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University of South Carolina

BOARD OF TRUSTEES

August 8, 2008

The University of South Carolina Board of Trustees met on Friday, August 8, 2008, at 11:45 a.m. in the 1600 Hampton Street Board Room.

Trustees present were: Mr. Miles Loadholt, Chairman; Mr. Samuel R. Foster II, Board Vice Chairman; Mr. Herbert C. Adams; Mr. Chuck Allen; Mr. Arthur S. Bahnmuller; Mr. James Bradley; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck, Jr.; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. Michael J. Mungo; Dr. James H. Rex; Mrs. Amy E. Stone; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; Mr. Mack I. Whittle, Jr.; and Mr. Othniel H. Wienges, Jr. Ms. Darla D. Moore was absent.

The faculty representative, Dr. Robert G. Best; and the student representative, Mr. Andrew Gaeckle, were also present.

Others present were: President Harris Pastides; 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 Information Technology and Chief Information Officer William F. Hogue; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; Interim Vice President for Advancement Michelle Dodenhoff; General Counsel Walter (Terry) H. Parham; Vice Provost for Academic Affairs William T. Moore; Vice Provost for Health Sciences Russell Pate; Dean of USC Sumter C. Leslie Carpenter; Dean of USC Lancaster John Catalano; Dean of USC Salkehatchie Ann Carmichael; Dean of USC Union Hugh C. Rowland; Dean of the School of Medicine Donald J. DiPette; Dean of the South Carolina College of Pharmacy Joseph Dipiro; Dean of the College of Arts and Sciences Mary Ann Fitzpatrick; Campus Dean of the South Carolina College of Pharmacy Randall C. Rowen; Dean of the College of Social Work Dennis Poole; Dean of the College of Nursing, Peggy Hewlett; Executive Director of the Alumni Association Marsha D. Cole; Director of Athletics Eric C. Hyman; Director of Capital Budgets and Financing, Division of Business and Finance, Charles D. FitzSimons; Director of the Office of Internal Audit Alton McCoy; Assistant Treasurer Susan D. Hanna; Associate Athletics Director Marcy Girton; Director of Governmental Affairs and Legislative Liaison, Division of University Advancement,

Casey Martin; Director of Governmental and Community Relations, Division of University Advancement, Shirley D. Mills; Special Assistant to the President and Athletics Director John D. Gregory; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Director of Periodicals, University Publications, Chris Horn; Mary Peak, Controller's Office; Trustee Emerita Lily Hall; family of Board of Trustees Chairman Miles Loadholt, wife Ann, daughter ElizabethAnn Felder and children; family of Board of Trustees Vice Chairman Samuel R. Foster, wife Chandra, and parents Samuel and Jestine Foster; wife of Trustee Emeritus Herbert Adams, Gwen; wife of Board of Trustees member Toney Lister, Cynthia; wife of Board of Trustees member Chuck Allen, Sharon, and son Joshua; Director of the Office of University Communications, Division of University Advancement, Russ McKinney, Jr.; Student Government Association Vice President Meredith Ross; Student Government Association Treasurer Jonathan Antonio; University Technology Services Production Manager, Justin Johnson; Board staff members Terri Saxon, Vera Stone and Karen Tweedy; Mr. Charles Edward Kinsey, Jr., Board of Trustee member Chuck Allen's Board of Visitor nominee; 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 especially Mrs. Amy Stone, from Columbia, who succeeded Bill Bethea as President of the Alumni Association; Mr. Chuck Allen, from Anderson, who replaced Mr. John Fields as the 10th Judicial Circuit representative; and Mr. Egerton Burroughs, from Conway, who replaced Mr. Wayne Staton as the 15th Judicial Circuit representative. He also welcomed Trustee Emerita Lily Hall.

Chairman Adams called on the Board of Trustees to introduce themselves, and on Mr. McKinney to introduce members of the media who were in attendance.

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

Chairman Adams stated that there were personnel matters relative to Board of Visitor nominations, which were appropriate for discussion in Executive Session.

Mr. Bradley moved to enter Executive Session. Mr. Warr seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: President Pastides, Secretary Stepp, Mrs. Hall, Mr. Kelly, Dr. Pruitt, Ms. Jameson, Dr. Hogue, Ms.

Dodenhoff, Mr. Parham, Mr. Hyman, Dr. Moore, Dr. Curtis, Mr. Gregory, Mrs.
Martin, Ms. Mills, Mr. McKinney, Mrs. Saxon, Ms. Stone, and Ms. Tweedy.

Return to Open Session

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

- A. Intercollegiate Athletics Committee, June 18, 2008
- B. Fiscal Policy Committee, June 18, 2008
- C. Academic Affairs and Faculty Liaison Committee, June 18, 2008
- D. Executive Committee, June 18, 2008
- E. Board of Trustees, June 27, 2008
- F. Board of Trustees, July 11, 2008
- G. Executive Committee, July 22, 2008

Since there were no additions, deletions or corrections to the minutes, they stood approved as distributed.

II. COMMITTEE REPORTS:

- A. Intercollegiate Athletics Committee:
(The Honorable Othniel H. Wienges, Jr. reported)
 - Football Yearly Equitable Seating Plan:

The Intercollegiate Athletics Committee met earlier in the day. Mr. Hyman reported on the Yearly Equitable Seating Plan, which had been unanimously approved by the Special Committee on Athletics. On behalf of the Intercollegiate Athletics Committee, Mr. Wienges moved approval of the plan as distributed in the materials for the meeting. Mr. Mungo seconded the motion. The vote was taken and the motion carried.

- B. Ad Hoc Committee on Advancement:
(The Honorable Miles Loadholt reported)

Mr. Loadholt reported that the Committee had met earlier in the day at which Ms. Michelle Dodenhoff, Interim Vice President for University Advancement, reported that they had raised \$106.2 million in FY 2007-08, making it the best fundraising year in the University's history.

Updates were also provided on the Carolina Alumni Association; Advancement Administration; Legislative Affairs; Development; and Marketing and Communications.

- C. Health Affairs Committee:
(The Honorable Toney Lister reported)

- Greenville Hospital Systems Agreement: The USC/Greenville Hospital Systems (GHS) Strategic Partnership was discussed at the Health Affairs Committee meeting on September 14th, 2007. This networking agreement provided for the GHS to broaden and strengthen its relationship with USC.

President Pastides explained that the cornerstone of the agreement was the establishment of an institute for the advancement of healthcare, "which will be a policy driven organization that will be comprised of senior officials of our University and GHS." The GHS had already ratified the agreement.

On behalf of the Health Affairs Committee, Mr. Lister moved approval of the Greenville Hospital Systems Agreement as distributed. Mr. Bahnmuller seconded the motion.

Mr. von Lehe asked for some specifics of the agreement, and President Pastides responded that the most specific item was the construction of the new "research and innovation institute," on the GHS campus, at which the University would deliver "additional medical education, public health, nursing, social work and pharmacy education."

The vote was taken and the motion carried.

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

Chairman Adams reported that the Executive Committee met on July 22nd and approved the following for recommendation to the Board for action.

1. Athletics Facility Bond Resolution: The University requested the issuance of Athletic Facility Revenue Bonds for \$21,500,000 to acquire the Farmers Market property from the South Carolina Department of Agriculture and to provide a portion of the construction costs for the Athletic Academic Enrichment Center.

The proposed amounts for this Resolution included:

- \$14,000,000 for the Farmers Market (the remaining \$1 million to be provided from Athletic Department Funds)
- \$ 6,000,000 for the Athletic Enrichment Center
- \$ 1,500,000 for Bond issuance costs and margin to allow for market conditions.

Chairman Adams called for a motion to approve the Athletics Facility Bond Resolution as presented. Mr. Bahnmuller so moved and Dr. Floyd seconded the motion.

Mr. Mungo stated that years ago the Board gave all bond work to one law firm, but that once he was Board Chairman the policy was changed so that bond work was assigned to more than one firm. He asked Secretary Stepp to explain how the bond work was assigned and how much the firms charged.

Secretary Stepp explained that there was a regular rotation of bond counsel. He asked Mr. Parham to elaborate on the process. He explained that Bond Counsel was assigned pursuant to a rotation established by the State Treasurer's Office. Rotation was based on when a firm reached a preset level of fees.

Mr. Mungo asked that the Board be provided a copy of bond counsel rotation and fee limits. Secretary Stepp said that he would do so.

The vote was taken and the motion carried.

Athletics Naming Opportunity: On October 7, 2003, the University entered into an agreement with Colonial Life and Accident Insurance Company to name the arena the "Colonial Center." Colonial Life requested to change the name from Colonial Center to "Colonial Life Arena" with the

understanding that all terms, conditions, rights and responsibilities set forth in the original agreement shall remain in effect.

