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University of South Carolina

BOARD OF TRUSTEES

June 23, 2005

The University of South Carolina Board of Trustees met on Thursday, June 23, 2005, at 10:30 a.m. in the Campus Room of the Capstone House.

Trustees present were: Mr. Herbert C. Adams, Board Chairman; Mr. Miles Loadholt, Board Vice Chairman; Mr. Arthur S. Bahnmuller; Mr. James Bradley; Mr. Mark W. Buyck, Jr.; Mr. Samuel R. Foster, II; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Rita M. McKinney; Mr. Robert N. McLellan; Mr. Michael J. Mungo; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; Mr. Mack I. Whittle, Jr.; and Mr. Othniel H. Wienges, Jr. Members absent were Dr. C. Edward Floyd and Ms. Darla D. Moore. Also present were the faculty representative, Dr. James Augustine, and the student government representative, Mr. Justin Williams.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Research and Health Sciences Harris Pastides; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Advancement T.W. Hudson Akin; Vice President for Human Resources Jane Jameson; Vice President for Student Affairs Dennis A. Pruitt; General Counsel Walter (Terry) H. Parham; Chancellor of USC Beaufort Jane T. Upshaw; Dean of USC Salkehatchie Ann Carmichael; Executive Vice Chancellor Academic Affairs, USC Aiken, Suzanne Ozment; Associate Provost for Budget and Operations William T. Moore; Associate Provost for Institutional Outreach and Dean of The Graduate School Christine Ebert; Dean of the College of Education Les Sternberg; Dean of the College of Mass Communications and Information Studies Charles Bierbauer; Associate Chancellor of Business & Finance, USC Aiken, Virginia S. Steel; Associate Vice Provost of Regional Campuses and Continuing Education Carolyn A. West; Director of the Department of Student Life, Division of Student Affairs, Jerry T. Brewer; Director of the Office of Internal Audit Alton McCoy; Director of Finance and Budget, Division of Business And Finance William P. Bragdon; Professor in the Department of Instruction and Teacher Education, College of Education, Ed Dickey; Assistant to the Vice President, Division of Business and Finance, Ken Corbett; McNair Law Firm Attorney Wayne O.

Corley; A.G. Edwards representative Brian Ubell; University Legislative Liaison John D. Gregory; Assistant Treasure Susan Hanna; USC Columbia Student Government Association Vice President Ryan Holt; Public Information Officer, Office of Media Relations, Karen Petit; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; and members of the media.

Chairman Adams called the meeting to order and 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 the members; and a quorum was present to conduct business.

Chairman Adams welcomed everyone and asked Mr. McKinney to introduce members of the media who were in attendance. Chairman Adams asked Ms. Jane Poster, Campus Minister, Baptist Student Union, to deliver the invocation. In addition, Chairman Adams requested everyone to stand for a moment of silence in memory of Dan S. Henderson, a member of the Board from 1964 to 1982 and Dr. George Curry, Secretary of the Board from 1974 to 1981.

Chairman Adams recognized faculty members who were awarded honorary faculty titles at the April 29, 2005, Board meeting and asked those who were present to come forward and stand by the podium to be congratulated by President Sorensen and the Board. President Sorensen thanked them for their many years of dedicated service to the University.

Chairman Adams stated that there were personnel matters with respect to honorary faculty titles, tenure and promotion, appointments with tenure, and honorary degree nominations which were appropriate for discussion in Executive Session. Mr. Bradley moved to enter Executive Session. Mr. Buyck seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: President Sorensen, Secretary Stepp, Dr. Becker, Mr. Kelly, Dr. Pastides, Ms. Jameson, Dr. Hogue, Mr. Akin, Dr. Pruitt, Dr. Plyler, Mr. Parham, Mr. Gregory, Mr. McKinney, Ms. Stone, and Ms. Tweedy.

Return to Open Session

I. APPROVAL OF MINUTES: The following five sets of minutes had been circulated by mail to the Board for review and were presented for approval:

- A. Executive Committee, April 16, 2005
- B. Executive Committee, April 29, 2005
- C. Board of Trustees, April 29, 2005
- D. Executive Committee, June 9, 2005
- E. Executive Committee, June 14, 2005

There were no additions, deletions, or corrections to the minutes; therefore, they stood approved as distributed.

