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University of South Carolina

BOARD OF TRUSTEES

February 1, 2008

The University of South Carolina Board of Trustees met on Friday, February 1, 2008, at 3:05 p.m. in the 1600 Hampton Street Board Room.

Trustees present were: Mr. Herbert C. Adams, Chairman; Mr. Miles Loadholt, Board Vice Chairman; Mr. Arthur S. Bahnmuller; Mr. William L. Bethea, Jr.; Mr. Mark W. Buyck, Jr.; Mr. John W. Fields; Dr. C. Edward Floyd; Mr. Samuel R. Foster, II; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Darla D. Moore; Mr. Michael J. Mungo; Dr. James H. Rex; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr. Mr. James Bradley and Mr. Mack I. Whittle, Jr. were absent. The faculty representative, Dr. Robert G. Best, was present; the student representative, Mr. Nicholas J. Payne, was absent.

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 Advancement Brad Choate; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; General Counsel Walter (Terry) H. Parham; Chancellor of USC Aiken Thomas L. Hallman; Vice Provost for Faculty Development Christine Curtis; Executive Assistant to the President for the Equal Opportunity Programs Bobby Gist; Dean of the School of Medicine Donald J. DiPette; Campus Dean of the South Carolina College of Pharmacy Randall C. Rowen; Dean of the College of Arts and Sciences Mary Ann Fitzpatrick; Director of Innovista John B. Parks; Special Assistant to the President and Athletics Director John D. Gregory; Assistant Treasurer Susan D. Hanna; Director of Governmental Affairs and Legislative Liaison Casey Martin; Director of Government and Community Relations Shirley D. Mills; Director of the Office of University Communications, Division of University Advancement, Russ McKinney, Jr.; 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 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.

At Chairman Adams' request, The Reverend Tom H.B. Wall, United Methodist Campus Minister, delivered the Invocation.

Mr. McKinney introduced members of the media who were in attendance.

Chairman Adams stated that there were contractual matters with respect to gift naming opportunities which were appropriate for discussion in Executive Session.

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

The following individuals were invited to remain: President Sorensen, Secretary Stepp, Provost Becker, Mr. Kelly, Dr. Pastides, Mr. Choate, Dr. Pruitt, Mr. Parham, Mr. Gregory, Dr. Curtis, Mr. Parks, Mrs. Martin, Mr. McKinney, Mrs. Saxon, Ms. Stone, and Ms. Tweedy.

Return to Open Session

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

- A. Executive Committee, December 17, 2007
- B. Board of Trustees, December 17, 2007

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

II. COMMITTEE REPORTS:

- A. Buildings and Grounds Committee:
(The Honorable William C. Hubbard reported)

The Buildings and Grounds Committee met earlier today. The following items required Board approval.

1. Items Requiring Board Approval:

a. Capital Projects Design Manual and Standards: The Capital Projects Design Guidelines had been under development for many months. They had been written by our facilities, staff, Sasaki Associates and this Committee. In December, the Board of Trustees adopted the Guidelines in principle, subject to review. Earlier today scrivener's errors and policy matters of prior concern to the Committee were corrected - all in an effort to be explicitly clear.

Therefore, on behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of the Capital Projects Design Manual and Standards as amended by the Buildings and Grounds Committee today. Mr. Mungo seconded the motion. The vote was taken, and the motion carried.

b. Capstone Asbestos Abatement: This asbestos abatement project would cover the cost of removing the existing ceiling, abating the asbestos fireproofing, replacing the fireproofing, replacing above ceiling HVAC duct, and replacing all electrical work associated with the ceiling removal and replacement.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to establish this project with a budget of \$480,000 funded with USC Asbestos Funds. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

c. Preston College Student Room Interior Finishes: This project would refurbish the wall finishes in the student rooms of Preston College. Work would include removal of existing worn wall covering and painting of walls in 125 student rooms. This routine maintenance project was required to provide a suitable environment for student residents.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to establish this project with a budget of \$475,000 funded with Housing Funds. Mr. Warr seconded the motion. The vote was taken, and the motion carried.

d. Cliff Apartments Kitchen Renovations: Cliff

Apartments was constructed in 1973 and served Family and Graduate student housing needs. It was a nine story high rise building with 110,821 gross square feet. There were 105 apartment units with a maximum capacity of 145 bed spaces.