Chairman Adams reported that the Executive Committee unanimously approved a modification of the contract with Colonial Life to bring this about.

3. Election of Treasurer: The Executive Committee unanimously nominated Susan Hanna to be elected Treasurer of the University as described in the materials sent to the Board of Trustees from Secretary Stepp.

Chairman Adams expressed his appreciation to Secretary Stepp who, for the last eight years, had served as both the Secretary of the Board and as the University Treasurer.

Chairman Adams called for a motion to elect Susan D. Hanna as University Treasurer, effective September 1, 2008. Mr. Whittle so moved and Mr. Bradley seconded the motion. The vote was taken and the motion carried.

III. Fiduciary Signatory Resolution:

The Board of Trustees authorized the President and Treasurer to sign on behalf of the University in its fiduciary capacity. The Board of Trustees now desired to designate the newly elected President and the newly elected Treasurer as the two University of South Carolina officials to sign on behalf of the University of South Carolina in its fiduciary capacity and to engage in other financial activities and transactions on behalf of the University of South Carolina as described in the materials distributed for this meeting.

Chairman Adams moved to approve the resolution as distributed authorizing President Harris Pastides and Treasurer Susan Hanna (beginning September 1, 2008) to sign on behalf of the University of South Carolina in its fiduciary capacity, and to engage in other financial activities and transactions on behalf of the University as described in the materials distributed for this meeting. Mr. Mungo seconded the motion. The vote was taken and the motion carried.

IV. Board of Visitors Appointments:

During the Executive Session, Secretary Stepp had presented a list of those individuals that Board of Trustees members, the President and the Faculty Senate had nominated to the Board of Visitors.

Chairman called for a motion to approve the nominations to the Board of Visitors as presented. Secretary Stepp noted that in addition to the names listed in the Board's meeting packet, Mr. Allen nominated Mr. Charles Edward Kinsey, Jr., and Mr. Foster had nominated Mr. Dilip Patel. Mr. Jones so moved and Mr. Bradley seconded the motion. The vote was taken and the motion carried.

V. REPORT OF THE PRESIDENT:

President Pastides expressed his gratitude for the warm welcome he and his wife received from the Carolina community. He said he looked forward to being the commencement speaker the following day, assisting with the student move-in the next weekend, and to being the convocation speaker the next weekend as well.

On his first day as President he initiated a new strategic planning exercise called *Focus Carolina*, which would also serve as the catchphrase of his administration. "I think it is fair to say our University will be a different University one year from now and I hope a more focused and in fact a better University. As I have said before, time is not our teammate." He said that the University faced many challenges, but that they would build on the outstanding 207 year history and tradition, and would be "very open to dynamism and to change."

Focus Carolina is about three things: making choices, seeking resources, and managing for effectiveness. It will be about finding new ways to identify resources that the University needs, from government, from the private sector, and through philanthropy. It will also be about learning to work smarter, more effectively, and more efficiently.

Through a strategic planning process, Dr. Pastides said that he planned to hone the University's Vision to make sure everyone was working together. The University's Mission which started and ended with education, research and scholarship, and public service was immutable; but would be better defined.

President Pastides explained that the University's Goals should be longer term and should be "aspirational or stretch goals." Short-term goals should be established to guide both he and the Board toward attainment of the long-term goals, which would be the Initiatives. Action Plans would be developed for specific operational steps to be taken to accomplish respective Initiatives.

Once the plan was developed and the Board approved it, they would be able to track its progress by results reported to the Board both in their meetings and electronically.

President Pastides explained that his staff would prepare the Plan on a system-wide basis. When he used the words University of South Carolina, he would be referring to the entire University system, the eight universities and eleven campuses. When referring to the Columbia campus, he would refer to it as such.

He stated that the administration would match expectations with what they could do. Sometimes resource constraints were a bitter reality, but a reality nonetheless. He planned to move fast. There would be full involvement of the

faculty, staff, students, alumni, friends, government, the full USC leadership, and the Board, in the process.

President Pastides explained how he planned to manage for efficiency and effectiveness. In his August 1st memorandum he announced a number of initiatives, all having strategic implications. One was the national search for Vice President for Advancement. Michelle Dodenhoff graciously agreed to serve as Interim Vice President during the search.

A national search for a Vice President for Research and Economic Development was initiated. Provost Becker would direct the search, and Dr. Rose Booze agreed to serve as Interim Vice President for Research. This was a result of Health Sciences units being combined in a single organizational structure under Academic Affairs led by Provost Mark Becker in an effort to allow greater collaboration and coordination, and to improve efficiency. The Health Sciences units, however, would maintain an autonomous structure within Academic Affairs, and would be coordinated by Dr. Russ Pate, Vice Provost for Health Sciences. The new position partially replaced President Pastides' prior position.

President Pastides also initiated "Carolina's Ideas," intended to help ideas flow more freely. A "virtual suggestion box" would be established for faculty, students, staff, friends, alumni, etc., who wanted to offer constructive guidance for working smarter and managing for effectiveness.

The former Administrative Council was replaced by the new Executive Council to be more inclusive, and to reflect the system approach of the administration. Chancellors of USC Aiken, USC Beaufort and USC Upstate, and the Executive Director of University Foundations, were now invited as regular members of the Council. They met yesterday for the first time as the new Executive Council.

The University would be up for re-accreditation in a couple of years by the Southern Association of Colleges and Schools (SACS). The "off-site" assessment was scheduled for the Fall 2010, and the "on-site" SACS team visit for Spring 2011. As a result the Institutional Effectiveness Executive Committee (IEEC), chaired by Provost Becker, was created. Also a new position of Vice President for Planning was established, and Dr. William "Ted" Moore would be appointed to that position. The aim was to make sure the University was fully SACS-compliant and remained that way. Therefore, once the SACS team concluded its visit to campus in spring 2011, the IEEC group would remain in place, to continually ensure that the University was fully compliant.

President Pastides concluded by stating that the University did face challenges and the first thing he and his staff planned to do was to "look to

ourselves" to increase "our effectiveness, our efficiency, spend our money more wisely, prepare for a capital campaign, and recognize that there is not enough money today." He reported that he had met earlier in the week with the Commission on Higher Education, was preparing to meet with the General Assembly later in the year, and had a very "cordial telephone conversation" with Governor Sanford.

Chairman Adams stated that it was an exciting report, and that they could see evidence of the wisdom of our choice for our new president in this report."

VI. ELECTION OF PERMANENT CHAIRMAN:

Chairman Adams called on Mr. Lister who nominated Mr. Miles Loadholt as the next Permanent Chairman of the Board of Trustees. Chairman Adams recognized the entire Board of Trustees as seconding the motion.

Mr. Mungo moved to close the nominations and that Mr. Loadholt be elected by acclamation. Mr. Whittle seconded the motion. The vote was taken, and the motion carried unanimously and by acclamation, to elect Mr. Loadholt as Chairman of the Board of Trustees.

At this time, Chairman Adams formally turned the chairmanship of the Board of Trustees over to Mr. Loadholt, who stated that it was an honor he deeply appreciated, and he thanked the Board for their confidence and support to allow him to serve as Chairman. He said that he knew he had big shoes to fill and that he would always do what was in the best interest of the University.

VII. ELECTION OF VICE CHAIRMAN: Chairman Loadholt called for nominations for Vice Chairman. Mr. Bradley nominated Mr. Foster to serve as the Vice Chairman of the Board of Trustees for the next two years. Mr. Bahnmuller seconded the motion. Mr. Adams moved that the second to the motion be by the entire Board; that nominations be closed; and that Mr. Foster be elected by acclamation. The vote was taken, and Mr. Foster was unanimously elected Vice Chairman.

VIII. ELECTION OF MEMBERS OF THE EXECUTIVE COMMITTEE: Chairman Loadholt called on Secretary Stepp who stated that there were three seats to fill on the Executive Committee.

In response to a call for nominations to the Executive Committee, Mr. Adams nominated Mr. Mungo, and Mr. Lister seconded the nomination; Mr. Mungo nominated Mr. Bradley, and Mr. Buyck seconded the nomination; and Mr. Buyck nominated Dr. Floyd, and Mr. Jones seconded the motion. Mr. Adams moved that nominations be closed and that these three Board members be elected by acclamation. Mr. Warr seconded the motion. The vote was taken, and the motion carried unanimously.

Chairman Loadholt therefore declared that Mr. Mungo, Mr. Bradley, and Dr. Floyd were elected to the Executive Committee by acclamation.

IX. OTHER MATTERS:

- PRESENTATION OF ADAMS RESOLUTION:

Chairman Loadholt called on Secretary Stepp who read a framed copy of the following resolution to Mr. Adams as the outgoing chairman of the Board of Trustees:

University of South Carolina
BOARD OF TRUSTEES
Resolution

WHEREAS, Herbert C. Adams has ably represented the Eighth Judicial Circuit as a member of the Board of Trustees of the University of South Carolina since 1984; and

WHEREAS, he has rendered valuable service to the University and the Board as a member and chairman of the Fiscal Policy and the Executive Committees, and as a member of the Academic Affairs and Faculty Liaison Committee, the Buildings and Grounds Committee, the Intercollegiate Activities Committee, the Student-Trustee Liaison Committee, and the Ad Hoc Committee on Advancement; and

WHEREAS, Mr. Adams has ably served the Board by representing it on two Presidential Candidate Search Committees, the Task Force on Scholarships, the Ad Hoc Committee on System Relationships, the Gift Naming Opportunities Committee, the 1807 Commencement Commemoration Committee, numerous architectural selection committees, the Special Committee on Athletics, and the South Carolina College of Pharmacy Oversight Board; and

WHEREAS, he served for many years as a leader of the Gamecock Club and later as a tireless member of the Strategic Directions and Initiatives Committee and has consistently acted as a genuine leader of the Board, especially during his four years of service as Vice Chairman and four years as Chairman; and

WHEREAS, Mr. Adams has been a patient but determined advocate for the growth and progress of his alma mater on many fronts, particularly in such areas as improved medical education, growth in research funding and activity, improved student achievement, faculty hiring and improved relationships with the communities of the State from outreach programs at Union to Innovista in Columbia; and

WHEREAS, Chairman Adams has overseen a seamless transition from the administrations of the University's 27th President to the 28th President with dignity, respect, and confidence generating results greatly benefiting the University; and

WHEREAS, Herbert Adams has served his state as a distinguished businessman and a leader in the insurance industry, and has shown his dedication to his community as a singularly distinguished representative of family and faith in modern life;

THEREFORE BE IT RESOLVED that the Board of Trustees of the University of South Carolina in session assembled this 8th day of August 2008 unanimously expresses its sincere and special appreciation to Mr. Adams for his prior twenty-four years of service and looks forward to his continuing service on the Board and as Chairman Emeritus; and

BE IT FURTHER RESOLVED that in recognition of Herbert Adams, who has driven thousands of miles, devoted thousands of hours, cheered with vigor and passion for the Gamecocks on thousands of occasions, be presented with a copy of this Resolution as a token of the high esteem and deep affection in which he is held.

PRESENTED THIS 8th DAY OF AUGUST 2008
AT COLUMBIA, SOUTH CAROLINA

University President, Harris Pastides

Board Secretary, Thomas L. Stepp

The Resolution was presented to Mr. Adams by Chairman Loadholt.

Mr. Adams offered the following comments to the Board of Trustees:

First I'm glad Gwen came up, because I'll be honest with you, she has been as important to this chair as I have been. I said four years ago that second to her agreeing to be Mrs. Herbert Adams, being elected to the chair of the Board was the highest honor I had ever received. It has been a pleasure. I feel like I have for the last twenty-four years, I have made a lot of friends because of this University. It has given me an opportunity to do something that I enjoy doing, and that's doing work for Carolina. Outside of my church and my family, I don't have a greater love for anything than the University of South Carolina. And, you have allowed me to do that and I thank you. Each one of you are special to me and I therefore say thank you.

I have known Miles Loadholt since 1961. We are fraternity brothers. I have known Ann Loadholt since 1960, when we were classmates. I have admired both of them very much over that period of time. Miles, you are going to do a great job and I am going to support you with everything that I've got.

Thank you all.

Following a standing ovation in honor of Mr. Adams, Mr. Loadholt presented him, on behalf of the Board of Trustees, an engraved gavel.

Mr. Mungo asked to be recognized, and stated that including the six former Board Chairmen still serving on the Board, he had never know anyone who served as Chair that worked as hard as Mr. Adams had, and he greatly admired what he had accomplished.

X. ADJOURNMENT

Since there were no other matters to come before the Board of Trustees, Chairman Loadholt declared the meeting adjourned at 12:40 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary