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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

December 17, 2007

The Executive Committee of the University of South Carolina Board of Trustees met on Monday, December 17, 2007, at 9:30 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Herbert C. Adams, Chairman; Mr. James Bradley; Dr. C. Edward Floyd; Mr. Miles Loadholt; and Mr. Mack I. Whittle, Jr. Mr. Michael J. Mungo was absent. Other Trustees present were: Mr. Arthur S. Bahnmuller; Mr. William L. Bethea, Jr.; Mr. Mark W. Buyck, Jr.; Mr. John W. Fields; Mr. Samuel R. Foster II; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Darla D. Moore; 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; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President for Research and Health Sciences Harris Pastides; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Human Resources Jane M. Jameson; Vice Provost and Executive Dean for System Affairs and Extended University Chris P. Plyler; Vice President for Advancement Brad Choate; General Counsel Walter (Terry) H. Parham; Director of Athletics Eric C. Hyman; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Upstate John C. Stockwell; Dean of USC Union Hugh Rowland; Assistant Vice Provost for Academic Affairs William T. Moore; Vice Provost for Faculty Development Christine Curtis; Dean of the School of Music Tayloe Harding; Dean of the College of Nursing Peggy O. Hewlett; USC Campus Dean of the South Carolina College of Pharmacy Randall C. Rowen; Dean of the College of Social Work Dennis L. Poole; Executive Director, USC Alumni Association, Marsha A. Cole; Dr. Robert Best, Chair of the Faculty Senate; Assistant Treasurer Susan D. Hanna; Associate Vice President for Business and Facilities Helen Zeigler; Director of Facilities, Division of Business and Finance, Tom Quasney; Vice Chancellor for Business Affairs, Robert Connelly; Vice Chancellor for University Advancement, USC Upstate, John Perry; Dean of the School of Business Administration and Economics, USC Upstate, Darrell

Parker; Campus Planning and Construction Director and University Architect Charles G. Jeffcoat; Budget Director, Division of Business and Finance, Leslie Brunelli; Assistant Provost for Academic Programs and Director of Extended Campus, System Affairs and Extended University, Aileen C. Trainer; Executive Associate Athletics Director for External Affairs Kevin O'Connell; Chief Financial Officer, Department of Athletics, Jeff Tallant; Sports Marketing Director, Department of Athletics, Jeff Crane; Multimedia Services Director, Department of Athletics, Paul Danna; Facilities Consultant, Department of Athletics, John Moore; Special Assistant to the President and Athletics Johnny D. Gregory; Assistant to the Vice President, Division of Business and Finance, Ken Corbett; Campus Planning and Construction Executive Assistant Donna Collins; Director of Governmental and Community Relations Shirley Mills; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; USC Lancaster Public Information Officer Shana Funderburk; Director of the Office of University Communications, Division of University Advancement, Russ McKinney, Jr.; Bond Counsel Alan Lipsitz of Nexsen Pruet; Bond Counsel Robert Galloway of Haynsworth Sinkler Boyd, P.A.; Wayne Corley, McNair Law Firm; Christoph Muelbert, Vice President of the Lehman Brothers' Higher Education Group in New York; Board staff members Terri Saxon, Vera Stone, and Karen Tweedy; and members of the media.

Chairman Adams called the meeting to order and stated that there were contractual and personnel matters which were appropriate for discussion in Executive Session, including the appointment of a Presidential Candidate Search Committee. Mr. Bradley moved to enter Executive Session. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

Chairman Adams asked the members of the Executive Committee and the Secretary to move to the adjacent conference room as a matter of convenience to the many persons present.

Return to Open Session

Chairman Adams invited Mr. McKinney to introduce 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.

I. College of Nursing Fee Increase:

Chairman Adams called on Dean Hewlett who explained that the College of Nursing currently charged an \$18 fee to all undergraduate and graduate students for their initial clinical course which was intended to cover the cost of a SLED background check. However, due to new regulations from the Joint Commission on Accreditation of Health Care Organizations, the College of Nursing was required to increase the scope of each background check and conduct drug screenings for any student or faculty member who cared for patients in a clinical setting.

Since the requirement for the expanded background check and drug tests was issued after Fall 2007 student fees had been determined, the College of Nursing incurred expenses in the amount of \$50,355.75. The increase would cover the additional cost of the background check and drug test requirements. The request was to implement the fee effective January 1, 2008, and attach it to the first clinical course per graduate or undergraduate student.

Chairman Adams called for a motion to approve the fee increase as presented in the materials distributed for this meeting. Mr. Bradley so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

II. USC Upstate College of Business and Economics:

Chairman Adams called on Chancellor Stockwell who noted that the Board of Trustees approved the planning to locate the College of Business and Economics in downtown Spartanburg at its September 4, 2007, meeting; and the Academic Affairs and Faculty Liaison Committee approved the renaming of the school to "The George Dean Johnson, Jr. College of Business and Economics" at its November 9, 2007, meeting.

The current request was to approve USC Upstate's request to lease a facility to be constructed by the Carolina Piedmont Foundation (CPF) and Properties II, LLC, for The George Dean Johnson, Jr. College of Business and Economics in the Renaissance Park in downtown Spartanburg, by supplementing private and City funding with a University lease in the amount of \$650,000 per year.

The facility would be three stories enclosing 44,000 square feet with two floors completely finished and one floor unfinished for future program expansion.

The City of Spartanburg would provide the land (approximately one acre) valued at \$650,000 and would construct a new 780-space parking garage at a cost of

\$11.25 million with a minimum of 250 parking spaces provided for USC Upstate. The City would also provide infrastructure including sidewalks, streets and landscaping.

The Capital project would be developed and managed by the CPF, with funding of \$8 million from private contributions. A total of \$10 million in private contributions were currently pledged, with \$2 million to be used to endow the College. These funds would be managed by the CPF.

Chairman Adams called for a motion to approve the USC Upstate College of Business and Economics project as presented. Mr. Bradley so moved. Dr. Floyd seconded the motion.

Chairman Adams called on Mr. Lister. He said he fully supported this very exciting project, which would give the Upstate excellent exposure. He stated that he thought the Chancellor should be commended for putting the project together. He noted that USC Upstate would contribute a maximum, not a minimum, of \$5 million as stated in the materials circulated to the Committee.

Mr. Bradley asked what would happen if the project came in over the estimated costs. Chancellor Stockwell replied that they would seek additional private support. Dr. Sorensen noted that two of the donors, who wished not to be identified, had given verbal assurance that they would cover any additional costs, and that he believed they were fully financially capable of doing so.

Mr. Foster asked who would manage the construction project. Chancellor Stockwell responded that CPF, working closely with his staff.

The vote was taken, and the motion carried.

III. Memorandum of Understanding - MUSC Bioengineering Facility:

Chairman Adams called on Dr. Pastides who explained that several years ago the General Assembly passed the South Carolina Research Universities Infrastructure Act, which made approximately \$220 million available to the State's three Research Universities (University of South Carolina, Clemson University, and The Medical University of South Carolina) to construct research buildings on or near their campuses. USC's allocation was approximately \$72 million, the majority of which was dedicated to multiple Innovista Projects.

Dr. Pastides stated that the current request was to commit \$2 million to a new Bioengineering building being planned for the MUSC campus. Clemson was also recommending a \$2 million allocation for the same facility. The proposed building would be approximately 10,000 square feet.

Dr. Sorensen reported that he had sent a USC endowed chair offer letter to an outstanding expert from Washington, DC. The Chair would be a tenured Professor at the University's School of Medicine and he and his operation would be housed in the new facility on the MUSC campus.

Dr. Pastides noted that USC would not transfer any money to MUSC, but would simply allocate \$2 million of the University's \$73 million life science money.

Chairman Adams called for a motion to approve the MUSC Bioengineering Facility Memorandum of Understanding as presented. Dr. Floyd so moved. Mr. Loadholt seconded the motion.

Dr. Floyd asked why USC would locate this operation on MUSC's, not USC's, campus. Dr. Pastides explained that the three universities comprised the South Carolina Bioengineering Alliance, and that the equipment and facilities required for "cutting-edge" engineers were not available on USC's campus. USC was a partial operator of the entire Bioengineering Alliance, so a small number of USC's bioengineers currently worked on the MUSC campus.

Dr. Pastides noted the plans to increase USC's bioengineering capabilities on the Columbia campus, in addition to the proposed new facility on the MUSC campus.

Ms. Moore stated that they had been working on the collaborative effort for sometime and the current proposal was the "most advanced, most exciting academic intellectual project" the University had been involved in since she had served on the Board of Trustees, because it was "incredibly collaborative." She added that without all three universities working together it could not be done, and that it was potentially some of the best science "we will ever field in this State."

The vote was taken, and the motion carried.

IV. Higher Education Revenue Bond - Aiken Housing:

Chairman Adams called on Mr. Kelly and stated that Chancellor Hallman was also available.

Mr. Kelly stated that the University's Lead Underwriter, Lehman Brothers, Inc. financial analysis and recommendations on a debt strategy for the University's Bond Resolutions suggested language to "negotiate sales and refinancing as necessary," be included in University Bond Resolutions. As a result, this and the following two Bond Resolutions included this new language which provided for refunding provisions should market conditions at the time of sale in 2008 be favorable to create substantial financial savings to the University. If market conditions were not favorable enough to warrant substantive financial savings, no refunding would occur.

Chairman Adams called for a motion to approve the USC Aiken Housing Higher Education Revenue Bond in the amount of \$16,500,000 to finance the construction and issuance costs of the Aiken Campus Pacer Commons II Residence Hall as presented. Mr. Loadholt so moved. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

V. Athletics Facilities Revenue Bond - Baseball Stadium:

Chairman Adams called for a motion to approve the Athletics Facilities

Revenue Bond Resolution for \$29,850,000 to finance the construction and issuance costs for the Baseball Stadium as presented. Dr. Floyd so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

VI. Higher Education Revenue Bond Amendment - Columbia Honors Residence Hall (amending Section 7.01 of Resolution approved December 18, 2006):

Chairman Adams called for a motion to approve the Higher Education Revenue Bond Amendment for the Columbia Honors Residence Hall (amending Section 7.01 of Resolution approved December 18, 2006), to include a provision for a negotiated sale as previously explained by Mr. Kelly. Mr. Bradley so moved. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

VII. Other Matters:

A. USC Lancaster HVAC Contract: Chairman Adams called on Mr. Kelly who stated that the project, with a budget of \$517,510, to replace the HVAC system in Hubbard Hall was previously approved by the Board of Trustees on April 20, 2007. The project bid process resulted in the receipt of only two bids, both of which exceeded the approved budget and were protested. Therefore, the deadline for implementation of the project during the summer of 2007 was missed, and the project was delayed until additional funding could be identified. In order for construction to take place during summer 2008, the construction work must be bid at the beginning of 2008, and it was not practical to wait for the Buildings and Grounds Committee's February 2008 meeting to seek Board approval. From a life safety, air quality and functionality standpoint the replacement of this system was critical.

Recently, additional "State Supplemental Funds" became available to USC Lancaster specifically for deferred maintenance. Lancaster desired to add \$200,000 to this project and use an additional \$200,000 of this special allocation to replace their campus funds in the project. This increase would result in a project budget of \$717,510. USC Lancaster would then combine this project with an already approved existing project funded with "Research University Infrastructure Bond" funds in the amount of \$548,750 to provide a total of \$1,266,260 for the complete replacement of the HVAC system in Hubbard Hall.

Chairman Adams called for a motion to increase the project budget by \$200,000 resulting in a total project budget of \$717,510 funded with \$700,000 in State Supplemental Funds and \$17,510 in State Capital Improvement Bonds. Mr. Bradley so moved. Dr. Floyd seconded the motion. The vote was taken, and the motion carried.

B. Report on CSTV Contract: Chairman Adams stated that the Executive Committee had previously adopted the CSTV Contract, but had asked for additional information, which Mr. Hyman had mailed to the Committee.

Chairman Adams invited Mr. Hyman to brief the Committee. He deferred to Mr. Kevin O'Connell who had been the point person on the contract. Mr. O'Connell reviewed the highlights of the executive summary provided to the full Board, including the fact that the Athletics Department had been informed by CSTV that the contract put USC in the top ten in terms of revenue generated for Division I schools.

There were no questions; therefore, Chairman Adams stated that the report would be received as information.

VIII. Adjournment:

Since there were no other matters to come before the Committee, Chairman Adams declared the meeting adjourned at 10:45 a.m.

Respectfully submitted,

Thomas L. Stepp
Secretary