This project would renovate the apartment kitchens. Work would include installation of new cabinets and countertops, appliances, sinks and faucets.

Approval was requested to fund only the initial design and development of a cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to establish this project for Phase I Design with a budget of \$150,000 to be funded with Housing Funds. Mr. Bethea seconded the motion. The vote was taken, and the motion carried.

e. Byrnes Center Fourth Floor Renovation: This project

would renovate the fourth floor of the Byrnes Center to accommodate relocation of the Philosophy Department from the Welsh-Humanities Building and the Philosophy of Science journal staff from Gambrell Hall. Additional offices on the west end of the floor would be renovated for the School of the Environment.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to establish this project with a budget of \$475,000 funded with Institutional Funds from the College of Arts and Sciences. Mr. Staton seconded the motion. The vote was taken, and the motion carried.

f. USC Aiken Business and Education Building Roof

Replacement: This project would replace approximately 5,000 square feet of the single ply original roof on the Business and Education Building, constructed in 1992. The replacement would be an asphalt based multi-ply product. The roof would continue to have a white/light grey appearance for greater solar reflectance.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to establish this project with a budget of \$267,000 funded with USC Aiken Institutional Capital Project Funds (ICPF). Mr. Jones seconded the motion. The vote was taken, and the motion carried.

g. USC Lancaster Hubbard Hall Interior Repairs/Renovation:

This project was for interior repairs/replacement in Hubbard Hall. Typically, the work would include wall and floor repairs, painting and flooring replacement throughout the building. This routine maintenance project was required to provide a suitable learning environment for students.

State Supplemental Funds were allocated for USC Lancaster, Repairs and Renovation and would be used to fund this project.

Approval was being requested to fund only the initial design and development of a cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to establish this project for Phase I Design with a budget of \$100,000 to be funded with State Supplemental Funds. Mr. Fields seconded the motion. The vote was taken, and the motion carried.

h. CPIP Projects:

i. Year 1 - For Approval - USC Aiken Energy

Projects: This project would fund lighting and HVAC equipment retrofits on the USC Aiken Campus. USC Aiken was currently reviewing energy savings opportunities with interest in pursuing projects with the greatest rates of return. Projects currently under consideration included chiller replacement and lighting retrofits in the Science Building and chiller plant upgrades in the Etherredge Center. The project would improve environmental stewardship and reduce physical plant energy consumption and operating costs. Depending on results of the study, USC Aiken might consider proposals for a performance contract in lieu of self-financing. The budget for the project was \$1,161,000 and would be funded with South Carolina Energy Office (SCEO) Conserfund.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to approve the USC Aiken request for projects included in Year 1 of the CPIP with a budget of \$1,161,000 funded with SCEO Conserfund. Mr. Bahnmuller seconded the motion. The vote was taken, and the motion carried.

ii. Year 2 - For Information (specifically state funding request): A list of projects, for

which Capital Improvement Bonds would be requested, were included in Year 2 of the CPIP, as stated in the meeting materials. This was received as information.

i. Gift Naming Opportunities: The Buildings and Grounds Committee approved the following gift namings as recommended by the Gift Naming Opportunities Committee:

i. USC Columbia:

- (a). "The Katherine E. and George G. Matthews Dance Studio" College of Arts & Sciences
- (b). "The Class of 1958 Collaborative Learning Laboratory" Thomas Cooper Library
- (c). "The Law Class of 2005 David A. Kusa Classroom" School of Law

ii. USC Upstate: "The Curtis R. Harley Art Gallery" Department of Fine Arts and Communication Studies

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of these naming opportunities as presented. Mr. Buyck seconded the motion. The vote was taken, and the motion carried.

j. Senior Gift Recognition Program: Earlier today the Committee heard a discussion of the various aspects of the visual recognition of names of all individual Seniors who contribute to the Alumni Association. The matter will be under further study and the Committee will receive a more specific report at a later date.

2. Plan Next Buildings and Grounds "Retreat": Mr. Hubbard announced that the Committee will meet on February 28, 2008, from 10:00 a.m. to 3:30 p.m. for a comprehensive review of project planning, status, and future priorities.