II. COMMITTEE REPORTS:

- A. Intercollegiate Activities Committee
(The Honorable Samuel R. Foster, II reported)

The Intercollegiate Activities Committee met on Thursday, June 9, 2005. Mr. Brad Edwards reviewed the Athletics Department Budget for FY 2005-2006.

Projections of departmental revenues totaled nearly \$46 million which represented an 8 percent increase over budgeted FY 2004-2005 revenues.

During the past year, overall ticket sales had increased more than 18 percent primarily due to an additional home football game. For the 2005 football season, 11 games had been scheduled (7 home and 4 away); a 23 percent gain over last year was predicted. Men's basketball ticket sales were slightly lower than the budgeted amount for 2004; baseball admission sales increased 23 percent.

Mr. Edwards summarized projected departmental expenses and operational expenses for the Colonial Center. The Athletics Department would generate approximately \$1.8 million in out-of-state athletic grant funds for the University budget and would support academic enrichment activities, student wellness and other academic services. This budget received approval from the Intercollegiate Activities Committee for presentation to the Executive Committee to be included in the University's FY 2005-2006 budget for final approval by the full Board.

Mr. Edwards updated the Committee on the status of various construction and renovation projects, including completion of the Charles F. Crews football facility at Williams Brice Stadium; painting of the football stadium; refurbishment of the seating in the Colonial Center; and extensive renovations of the women's tennis complex.

Finally, Mr. Mungo raised concerns about armed security guards at sporting events at the University. He recommended that the Administration review their policies and make changes, if possible, to see if security could wear concealed weapons instead. The Administration will address his concerns and report back to the Board during the next scheduled meeting.

Mr. Mungo commented that there were misconceptions among the media and the general public regarding the University's priorities in funding the Athletics Department. Mr. Mungo recommended that the Athletics Department include in their budget money for advertisements that would run once a month stating that the Athletics Department was totally self-sufficient and contributed to the University General Funds. Mr. Whittle commented about the economic impact the Athletics Department had on the state and suggested that it be quantified. Dr. Sorensen stated that Mr. Mungo's suggestion was excellent and recommended by the Board. The Athletics Department fully funded 425 full scholarships for athletes including both in-state and out-of-state tuition.

Mr. Whittle stated that discussions had taken place regarding a Master Plan for the Athletics Department; hopefully, the new Athletics Director could make a presentation to the full Board regarding a Master Plan for facilities and funding of facilities.

Dr. Sorensen responded that the new Athletics Director would meet with the Administration within three to four months and present, at least, the first phase of such a plan to the Board.

B. Academic Affairs and Faculty Liaison Committee
(The Honorable John C. von Lehe, Jr. reported)

The Academic Affairs and Faculty Liaison Committee met on June 9, 2005. The following items were approved for recommendation to the Board:

1. Honorary Faculty Titles: Forty-five honorary faculty titles were mailed with the materials for this meeting. They had received all appropriate approvals and were presented to the Committee and to the Board in Executive Session.

The following individuals would be awarded the title Carolina Distinguished Professor Emeritus effective with their retirement:

- a. Dr. James Appel
- b. Dr. Ward Briggs
- c. Dr. Barry Freedom

The following individuals would be awarded named chair titles effective with their retirement:

- a. Dr. Matthew Brucoli, (Emily Brown Jefferies Distinguished Professor Emeritus)
- b. Dr. Charles Mack, (William Joseph Todd Distinguished Professor Emeritus of the Italian Renaissance)
- c. Dr. Charles Kegley, (Pierce Distinguished Professor Emeritus of International Relations)
- d. Dr. Ronald DeVore, (The Robert L. Sumwalt Distinguished Professor Emeritus of Mathematics)

The following individuals would be awarded the title Distinguished Professor during their final year of service. That title would change to Distinguished Professor Emerita effective with their retirement:

- a. Dr. Gertrude Groves
- b. Dr. Brenda Tripathi

The following individuals would be awarded the title Distinguished Professor during their final year of service. That title would change to Distinguished Professor Emeritus effective with their retirement:

- a. Dr. Charles Alber
- b. Dr. Peter Barry
- c. Professor Ronald Bonnell
- d. Dr. David Bowden
- e. Dr. John Bryan
- f. Professor Wade Chittam
- g. Dr. Jerry Currence
- h. Dr. James Edwards
- i. Dr. Bruce Fryer
- j. Dr. Joseph Harm
- k. Dr. William House
- l. Dr. Billy Kiker
- m. Dr. James Knight
- n. Professor John Logue
- o. Dr. Nawin Mishra
- p. Dr. Richard Nagle
- q. Dr. Robert Pettus
- r. Curtis Rhodes
- s. William Riner
- t. James Roberts
- u. Herman Salzberg
- v. Dr. Robert Stephenson, Jr.
- w. Dr. Ramesh Tripathi
- x. Jeffrey White
- y. Dr. Clyde Wilson

The following individuals would be awarded the title Emerita Professor effective with their retirement:

- a. Professor Elizabeth Dickey
- b. Professor Dianne Evans

The following individuals would be awarded the title Emeritus Professor effective with their retirement:

- a. Dr. Hugh Bradburn
- b. Dr. Robert Deysach
- c. Dr. John Dickerson
- d. Professor Thomas Fox
- e. Dr. Peter Harley
- f. Dr. George Johnson
- g. Dr. Kenneth Peters

The following individuals would be awarded the title Emeritus Professor concurrent with their retirement:

- a. Dr. James Laughlin
- b. Professor Wayne Thurman

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of these forty-five honorary faculty titles.

Mr. Buyck seconded the motion. A vote was taken, and the motion carried.

2. Tenure and Promotion Recommendations:

Two lists of tenure and promotion recommendations were mailed with the materials for this meeting. They had received all appropriate approvals and were presented to the Committee and to the Board in Executive Session.

a. Columbia Campus: On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the Columbia Campus tenure and promotion recommendations as distributed. Mr. Bradley seconded the motion. The vote was taken, and the motion carried. [Exhibit A]

b. Other Campuses: On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the tenure and promotion recommendations as distributed for other campuses. Mr. McLellan seconded the motion. The vote was taken, and the motion carried. [Exhibit A]

3. Appointments with Tenure: The following four requests for appointments with tenure were mailed with the materials for this meeting. They had received all appropriate approvals and were presented to the Committee and to the Board in Executive Session.

a. Dr. C. Tayloe Harding, Jr. would be awarded tenure at the rank of Professor in the School of Music effective with his appointment as Professor; Dr. Harding would serve as the new dean of that school.

b. Dr. Joseph S. Janicki would be awarded tenure at the rank of Professor in the Basic Sciences Unit of the School of Medicine effective with his appointment as Professor.

c. Dr. Stephanie Mitchum would be awarded tenure at the rank of Associate Professor jointly in the Department of Religious Studies and the Department of Women's Studies effective with her appointment as Associate Professor.

d. Dr. William D. Harpine would be awarded tenure at the rank of Professor at USC Aiken effective with his appointment; Dr. Harpine would serve as Chair of the Department of Communications and Professor Communications effective July 1, 2005.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of these three requests for appointments with tenure as presented. Mr. Mungo seconded the motion. The vote was taken, and the motion carried.

4. Program Name Change: Bachelor of Arts in European Studies, College of Arts and Sciences: The College of Arts and Sciences requested to change the name of the Bachelor of Arts in Contemporary European Studies program to the Bachelor of Arts in European Studies. This program name change had received all appropriate academic and administrative approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the program name change as described in the materials distributed for this meeting. Mr. Wienges seconded the motion. The vote was taken, and the motion carried.

5. Program Proposals:

a. Doctor of Philosophy in Library and Information Science, College of Mass Communications and Information Studies, USC Columbia: The College of Mass Communications and Information Studies requested the establishment of the Doctor of Philosophy in Library and Information Science. The request had received all appropriate academic and administrative approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the establishment of this program as described in the materials distributed for this meeting. Further, Mr. von Lehe stated that the approval was contingent upon funding through a federal grant. Mr. Buyck seconded the motion. The vote was taken, and the motion carried.

b. Master of Education in Teaching, College of Education, USC Columbia: The College of Education requested the establishment of the Master of Education in Teaching. This request had received all appropriate academic and administrative approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the establishment of this program as described in the materials distributed for this meeting. Ms. McKinney seconded the motion. The vote was taken, and the motion carried.

6. USC Aiken Faculty Manual Changes: Proposed changes to the USC Aiken *Faculty Manual* had been mailed with the materials for this meeting. The changes had received all appropriate academic and administrative approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the proposed changes to the USC Aiken *Faculty Manual* as described in the materials distributed for this meeting.

Mr. Loadholt seconded the motion. The vote was taken, and the motion carried. [Exhibit B]

7. USC Columbia Faculty Manual Changes: Proposed changes to the USC Columbia *Faculty Manual* had been mailed with the materials for this

meeting. These changes have received all appropriate academic and administrative approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the proposed changes to the USC Columbia *Faculty Manual* as described in the materials distributed for this meeting. Mr. Jones seconded the motion. The vote was taken, and the motion carried. [Exhibit C]

8. Regional Campuses *Faculty Manual* Changes: Proposed changes to the Regional Campuses *Faculty Manual* had been mailed with the materials for this meeting. The changes had received all appropriate academic and administrative approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of the proposed changes to the Regional Campuses *Faculty Manual* as described in the materials distributed for this meeting. Mr. Warr seconded the motion. The vote was taken, and the motion carried. [Exhibit D]

9. Removal of Honorary Degree Candidates From the Table: On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved to remove the names of the following honorary degree recipients from the table:

<u>Lew Perkins</u>	awarded in May at USC Aiken
<u>Miriam Woodring</u>	awarded in May at USC Aiken
<u>Marc Morial</u>	awarded in May at USC Upstate

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

In addition, Dr. Hogue presented an overview of OneCarolina, the most ambitious and far-reaching transformation of information tools and digital resources in the history of the University.

Dean Sederberg gave a status report of the Honors College including future challenges and opportunities for the new dean. Dr. Sederberg introduced his successor Dr. Davis Baird who would begin his duties on July 1.

Mr. Whittle requested a presentation to the Board regarding the recruitment and quality of new faculty who would replace retiring faculty. Dr. Sorensen stated that 108 new faculty had been recruited and 92 faculty had retired. He stated that the University would have to hire 100 faculty per year for the next six years; information had been given to the Board in the budget regarding funding for each of the components. Dr. Pastides and Dr. Becker would prepare information to be presented to the Academic Affairs Committee and finally to the full Board.

C. Fiscal Policy Committee
(The Honorable Michael J. Mungo reported)

The Fiscal Policy Committee met on Thursday, June 9th and approved the Designated Fund Budget for FY 2005-2006. The budget had increased from \$808,000 to

\$843,000 primarily due to the addition of funds for Provost Faculty Chairs, Student Affairs, Donor Development and the Staff Development Program.

Mr. McCoy discussed the Audit Tracking Report which had nine items more than six months old; all of the departments involved were making progress toward resolving the findings. Also, he stated that since the February meeting, the following audits had been resolved: USC Union and the Walker Institute for International and Area Studies. In addition, comprehensive audits of the following areas had been conducted: Computer Services Division; Student Registration and Fee Allocation; Office of Institutional Planning and Assessment; University Publications; and Office of Media Relations.

Several findings were cited as a result of the Computer Services Division Audit. One area of concern involved adequate insurance coverage to protect the University's Information Technology assets in the event of catastrophic loss. The Office of Information Technology and the Office of Risk Management would jointly survey University departments to determine the replacement value of IT assets; Computer Services would adequately insure the replacement value of those IT assets which were centrally managed. Computer Services would continue to refine procedures and processes associated with all findings.

For the Office of Media Relations, it was concluded that the office was well managed and promoted the University in an outstanding manner.

Only minor findings were cited in the remaining three audits.

In addition, the Committee approved the proposed Internal Audit budget which was included as part of the overall FY 2006 University budget proposal as recommended by the Executive Committee for Board consideration.

D. Executive Committee
(The Honorable Herbert C. Adams reported)

The Executive Committee met on Thursday, June 9th as well as June 14 via conference call and approved four indefinite delivery contracts for construction services with USC Upstate.

In addition, the Committee approved a contract with the Library of Congress to preserve and conserve the Movietone Newsreel collections and a contract with Avaya, Inc. for telephone switch maintenance. The Committee also approved a new contract with head baseball coach Ray Tanner.

- FY 2005-2006 Budget: On June 9, 2005, the Executive Committee, with most of the members of this Board present, approved the proposed FY 2006 budget.

Over the last few weeks, the Administration had been working with members of the Board about the concepts contained in the comprehensive budget document.

Members were presented an initial draft and direct briefings. The in-depth 150 page budget document had been mailed to the Board. Mr. Adams stated that the

proposed budget had been responsibly formulated and shaped by input from the Board as the process had evolved. And, it had received intense scrutiny.

On behalf of the Executive Committee, Mr. Adams moved the adoption of the operating budget for fiscal year 2006, as presented in the materials distributed for this meeting, including tuition and fee schedules, the housing budget, and associated fee schedules, the athletics budget and the designated funds budget. Mr. Mungo seconded the motion. A vote was taken, and the motion carried.

Mr. Adams called on Dr. Sorensen and Mr. Kelly to define specifics of the budget. Dr. Sorensen stated that the budget had been discussed on an individual basis with a majority of the Board members and in-depth discussions had taken place in the Executive Committee meeting.

Mr. Kelly gave a brief summary of the budget request. The total tuition increase for full-time resident undergraduate students was \$379 per semester. In addition, there was a \$70 per semester increase in the Technology Fee for funding the OneCarolina project and other information technology needs. He discussed budgets for the regional campuses and the professional schools.

Mr. Kelly reported on some of the activities that had occurred in the General Assembly this year; two additional line items had been added - \$1 million in recurring funds for hydrogen research and \$75,000 for epilepsy in the School of Public Health. Also, the University was considered as the "state's Poison and Control Center." The University operated phone banks and had received over 30,000 calls associated with poison issues from around the state and had directed the calls to the appropriate sources in the medical field. This project budget was \$700,000; an additional \$200,000 in one-time funds had also been received.

Mr. Kelly stated that through the efforts of Mr. Gregory and Ms. Mills, the University had received \$1.5 million for the Augusta Baker Childhood Literacy initiative, however, additional funds needed to be raised to match this amount. In addition, Mr. Kelly reported that \$475,000 was budgeted for four deferred maintenance projects; \$500,000 for Grambrell Hall and \$400,000 for West Campus safety improvements. The University had received \$20,174,201 in new money. The tuition increase would raise \$17,884,000 and growth in enrollment would create an additional \$1.4 million. The carry forward balance for the fiscal year was \$2.6 million.

Mr. Kelly stated that \$2 million was budgeted for a faculty excellence initiative; this was an effort to bring top quality faculty to the University to lower the faculty-student ratio and strategic faculty revitalization. The 2 percent tuition fee waiver was increased to 4 percent which would raise \$685,000.

A project budget of \$184,345 was targeted for the new program, University 201; this program would assist undergraduate students in research activities.

Mr. Kelly stated that the technology fee had been raised from \$130 to \$200 per student which was one part of a plan to restore/renew and rebuild the technology programs on campus. The technology program served not only students but also Business/Finance and Human Resources; it was estimated that the cost of the program would be approximately \$54 million. An amount of \$1 million had been allocated to begin a study and the process on implementation of this program. This step had been completed and the Administration was ready to move forward with the project. Mr. Kelly stated that inside of the OneCarolina project were recurring costs of \$3,797,000 in licensing fees and \$50 million in one-time costs for hardware and installation of equipment costs which was needed over the next five years and would be funded partially through the technology fee and through future tuition increases. In addition, \$985,000 would be used to address IT security needs.

Mr. Kelly stated that the University was "hit hard" by the increase in the cost of natural gas; therefore, utility costs would increase to over \$2 million for the fiscal year.

Mr. Kelly reported the following: Total Academic Programs \$4,838,345; Total Other Academic and Student Services Programs \$988,513, Total General Institutional Costs \$8,470,855 and Total Central Operations and General Support Programs \$3,269,369. The proposed "A" Funds budget for FY 2006 was \$381,223,564 and the Total Source of Funds was \$383,830,683 leaving a Net Fund Balance of \$2,607,119.

The General Assembly funded a 4 percent state employee pay increase. However, the University would have to fund \$1,893,000 for salary increases and \$564,000 in benefits for approximately one-third of USC employees who are not paid from state funds.

Because the University's technology costs were approximately \$50 million, Mr. Whittle asked whether a consultant had been contacted to assist in the decision-making process as to best practices in purchasing equipment and software. Mr. Kelly responded that the University had received input from several consultants. Last year he had requested and was granted \$1 million to hire a consultant to work with the University to help identify what was needed in acquiring equipment and in the implementation process; "Bearing Point" was the consulting firm. This company had worked with other state agencies as well as other universities.

Also, Dr. Hogue stated that the current director of our technology project was recruited and had extensive experience. In addition, Mr. Erich Bloch of the Washington Advisory Group and a panel of three Chief Information Officers from

other universities were involved in the initial planning phases for this project. Dr. Hogue stated that the University's relationship with "Bearing Point" was established through the competitive procurement bid process.

Finally, Justin Williams, President of the Student Government Association, thanked Mr. Kelly and Secretary Stepp for involving the SGA officials in the budget discussions. Students never want to see an increase in tuition; however, students understood the circumstances and were very supportive of the Administration.

Chairman Adams called for a vote on the Executive Committee motion seconded by Mr. Mungo to adopt the budget. The vote was taken, and the motion carried.

[Exhibit E]

III. REPORT OF THE ALUMNI ASSOCIATION: Chairman Adams called on Ms. McKinney who reported that the Executive Committee of the Alumni Association Board of Governors met earlier this month and tentatively approved an updated strategic plan for the Alumni Association. The Alumni Association conducted a study and based on their findings, the Alumni Association would focus its resources on communication; Alumni wanted "personalized in-side communication."

A second goal was establishing closer ties with the various schools and colleges of the University. The Board of Governors would consider reformatting the Board of Governors to perhaps create a smaller board and include some representation from schools and colleges.

A third goal was to expand and enhance the Carolina Action Network program; more emphasis would be placed on greater visibility outside of the Columbia area. The Association had established a partnership with the Admissions Office to train Alumni in the recruiting process.

A draft of the Alumni Association Strategic Plan would be made available to Board members.

The Alumni Association anticipated a growth rate of 7-8 percent as compared to other institutions which had a 0-2 percent growth. Currently, it was estimated that there were 31,800 members in the Alumni Association; the final numbers would be available at the end of the month.

Mr. Hubbard inquired about the percentage of Alumni who contributed money to the University. He asked if there was a strategy to increase Alumni giving. Ms. McKinney responded that the Association was awaiting the figures; however, it had previously been approximately 23 percent but had decreased to 21 percent last year. A strategy to increase Alumni giving had been included in the draft Strategic Plan. The members of the Alumni Association contributed substantially higher amounts to the University than non-members. Mr. Hubbard stated that Alumni played an important role in nationally ranked universities; it constituted 5 percent on the

US News & World Report ranking system. He recommended that the Alumni Association set a specific target goal for participation in fund raising.

Mr. von Lehe requested a list of current board members who had served on the Alumni council.

Mr. Loadholt asked about the advantage of a life-time membership versus an annual membership. Ms. McKinney responded that the Association had begun a life-time membership campaign since the last one was five years ago. Ms. McKinney called on Mr. Akin to address this issue. Mr. Akin stated that which way was more advantageous would depend on which side one was looking at the situation; if someone purchased a life-time membership for \$500, that would be a "good thing" for the individual; however, the down side was that the University could not ask for dues again and again on an annual basis.

A higher percentage of people who gave to the University had paid their Alumni dues. In the future, all life members will be asked for a tax deductible annual gift. Alumni life membership dues were held in trust and, based on actuarial tables, with funds pulled annually based on the person's life expectancy; the funds are not spent up front.

IV. REPORT OF THE PRESIDENT: Chairman Adams called on President Sorensen who reported that the University had anticipated 3,743 incoming freshman this fall compared to the 3,450 target as stated in the Enrollment Management Plan. Dr. Sorensen made the following comments:

The following mechanism was used to calibrate admissions. The standard was set at what was thought to be a high level and then, as increasing number of people applied, the admissions standard would increase. This was contrary to best practices at other universities. Other universities established the standard and if you find that you are under achieving with respect to your goal then you lower the standards so that people who are admitted later are not as competitive as people who apply earlier; you then take people off of the "wait list". The average SAT score was 1149 and would increase to 1165 for the 3,700 students, a 16 point increase over last year. Therefore, even with establishing higher standards, we still have more people and we have not gone into our "wait list". We need to recalibrate and for the fall 2006 go back to the Enrollment Management Plan and target 3,500 students.

Dr. Sorensen reminded the Board that adherence to the Enrollment Management Plan would mean it would be more competitive for students to get admitted to the University. In addition, there was a record number of out of state students; 35 percent of the 3,700 freshman were out-of-state residents. This was a record high for the University and it gave evidence to the fact that the University's reputation was being enhanced and was being spread more geographically. The competition for in-state students will rise dramatically because the standards will be raised again next year when the University returned to the Enrollment Management Plan.

Dr. Sorensen stated that with respect to the Research Campus, Board approval had been given for approximately a \$142 million budget, of which \$33.9 million came

from the City of Columbia and Richland County. He expressed his appreciation to City and County officials for working together to fully fund two garages. One garage was located next to the State Department of Transportation building near the Colonial Center and the other was located at the Horizon Center on the corner of Wheat and Assembly Streets. Also, under construction at Bull and Blossom Streets was a 1,000 space garage. Over the next two years, these garages would provide a total of 3,400 additional parking spaces.

Dr. Sorensen stated that the Budget and Control Board unanimously voted to release \$58 million in bonding from the Life Sciences Act for the Research Campus. In addition, Craig Davis had committed \$26 million for building two speculation buildings, one on the Horizon Center block and another behind the new School of Public Health building. Other revenues included \$17 million from indirect costs recoveries generated by faculty grants and contracts and \$6 million in federal grants for construction and outfitting the interior of these buildings. Dr. Sorensen stated that it was extraordinary that the University had put together a \$142 million project using only \$17 million of University funds. He commended Dr. Pastides, Mr. Kelly and Provost Becker for this remarkable package which would enable the University to move forward to the next phase of the Research Campus.

Dr. Sorensen expressed gratitude to Dr. Augustine, the outgoing Chairman of the Faculty Senate. Dr. Sorensen stated that he had worked with numerous faculty senate presidents; however, he had never worked with someone as diligent, conscientious and gifted as Dr. Augustine in dealing with an array of concerns on behalf of faculty.

With the increase in the percentage of out-of-state students enrolling in the University, Mr. von Lehe asked whether efforts were being made to limit the number of out-of-state students in the future. Dr. Sorensen responded that he had not received any direction from the Board on this issue. The total student body was comprised of 80 percent in-state and 20 percent out-of-state; however, the freshman class constituted only slightly more than 10 percent of the student body.

Mr. Buyck asked the percentage of the budget that was funded by lottery scholarships. Dr. Sorensen stated that he was unsure of the dollar amount; however, 95 percent of South Carolinians who were enrolled as undergraduates received at least one of the 3 lottery scholarships.

Mr. Adams stated that the report was received as information.

V. OTHER MATTERS:

A. Parking and Housing Bond Resolution: Chairman Adams called on Mr. Kelly who gave an overview of the University's bond indebtedness and he requested permission to refinance certain bond issues. He stated that the

University incurred three types of debt: Institutional Bonds, Revenue Bonds and Athletics Bonds. The state Institution bonds were 100 percent backed by the state and receive AAA rating; debt service was paid from designated tuition and fees, usually a maximum of 20 years with a 90 percent limit. Currently, the bond indebtedness through Institutional bonds was \$77.3 million. Revenue bond indebtedness was \$93 million and Athletics Department bond indebtedness was \$30 million.

Mr. Kelly stated that the University's bonds were in sound condition; the debt was well under the institution's capacity and fund levels and stability were excellent.

Mr. Kelly indicated that the following 4 bond series had been identified and could be refinanced at this time: the 1995 Series Parking Bonds; 1996 Columbia Housing Bonds; 1997 Upstate Housing Bonds; and 2000 Columbia Housing Bonds. There was a brief time frame in which significant savings could accrue to the University by exchanging these bond issues for new ones. The savings was estimated minimally to be \$350,000.

Mr. Kelly stated that Wayne Corley from the McNair Law Firm and Brian Ubell from A.G. Edwards were available to answer questions regarding the draft resolution.

Mr. Kelly stated that he and Mr. Mungo had held discussions regarding whether the University should take the savings associated with these bonds and return them back into the operational unit of the University or use the savings and buy down some of the time to pay off these debts. There were several issues to be considered and there were three different sources of revenue: parking bonds, Columbia Housing bonds and Upstate Housing bonds. There were two series that provided the most savings as a result of the refinancing; Columbia Housing bonds provided approximately \$300,000 of the \$357,000 to be realized should the University move forward with the Resolution.

In consultation with A.G. Edwards, it was determined that if the University took the two Columbia bonds and shortened the term of the debt, it would produce a timeframe savings of approximately three years, although this time could vary depending on the term and the interest rate. Another alternative would be to escrow the money in an interest bearing account to accumulate additional funds in order to offset future debt anticipated from the Honors College dormitory.

Mr. Kelly stated that the University had time to decide on how to use the savings. The Budget and Control Board had to approve the Resolution and issue and sell the bonds. He suggested that the Board appoint a sub-committee, to include

Mr. Bradley and Mr. Mungo, to analyze all options including escrowing the funds for a new debt.

Mr. Adams appointed a subcommittee consisting of Mr. Bradley, Mr. Mungo, and Mr. Whittle to work with Mr. Kelly and the advisors and come back to the Board with proposed uses of the funds.

Mr. Mungo withdrew a motion to amend Mr. Bradley's prior motion.

So the motion by Mr. Bradley was for approval of the bond resolution as distributed in the materials for this meeting. Mr. Bahnmuller seconded the motion. The vote was taken and the motion carried. Ms. McKinney abstained from voting.
[Exhibit F]

Mr. Staton suggested it was a good idea to have a similar process (subcommittee) for addressing this kind of positive action in the future (the refinancing of bonds to reduce the cost and lower the number of years). It was timelier than involving the full Board. Secretary Stepp responded that with respect to bond Resolutions, the bond counsel preferred a vote of the full Board, notwithstanding the fact that the Bylaws allowed the Executive Committee to act on behalf of the Board.

Mr. Bradley commented that he had been on the Board for 26 years and that Mr. Kelly's executive summary of bond indebtedness was the best he had seen; he expressed his appreciation to Mr. Kelly.

B. Bylaws Amendment: Mr. Stepp stated that this action required two-thirds affirmative votes of the entire board (14 members). Board approval was requested for the following Bylaws amendment:

Proposed: Article XIII, Section I, Paragraph 3 of the Bylaws of the Board of Trustees of the University of South Carolina be amended to read "The Chairman and Vice Chairman of the Board of Visitors shall be elected by the members of the Board of Visitors for a two-year term."

This would change the term of officers of the Board of Visitors from one year to two years.

Mr. Whittle moved approval of the amendment as proposed. Mr. McLellan seconded the motion. A vote was taken, and the motion carried by the required 14 positive votes.

Since there were no other matters to come before the Board of Trustees, Chairman Adams declared the meeting adjourned at 12:15 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary