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University of South Carolina  
BOARD OF TRUSTEES

Health Affairs Committee

March 22, 2013

The Health Affairs Committee of the University of South Carolina met on Friday, March 22, 2013, at 11:30 a.m. in the 1600 Hampton Street Board Room.

Members present were: Dr. C. Dorn Smith III, Chairman; Mr. A.C. "Bubba" Fennell III; Dr. C. Edward Floyd; Mr. Miles Loadholt; Mr. Hugh Mobley; Mr. Mack I. Whittle, Jr., Mr. Charles Williams; Mr. Eugene P. Warr, Jr., Board Chairman; and Mr. John C. von Lehe, Jr., Board Vice Chairman. Mr. J. Egerton Burroughs was absent.

Other Board members present were: Mr. Chuck Allen; Mr. Robert E. Brown, Sr.; Mr. Mark W. Buyck, Jr.; Mr. Thomas C. Cofield; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Ms. Leah B. Moody; and Mr Thad H. Westbrook.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Vice President for Academic Affairs and Provost Michael D. Amiridis; Chief Financial Officer Edward L. Walton; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; General Counsel Walter (Terry) H. Parham; Senior Vice Provost and Director of Strategic Planning Christine W. Curtis; Vice Provost and Dean of Undergraduate Studies Helen I. Doerpinghaus; Chancellor of Palmetto College Susan A. Elkins; Chancellor of USC Upstate Tom Moore; Dean of the College of Mass Communications and Information Studies Charles Bierbauer; Vice Provost and Executive Dean, Palmetto College, Chris P. Plyler; Director of Athletics Ray Tanner; Associate Vice President for Business and Finance and Medical Business Affairs Jeffrey L. Perkins; Executive Dean, College of Arts and Sciences, Roger H. Sawyer; Professor, Vice Dean of Innovative Healthcare Technologies; Associate Vice Chancellor for Academic Affairs, USC Upstate, Warren J. Carson; Associate Dean for International Programs and Continuing Education, College of Engineering and Computing, Hanif Chaudhry; Chair of the Department of Computer Science and Engineering and Director of the Center for Information Technology, College of Engineering and Computing, Michael N. Huhns; Professor and Acting Associate Dean, College of Hospitality, Retail, and Sport Management, Tena B. Crews; Professor and Chair of the Department of Sport and Entertainment

Management, College of Hospitality, Retail, and Sport Management, Andy Gillentine; Director of Academic Programs, Office of the Provost, Kristia H. Finnigan; Director of State Relations Trey Walker; Special Assistant to the President J. Cantey Heath, Jr.; Chair of the Faculty Senate Sandra Kelly; Professor of English, USC Lancaster, Bruce Nims; Chair of the Faculty Senate and Associate Professor, USC Upstate, David K. Ferris; Interim Dean, Mary Black School of Nursing, USC Upstate, Katharine M. Gibb; Dean of the School of Education, USC Aiken, Jeffrey M. Priest; Associate Director of Strategic Planning and Assessment Cameron Howell; Interim Vice President for Communications Wesley T. Hickman; University Technology Services Production Manager, Matt Warthen; Board staff members Debra Allen, Terri Saxon and Karen Tweedy; and members of the media.

Chairman Smith called the meeting to order, welcomed those present, and asked everyone to introduce themselves. Mr. Hickman introduced members of the media Thad Moore and Amanda Coyne from *The Daily Gamecock*.

Chairman Smith stated that the agenda had been posted and the press had been notified as required by the Freedom of Information Act; the agenda had been distributed to the Committee members via the Board Portal; and a quorum was present to conduct business.

Chairman Smith stated that there was a contractual matter which was appropriate for discussion in Executive Session.

Mr. Fennell moved to enter Executive Session. Mr. von Lehe seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: President Pastides, Secretary Stone, Dr. Amiridis, Mr. Walton, Mr. Parham, Mr. Perkins, Mr. Heath, and Mr. Hickman.

Return to Open Session

I. University of South Carolina School of Medicine Greenville Request to Establish a Reserve

Fund: Chairman Smith called on Mr. Jeff Perkins who explained that during the last several months he had been working on the specific details related to the operational agreements with the USC School of Medicine in Greenville.

Currently in place was a process to request additional funds from Greenville if needed. However, of concern to Board members and others throughout the process was whether state or other funds were used.

In response to these expressed concerns, discussions had occurred between the two finance groups (USC and Greenville) about the possibility of creating a 90 day operating funds reserve fund to be maintained in a University distinct account in order to avoid questions regarding the funding source during the procurement processes.

On behalf of the administration, Mr. Perkins was seeking approval to set up a reserve fund of approximately \$1.5 million. He particularly stressed that, as part of the budget process, the Joint Board Liaison Committee would always be aware of the financial status of these funds specifically set up in an escrow account to cover any costs that may arise.

He read the following:

On February 5<sup>th</sup>, the Joint Board Liaison Committee for the University of South Carolina School of Medicine Greenville approved and directed both the financial administration leaders of the University and Greenville Hospital System to seek the respective boards approval to request an amendment to the operating agreement for the purpose of establishing a 90-day cash reserve fund to be maintained on deposit at the University.

We are submitting to your committee for review and approval this memorandum detailing the terms that have been developed and agreed upon between the two sponsoring organizations' administrative leaders including the Chief Financial Officers of both organizations, Terri Newsom of Greenville Hospital System and Ed Walton of the University of South Carolina, and that this committee will seek approval of this amendment to the University of South Carolina Greenville operating agreement from the Health Affairs Committee and the full Board.

Mr. Perkins characterized this action as "very positive" and further demonstrating the commitment of Greenville to the school. Greenville will provide the money because the school had not expanded as rapidly as originally planned. He estimated a total of approximately \$5-6 million of existing funds already on account for the end of this budget year. Part of that total, he advised, would be placed in a distinct escrow fund for future budget needs so that they would not be comingled with any other funding source.

Mr. Mobley moved approval to establish a University of South Carolina School of Medicine Greenville Reserve Fund as presented. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

Since there were no other matters to come before the Committee, Chairman Smith declared the meeting adjourned at 12:20 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Amy E. Stone". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Amy E. Stone  
Secretary