3. Development Foundation Report: Earlier today at the Committee meeting, Russ Meekins provided a comprehensive report on the Adesso project and other activities within the purview of the Development Foundation.

B. Intercollegiate Athletics Committee:
(The Honorable Othniel H. Wienges, Jr. reported)

At the Intercollegiate Athletics Committee meeting earlier today, Mr. Hyman discussed the Academic Progress Report and the very great impact it had on the current operation of athletics programs and the academic advancement of student athletes.

Mr. Hyman also discussed intense, sincere, and innovative programs within our Athletics Department to help student athletes achieve full and successful social, academic, and personal lives off the playing field.

In addition, the Athletics Director discussed his plans on the conduct of the Head Men's Basketball Coach Search Process and the processes he will employ to bring a coach of integrity and excellence to Carolina.

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

The Executive Committee met earlier today. The Committee approved a multimedia rights agreement between the University's Athletics Department and the University's preferred vendor; an amendment to Head Football Coach Steve Spurrier's employment contract; an employment agreement to hire Assistant Football Coach Raymond Rychleski; and an employment agreement to hire Defensive Coordinator Ellis Johnson.

D. Presidential Candidate Search Committee: Chairman Adams called on Mr. Loadholt who reported the following:

The Search Committee is now well under way with its work and organizing for our next steps.

You are aware that, in addition to me, the members of the Board who are serving are Mr. Foster, Lister, von Lehe, Whittle with Mr. Jones as an alternate. Of course, Mr. Bethea is also a member as the representative of the Alumni Association.

In addition to Bob Best, the Columbia faculty has elected Dr. Marlene Wilson and Dr. Dianne Johnson as an alternate. Professor Val Lumans, winner of last year's Trustee Professorship, from USC Aiken represents the campuses other than Columbia and C. B. Smith represents our support foundations.

The Committee met on January 10 to size up the tasks ahead of us and review basic procedures.

We received a charge from Chairman Adams, reminding us that selecting a President is the most important responsibility that the Board holds. He reminded us that our charge is to bring the names of four acceptable candidates to the Board for their consideration and added that our goal is to find a leader who will lead us to new and greater heights, building on the excellence that we already have in place, a person of energy and vision who will understand that we have high expectations.

The University's General Counsel briefed us on a number of legal parameters of our work and of the role the Freedom of Information Act will play in our proceedings.

Vice President Jameson reviewed with us the confidentiality of our discussions, an advertising plan, and the manner in which the position fits into state government. Her report led to the discussion of the employment of an Executive Search Firm.

The Committee voted to employ an Executive Search Firm under very specific conditions. Under the leadership of a Subcommittee chaired by C. B. Smith and consisting of Sam Foster and Toney Lister, eleven firms have been invited to respond to a request for proposals by February 8th. The Subcommittee will review the responses and recommend three firms to be interviewed by the entire Presidential Candidate Search Committee.

The Secretary's office has put in place the mechanics for conducting this search including creating a separate web site, establishing a confidential email address, creating letterhead, and dealing with other logistics.

Our next steps are to circulate a questionnaire, currently in draft form, to the Board measuring the experience and attributes Board members expect from the next chief executive. The results of this survey will be part of the basis for discussion during a joint meeting with the Board and the Committee to discuss the qualities of our next President. Also in draft form is a review of established Board goals which will be distributed for Board review in preparing a template of very clear expectations to be given to potential candidates.

Mr. Chairman, I am pleased with the makeup of the Committee, its commitment and determination, and the considerable groundwork we have undertaken to accomplish our task in a timely manner.

III. REPORT OF THE ALUMNI ASSOCIATION: Chairman Adams called on Mr. Bethea who noted that on December 4th a delegation that included President Sorensen, Dean Pratt, Marsha Cole and others arranged a luncheon in Charleston to recognize Senator Hollings as a distinguished University alumni; he had not been able to attend the Association's Homecoming awards dinner.

Mr. Bethea was pleased to announce that 4,200 students had joined the Alumni Association. He stressed the importance of maintaining a connectivity with them following graduation in order to nurture their continued support of the University. He further noted that three-fourths of Carolina's \$1 million donors made their first gifts within the first 5 years after graduation.

He further explained that one of the Association's student programs was "100 Days to Graduation." Beginning February 4th, this program offered more than a dozen ways in which the Association will be saluting and rewarding seniors as they moved toward graduation; these events were designed to continually foster the understanding that they were always important to the University.

Carolina Day at the Statehouse was scheduled for Wednesday, March 26th. Mr. Bethea stressed the importance of participation because legislators responded very effectively to the outpouring of support from Carolina alumni and friends. A card will be mailed in the near future to remind them of the date; they may register at the Association's website www.carolinaalumni.org.

Scholarship offer letters had been sent to 83 students who qualified for legacy scholarships; offers were also pending on 32 alumni scholarships.

And, finally, Mr. Bethea referenced a recent article in *The State* newspaper about Amy Stone's announcing her new affiliation with the City Center Partnership which was designed to recruit new merchants and shops in the core areas of downtown Columbia. She was President-Elect of the Alumni Association and in July, will succeed him as a member of the Board of Trustees. He described her as a gracious and talented person with whom he believed they would enjoy working.

IV. REPORT OF THE PRESIDENT: Chairman Adams called on President Sorensen who made the following remarks while referring to a series of slides on the monitor:

Thank you very much, Mr. Chairman.

When I became President in the summer of 2002, I became aware of the fact that the University's modus operandi for planning was to deal with the legislative requests and then to develop a plan for the coming year in the spring; therefore, in the spring of 2003, we worked on plans for the 2003-2004 academic year.

Working with the Board of Trustees and with the senior administrative council, we determined that we should develop a five-year plan. So, I presented that plan to you in February of 2005 through the 2009-2010 academic year. Every February, I review with you the progress toward that plan.

The fall freshmen enrollment for the 2006-2007 academic year was 3,697; this year, that total is 3,722. Our goal for next year is 3,800 and for 2009-2010 it is 3,875.

For all freshmen, if you include the summer and the spring semesters, it was 3,833 for 2006-2007 and for this year it is 3,868. If the students who applied for Fall 2007 admission but were deferred until January 2008, then attended another college for the fall semester and enrolled at Columbia in the second semester (in January), were included, the freshman class would total 4,009. We cannot include that number in our report to *U.S. News and World Report* and to Integrated Postsecondary Education Data System (IPEDS) because we can only count first time freshmen.

President Sorensen noted that of the 1,500 applicants who had been offered enrollment in the spring semester, 300 had actually registered.

President Sorensen continued:

We continue to maintain the proportion of total undergraduates who are in-state residents; this year it is 76 percent and I propose that it increase to 77-78 percent next year.

What is amazing about the increase in class size, I believe, is the fact that we are able to increase the SAT scores at the same time we are increasing the size of the class. So, last year that number was 1171 and this year it was 1185. I am proposing that it increase to 1190 next year and 1195 the year after while continuing to retain a high proportion of South Carolinians as undergraduates here.

Retention means the proportion of freshmen who enroll for their sophomore year; it is absolutely critical for us to improve in that respect. Last year, it was 84 percent and this year it was 86 percent. So, we went up 2 percent which is very good and we propose that we go to 88 percent the year after that and then 90 percent for 2009-2010.

Regrettably, the graduation rate dropped this fall from 65 percent last year to 62 percent. In 2000-2001, there were some dramatic budget cuts and it was suggested that the criteria for admission be lowered so that a very large number of students could be admitted. The resulting effect was that many of those admitted students did not stay to graduate. We are hoping next year that as we have been increasing the qualifications for admission, it is reasonable to expect a 68 percent retention rate.

The Student:Faculty Ratio for last year was 18:1; for this year it was 17:1. I hope for next year the ratio will be 16:1 and then 15:1 for 2009-2010.

Alumni Giving for this year has decreased slightly to 23 percent.

There is excellent news from the Moore School of Business. Last year the *Financial Times of London*, which is internationally read, ranked Carolina's MBA program as #72; this year it was ranked as #55 - a substantial increase.

The next datum is even more impressive. For the category All MBA Programs in the United States both private and public, we were #45 and we are now #25.

In the category All International Business MBA Programs around the world, we were ranked #2 last year and again this year. Restricting that category to public universities, Carolina was ranked #1 last year and again this year.

And, finally, the category International Experience in all MBA programs around the world, we were ranked #1 last year and again this year.

As a result of Harris Pastides' leadership in the Division of Research and Health Sciences, we have dramatically improved our infrastructure for the translation of scientific discovery to commercial products.

The first step in this procedure is Invention Disclosures. If a faculty member is working on a scientific project, that person files a disclosure of the invention. The next step is to make a patent application. Then, there are two possible paths after receiving a patent: (1) get a license and (2) form a start-up company. Sometimes you can do a combination of the two.

Invention Disclosures for the most recent fiscal year for which data are available, indicates that Clemson University had 56; MUSC had 43; USC had 84.

New Patent Applications reveals that Clemson had 22; MUSC had 21; and USC had 39 - almost as many of the two of them combined; for Licenses, Clemson had 10; MUSC had 10; USC had 20; for Start-up Companies, Clemson had 4; MUSC had 3; USC had 6.

In FY 2005 there were 109 public universities with start-up companies. We were ranked #20 out of those 109 and that put us at the 82nd percentile. In other words, 17 percent of the universities had a higher score than we did and 81 percent had a lower number of start-

ups. If you consider all universities (154), we were ranked #29 and in the 81st percentile.

In FY 2006, there were 114 Publics Only. Our rank improved with an additional five universities; we climbed 6 ranks to #14.

If you include all universities, the total is 155 and our rank was #19 and our percentile for both of those was 88. We are tied with Cornell University and Johns Hopkins University. Johns Hopkins is a veritable research machine and I think those figures are most impressive.

Other universities that have fewer start-ups than the University of South Carolina are Duke University, Emory, North Carolina State, Ohio State, University of Georgia, University of North Carolina Chapel Hill, University of Virginia and the entire Texas A&M System. That is most impressive and I salute Harris and his staff for facilitating the work of the researchers as well as the deans for stimulating that activity.

And then, finally, I have some very good news on giving. Every year we track the number of gifts in the range of \$500,000 - \$999,999. In FY 2005-2006, we had ten; the next year we had 16; and this year, in the first 6 months, we have 13. In 6 months, therefore, we have more than we had 2 years ago for the entire year. And, we have almost as many as we had all of last year. We are expecting to go dramatically past 16. For gifts of \$1 million or more, we had 7 gifts in 2005-2006, 8 last year and we have had 9 this year in the first 6 months. Again, we expect to increase substantially the number of gifts. I am very pleased with the efforts of Michelle Dodenhoff and Brad Choate and their development officers.

At the end of the year, Mr. Chairman, I look forward to giving you a report comparing the entire year.

Mr. Buyck asked the total number of full-time undergraduate students attending the University on the Columbia campus for this semester; Dr. Pruitt indicated a figure of approximately 18,500.

Responding to Mr. Jones' inquiry about the manner in which this positive perception of the University was communicated to others, President Sorensen noted that they will receive a brochure the following week developed by Gary Snyder and his staff. He stressed the importance of constantly marketing the University to the public.

In response to Mr. von Lehe's question about that proportion of the *U.S. News and World Report* score the graduation rate represented, it was determined that the figure was 16 percent.

Dr. Becker noted that as few as five years ago, the University of South Carolina was not included in the *Financial Times of London* ranking which was based on a survey of the alumni. He commended former dean Joel Smith, who rallied the support of alumni to respond to the questionnaires.

V. OTHER MATTERS: Chairman Adams called on Dr. Floyd who explained that Dr. DiPette had given a presentation in Florence recently at a hospital staff meeting regarding the need of doctors in the state of South Carolina. He characterized it as an impressive message about South Carolina's lagging medical education program and asked that Dr. DiPette be invited to present that topic to

the full Board; Chairman Adams suggested the March 5th Health Affairs Committee meeting.

Secretary Stepp shared with the Board that Chairman Adams had spoken at a faculty meeting of the joint Colleges of Pharmacy yesterday and that his comments were "extremely well received."

Since there were no other matters to come before the Board of Trustees, Chairman Adams declared the meeting adjourned at 3:55 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary