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University of South Carolina
BOARD OF TRUSTEES

March 17, 2016

The University of South Carolina Board of Trustees met at 3:45 p.m. on Thursday, March 17, 2016, for a called meeting in Library Room 237 on USC Beaufort's Hilton Head Gateway Campus.

Members present were: Mr. Eugene P. Warr Jr., Board Chairman; Mr. John C. von Lehe Jr., Board Vice Chairman; Mr. Mark W. Buyck Jr.; Mr. Thomas C. Cofield; Mr. A. C. "Bubba" Fennell III; Dr. C. Edward Floyd; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. Hugh Mobley; Ms. Leah B. Moody; Mr. Thad H. Westbrook; and Mr. Mack I. Whittle Jr.; with Mr. J Egerton Burroughs participating by telephone.

Members absent were Mr. Chuck Allen; Mrs. Paula Harper Bethea; Mr. William C. Hubbard; Mr. William W. Jones Jr.; Dr. C. Dorn Smith; Mrs. Molly M. Spearman; and Mr. Charles H. Williams.

Also present was faculty representative August E. (Augie) Grant.

Others present were: President Harris Pastides; Secretary Amy E. Stone; Chief Operating Officer Edward L. Walton; Provost Joan T.A. Gabel; General Counsel Walter "Terry" H. Parham; Chief Financial Officer Leslie Brunelli; Vice President for Student Affairs Dennis A. Pruitt; Athletics Director Ray Tanner; Vice President for Human Resources Chris Byrd; Darla Moore School of Business Distinguished Professor Emeritus Travis Pritchett; Chief Communications Officer Wes Hickman; Chief of Staff, President's Office, J. Cantey Heath Jr.; Executive Director for Audit & Advisory Services Pam Doran; Palmetto College Chancellor Susan Elkins; USC Beaufort Chancellor Al Panu; USC Aiken Chancellor Sandra Jordan; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; USC Columbia Student Government (SG) President Michael Parks; former USC Columbia SG President Jonathan Kaufman; and Board staff member Debra Allen.

I. Call to Order

Chairman Warr called the meeting to order. He stated that the agenda had been posted and the press notified as required by the Freedom of Information Act; the agenda had been circulated; and a quorum was present to conduct business. Mr. Hickman stated that there were no members of the media in attendance.

Chairman Warr stated that there was a need for an Executive Session for a personnel matter related to an honorary degree nomination and a proposed contractual matter related to a life insurance program for employees. He called for a motion to enter Executive Session. Mr. Westbrook so moved and Ms. Moody seconded the motion. The vote was taken and the motion carried.

The following individuals were invited to remain: Trustees; Secretary Stone, President Pastides, members of the President's Executive Council, Ms. Doran, Dr. Grant, and Dr. Pritchett. At Trustee Floyd's request Mr. Parks and Mr. Kaufman also remained for the Executive Session.

EXECUTIVE SESSION

RETURN TO OPEN SESSION

II. Contractual Matters

A. Palmetto Health, USC School of Medicine

Chairman Warr called on Mr. Parham who reported that as of April 1, 2016, the Palmetto Health-USC Medical Group (Medical Group) would take responsibility for managing the two separate, private practice plans (USC Clinics and Palmetto Health Physician Network) until the merger took place. For this to take place, Mr. Parham presented the following motion on behalf of the Health Affairs Committee:

The Health Affairs Committee recommends that the University and the USC School of Medicine Educational Trust (Educational Trust) retain and authorize the Palmetto Health – USC Medical Group (Medical Group) to provide management and leadership services for the various medical and specialty care practices of the Educational Trust, effective April 1, 2016, with the understanding that:

- a) the Medical Group shall perform such services in good faith and with the same standard of care that the Educational Trust uses when performing such services for itself;
- b) the Educational Trust retain all powers incident to ownership of its medical practices, including without limitation, the power to determine the general and fiscal policies of its medical practices, and approve policies regarding the treatment and care of patients;
- c) the Educational Trust shall own and hold all licenses, contracts, certificates and accreditations and shall be the "Provider of

Services" within the meaning of the third-party payor contracts.

The motion was seconded by Mr. Lister. The vote was taken and the motion passed.

B. Life Insurance Program

Chairman Warr called on Mr. Parham who said that a motion was needed in regard to the distribution of funds resulting from the April 1, 2016, termination of the Prudential Group Life Insurance Plan.

Chairman Warr called for a motion to adopt the recommendations contained in the "Executive Summary – Recommendations for Distribution of Prudential Group Life Insurance Plan Funds" as provided in the Board materials and to authorize the following actions in connection with the termination of the Prudential Group Life Insurance Plan, effective April 1, 2016:

1. that the University accept Prudential's proposal for a Retiree Buyout of coverage, under which Prudential will fully administer retiree coverage going forward and assume all financial liability for each retiree's death benefit;
2. that the University fund the Retiree Buyout by paying Prudential a "single premium" from funds held in the Insurance Continuance Fund (ICF) account. If sufficient funds are not available in the ICF, the remaining amount due will be paid from funds held in the Advance Premium Accumulation (APA) account;
3. that the remaining funds in the APA be distributed equitably to active USC employees based on the sum of the employee's Prudential group plan contributions during participation in the Plan, divided by total contributions made by all active employees, multiplied by the APA balance.

Mr. Mobley moved approval of the motion and Mr. Westbrook seconded. The vote was taken and the motion passed.

III. Legislative Update

Chairman Warr called on Mr. Walton who referenced conversations from earlier in the day, noting that the S.C. House of Representatives would take up the budget in the coming week and that the University would be appearing before the Senate Finance Higher Education Subcommittee next week. Work also was continuing toward building advocacy efforts for the University, he said.

Chairman Warr then indicated that there was a need for an Executive Session for a personnel matter. Mr. Buyck so moved and Mr. Westbrook seconded the motion. The vote was taken and the motion passed. Chairman Warr announced that the meeting would adjourn with no action taken following the

Executive Session, adding that individuals not required to remain should feel free to leave. He invited Trustees, Secretary Stone, President Pastides, Mr. Byrd, Mr. Walton and Mr. Parham to remain.

EXECUTIVE SESSION

RETURN TO OPEN SESSION

IV. Adjournment

With no other matters to come before the Board, Chairman Warr declared the meeting adjourned at 4:45 p.m.

Respectfully submitted,

Amy E. Stone
Secretary