Trustees met on Monday, December 20, 2010, at 3:05 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Herbert C. Adams; Mr. Toney J. Lister; Mr. John C. von Lehe, Jr.; and Mr. Eugene P. Warr, Jr. Dr. C. Edward Floyd was absent.

Other Trustees present were: Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. W. Lee Bussell, Sr.; Mr. Mark W. Buyck, Jr.; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Ms. Leah B. Moody; Ms. Darla D. Moore; Mr. Thad H. Westbrook; and Mr. Mack I. Whittle, Jr.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Academic Affairs and Provost Michael D. Amiridis; Vice President for Finance and Planning William T. Moore; Vice President of Communications Luanne M. Lawrence; Vice President for Information Technology and Chief Information Officer William F. Hogue; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Associate Vice President for Resource Planning Edward L. Walton; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Associate Vice President for Facilities Tom Quasney; Dean of the College of Arts and Sciences Mary Ann Fitzpatrick; Dean of the South Carolina College of Pharmacy Columbia Campus Randell Rowen; Executive Director of the Office of Foundations Jerome D. Odom; Dean of USC Sumter C. Leslie Carpenter; Senior Vice Provost Christine W. Curtis; Assistant Provost for Academic Programs Kris H. Finnigan; Director of Capital Budgets and Financing, Division of Business and Finance, Charles D. FitzSimons; Director of the Department of Internal Audit Alton McCoy; Special Assistant to the President J. Cantey Heath, Jr.; Special Assistant to the President and Director of Athletics John D. Gregory; Executive Assistant, Facilities Planning and Construction, Donna Collins; Chair of the Faculty Senate Patrick D. Nolan; Department of Facilities Joy Gillespie; Mr. Dick Galehouse and Justin Fay, Sasaki; Director of the Office of Media Relations Margaret Lamb; University Technology Services Production Manager Justin Johnson; Board staff members Barbara Salmons, Terri Saxon, and Vera Stone; and a member of the media.

Chairman Loadholt called the meeting to order and invited those present to introduce themselves. Ms. Lamb introduced a member of the press in attendance. 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.

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

A. Greenville Hospital System: Chairman Loadholt called on Mr. Parham, who stated that on June 8, 2007, the University of South Carolina Executive Committee approved a Memorandum of Understanding (MOU) between the University of South Carolina, the South Carolina College of Pharmacy (SCCP), and the Greenville Hospital System (GHS), to continue an education program to train the University's PharmD students in Greenville. That agreement was for a 3-year term ending June 30, 2010. On June 18, 2010, the Executive Committee approved an extension of that agreement for a 6 month period.

Currently, for the Committee's consideration, was a MOU between the parties for a new 3 year term beginning January 1, 2011, and ending December 31, 2013.

Under the agreement, GHS would provide clinical pharmacy training opportunities to the University's 3rd and 4th year students. In exchange, SCCP would provide faculty appointments to the Clinical Education Coordinator and the Clinical Education Administrator who would be employed at GHS to facilitate the pharmacy students' clinical training at GHS.

The agreement provides that SCCP would reimburse GHS for all expenses related to providing this clinical training to the students, not to exceed \$230,000 per year. Additionally, SCCP would reimburse GHS \$20,000 for the cost of the services rendered by the Clinical Education Coordinator and the Clinical Education Administrator.

Either party may terminate the agreement upon 90 days written notice; provided, that any pharmacy student engaged in clinical education at GHS would be allowed to complete the rotation or class.

Mr. von Lehe moved to approve the contract as distributed in the meeting materials. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

B. Contracts with University Support Foundations: Chairman Loadholt called on Mr. Parham, who explained that the University was currently undergoing the reaccreditation process with the Southern Association of Colleges and Schools (SACS). One of the SACS requirements was that the University must have a policy clearly defining the relationship between the institution and its support foundations. The University will establish its compliance with this SACS requirement by having an up-to-date contract between the institution and each foundation. Mr. Parham noted that this, of course, was also good business practice.

As a result, for the Committee's consideration were agreements between USC and the USC Educational Foundation, the USC Development Foundation, the USC Upstate Foundation, and the USC Lancaster Educational Foundation.

These agreements are similar in form, with the content of each being modified slightly to reflect the specific purposes served by the Foundation. For example, the

Educational Foundation is recognized as primarily focusing on raising and receiving money, the Development Foundation is recognized primarily as focusing on acquiring, developing and managing real estate, and the Research Foundation is focused primarily on assisting the University's research agenda.

In each case, the agreement recites that the foundations are not-for-profit organizations separately incorporated under Section 501(c)(3) of the Internal Revenue Code, with independent boards of directors. The agreements confirm that the amount of funds transferred from the foundations to the University and/or the services provided by the foundations to the University is greater than the value of the services provided by the University, such as the fair market value of the space the foundation may occupy in a University building.

The agreements call for active communication between the University and the foundations so that all parties are aware of the University's initiatives and priorities. The agreement is to be reviewed by the parties not less than every 5 years, and may be terminated by either party at any time upon 90 days written notice.

Finally, consistent with the bylaws of each foundation, these agreements provide that if the Foundation ceases to exist as a 501(c)(3) organization, the assets of the Foundation will be transferred to the University or to a successor foundation, or to the state or federal government for public purposes.

Dr. Moore read into the record the two SACS Comprehensive Standards that would be addressed by approval of the four Foundation Agreements as presented for approval by the Committee:

3.2.2.4 The legal authority and operating control of the institution are clearly defined for the following areas within the institution's governance structure:

Related foundations (athletic, research, etc.) and other corporate entities whose primary purpose is to support the institution and/or its programs.

3.2.13 Any institution-related foundation not controlled by the institution has a contractual or other formal agreement that (a) accurately describes the relationship between the institution and the foundation, and (b) describes any liability associated with that relationship. In all cases, the institution ensures that the relationship is consistent with its mission.

Chairman Loadholt called for a motion to approve the following foundation agreements between the University of South Carolina and: the USC Educational Foundation; the USC Development Foundation; the USC Upstate Foundation; and the USC Lancaster Educational Foundation.

Mr. Warr moved to approve the contracts as distributed in the meeting materials. Mr. Lister seconded the motion. The vote was taken, and the motion carried.

Since there were no other matters to come before the Executive Committee, Chairman Loadholt declared the meeting adjourned at 3:20 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary