

**The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at <mailto:trustees@sc.edu>. Electronic or other copies of original minutes are not official Board of Trustees' documents.**

University of South Carolina

BOARD OF TRUSTEES

June 28, 2007

The University of South Carolina Board of Trustees met on Thursday, June 28, 2007, at 10:30 a.m. in the 1600 Hampton Street Board Room.

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

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 Brad Choate; Vice President for Human Resources Jane M. Jameson; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; General Counsel Walter (Terry) H. Parham; Vice Provost for System Affairs and Executive Dean for Regional Campuses and Continuing Education; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Upstate Jane T. Upshaw; Chancellor of USC Upstate John C. Stockwell; Dean of USC Lancaster John Catalano; Assistant Vice Provost for Academic Affairs William T. Moore; Vice Provost for Faculty Development Christine Curtis; Executive Dean of the South Carolina College of Pharmacy Joseph T. DiPiro; Dean of the College of Pharmacy Randall C. Rowen; Dean of the College of Arts and Sciences Mary Anne Fitzpatrick; Dean of the School of Music Tayloe Harding; Dean of the College of Nursing Peggy O. Hewlett; Director of Athletics Eric Hyman; Executive Director of the Office of Foundations Jerome D. Odom; Vice Chancellor for Business Affairs, USC Upstate, Robert Connelly; Associate Dean for Academic Affairs, Moore School of Business, Rodney L. Roenfeldt; Associate Vice President for Research and Bicentennial Chair Professor in Behavioral Neuroscience, Department of Psychology, Rose Booze; Chief Financial Officer, Office of Foundations, Russell H. Meekins; Budget Director, Division of Business and

Finance, Leslie Brunelli; Director of the Office of Internal Audit Alton McCoy; Assistant Treasurer Susan D. Hanna; Director of Governmental and Community Relations, Division of University Advancement, Shirley D. Mills; Coordinator for Governmental and Community Relations Tommy D. Preston; Trustee Emeritus Donald A. Bailey; Broadcast Journalist, Office of Media Relations, Frenche Brewer; Religious Counselor, Hillel Jewish Counselorship, Bernard L. Friedman; 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 welcomed everyone and invited Board members to introduce themselves. He especially welcomed Mr. Donald Bailey, Trustee Emeritus, to the meeting. Mr. McKinney introduced members of the media who were in attendance.

At Chairman Adams' request, Mr. Bernard L. Friedman, Religious Counselor, Hillel Jewish Counselorship, delivered the Invocation.

Chairman Adams stated that there were personnel matters relative to recommendations for honorary faculty titles, tenure and promotion, and appointments with tenure which were appropriate for discussion in Executive Session.

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

The following individuals were invited to remain: President Sorensen, Secretary Stepp, Dr. Becker, Dr. Pastides, Mr. Kelly, Dr. Moore, Ms. Jameson, Dr. Pruitt, Dr. Hogue, Mr. Choate, Dr. Plyler, Dr. Curtis, Mr. Parham, Ms. Martin, 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. Executive Committee, April 13, 2007
- B. Buildings and Grounds Committee, April 20, 2007
- C. Ad Hoc Committee on Advancement, April 20, 2007
- D. Executive Committee, April 20, 2007
- E. Board of Trustees, April 20, 2007
- F. Intercollegiate Activities Committee, May 28, 2007
- G. Board of Trustees, May 28, 2007

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)

The Intercollegiate Athletics Committee met on Friday, June 8<sup>th</sup>.

Mr. Hyman presented an overview of the Athletics Department Budget for FY 2007-08. Projected was departmental revenue of slightly more than \$60,000,000 (\$55,000,000 from departmental operations and \$5,200,000 from the Colonial Center). Overall, this figure represented a 12 percent increase over budgeted FY 2006-07 revenues.

Revenues for FY 2007-08 were increased substantially primarily due to ticket price increases for home football games, basketball and baseball games. Baseball admissions were expected to increase 74 percent (\$350,000) due to the excitement surrounding the opening of the new stadium and overall success and increased admissions for the current year.

Mr. Hyman projected total expenditures from departmental expenses to be roughly \$47 million.

Team travel will increase by 13 percent because of higher fuel prices, increased travel distance for football games and air travel for two baseball trips.

Supplies, uniforms, and equipment will increase by 7 percent and General and Administrative expenses will increase by 16 percent.

The proposed Department of Athletics budget was approved by the Committee for inclusion in the University's FY 2007-08 budget recommendation of the Executive Committee.

- B. Fiscal Policy Committee:  
(The Honorable Eugene P. Warr, Jr. reported)

The Fiscal Policy Committee met on Friday, June 8<sup>th</sup>.

The Committee approved the Designated Fund Budget for FY 07-08. The only change from this year was to increase the "Scholarships" line item under "Uses" from Bookstore commissions and Trademark and Licensing by \$409,000. The increase was a direct result of increased revenues generated from the USC Bookstore. The budget was recommended to the Executive Committee and was included in the proposed budget scheduled for consideration later today.

The Committee also approved the proposed Internal Audit budget which was included as part of the overall FY 08 University budget proposal as recommended by the Executive Committee for Board consideration.

There were no outstanding Audit Tracking issues to report.

Comprehensive audits of the following areas were conducted: School of Music; Department of Theatre and Dance; School of Medicine; Intellectual Property Office; Campus Recreation; and College of Hospitality, Retail, and Sport Management.

There were five minor findings cited as a result of the School of Music audit and one minor finding as a result of the Department of Theatre and Dance audit. All were in the process of being resolved.

The School of Medicine audit cited four findings which the School was in the process of addressing.

The Intellectual Property Office was commended for the fact that their audit revealed no findings.

There were five findings cited as a result of the Campus Recreation audit, which dealt with business practices at the Blatt Physical Education Center and the Strom Thurmond Wellness Center. Mr. McCoy noted that some of the findings were a repeat of findings found in the Department's prior audit and that approximately 90 percent of the findings had been resolved.

There were fourteen findings cited in the audit of the College of Hospitality, Retail, and Sport Management. Mr. McCoy reviewed the findings in detail.

Vice Provost for Academic Affairs Dr. William Moore discussed his response to each finding, as noted in his May 31<sup>st</sup> letter to Secretary Stepp and copied to the Committee. He assured the Committee that the Division of Academic Affairs recognized the importance of the findings and that it was in the process of examining each of the fourteen findings and applying remedies.

Dr. Moore added that the audit report amplified the need to review the full administrative structure of the College in its entirety, both in terms of organization and key personnel. With Dean Moody's retirement effective June 30, 2007, Provost Becker had appointed Dr. Moore to serve as Acting Dean of the College until Dr. Sheryl Kline assumed her role of Interim Dean in August 2007.

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

The Academic Affairs and Faculty Liaison Committee met on Friday, June 8, 2007.

The following items were approved for recommendation to the Board:

1. Honorary Faculty Titles: Four requests for 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 individual would be awarded the title Lecturer Emeritus effective with his retirement:

- James Bradley, Jr.

The following individual would be awarded the title Distinguished Professor Emeritus effective with his retirement:

- Dr. Claiborne E. Reeder

The following individual would be awarded the title Distinguished Professor Emerita effective with her retirement:

- Dr. Margaret Riedell

The following individual would be awarded the title Professor Emeritus concurrent with his retirement:

- Dr. Eugene P. Mayer

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. von Lehe moved approval of these four honorary faculty titles. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

2. Appointments with Tenure: The following eleven 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 without objection.

a. Dr. Sandy Altshuler would be awarded tenure at the rank of Associate Professor in the College of Social Work;

b. Dr. Brian Benicewicz would be awarded tenure at the rank of Professor in the College of Arts and Sciences;

c. Dr. Gloria Boutte would be awarded tenure at the rank of Associate Professor in the College of Education;

d. Dr. Mark G. Cooper would be awarded tenure at the rank of Associate Professor in the College of Arts and Sciences;

e. Dr. Erik Doxtader would be awarded tenure at the rank of Professor in the College of Arts and Sciences;

f. Dr. Veronica Godshalk would be awarded tenure at the rank of Associate Professor at USC Beaufort;

g. Dr. Charles Keith would be awarded tenure at the rank of Professor at USC Beaufort;

h. Dr. Gerald McDermott would be awarded tenure at the rank of Associate Professor in the Moore School of Business;

i. Dr. Kenneth Reifsnider would be awarded tenure at the rank of Professor in the College of Engineering and Computing;

j. Dr. Hildy Teegen would be awarded tenure at the rank of Professor in the Moore School of Business; she will serve as the dean of that school beginning September 15<sup>th</sup>;

k. Dr. Jennifer Vendemia would be awarded tenure at the rank of Associate Professor in the College of Arts and Sciences.

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

3. 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 without objection.

a. USC Columbia: From USC Columbia, the names and brief curriculum vitae of those faculty members who were recommended for promotion to professor, promotion to associate professor, promotion to associate professor with tenure and tenure at associate professor were listed in the materials distributed for the meeting.

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

b. University Campuses: From the campuses other than Columbia, the names and brief curriculum vitae of those faculty members who were recommended for promotion to professor, promotion to associate professor, promotion to associate professor with tenure, and tenure at associate professor were also listed in the materials distributed for the meeting.

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

4. Program Proposal: Doctor of Philosophy in Criminology and Criminal Justice, College of Arts and Sciences - USC Columbia:

The College of Arts and Sciences was requesting the establishment of the Doctor of Philosophy in Criminology and Criminal Justice. 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. Mr. Fields seconded the motion. The vote was taken, and the motion carried.

5. USC Columbia Faculty Manual Changes: Proposed changes to the USC Columbia *Faculty Manual* were mailed with the materials for this meeting. These 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 Columbia *Faculty Manual* as described in the materials distributed for this meeting. Mr. Wienges seconded the motion. The vote was taken, and the motion carried. [Exhibit B]

6. University Campuses Faculty Manual Changes: Proposed changes to the University Campuses *Faculty Manual* were mailed with the materials for this meeting. These 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 University Campuses *Faculty Manual* as described in the materials distributed for this meeting. [Exhibit C]

7. 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:

Walter S. Isaacson  
Peter D. Beattie  
Weston Adams  
Michael Traynor  
James R. Smith  
Jack B. McConnell  
Bassam Z. Shakhashiri

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

Also at the meeting on June 8<sup>th</sup>, President Sorensen discussed a report which the firm, Academic Analytics, had published on June 5<sup>th</sup>. The report ranked selected research institutions according to faculty scholarly productivity in their respective Ph.D. programs. He noted that Carolina was positioned 12<sup>th</sup> in the rankings.

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

The Executive Committee met on Friday, June 8<sup>th</sup>.

The following contracts were approved at the meeting: Global Spectrum, LP to manage the Colonial Center and a Memorandum of Understanding between the University

(on behalf of the South Carolina College of Pharmacy) and Greenville Hospital System to develop a Clinical Education Program.

- FY 2007-2008 Budget: On June 8, 2007, the Executive Committee, with most of the members of this Board present, unanimously approved the proposed FY 2007 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 176 page budget document, containing full detail, had been mailed in a timely fashion prior to this meeting.

Chairman Adams stated that the proposed budget had been responsibly formulated and shaped by input from the Board as the process had evolved. It had received intense scrutiny.

On behalf of the Executive Committee, Chairman Adams moved the adoption of the operating budget for fiscal year 2008, 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. Bradley seconded the motion.

Chairman Adams called on Dr. Sorensen and Mr. Kelly to define specifics of the budget. Dr. Sorensen indicated that during his report later in the meeting, he would address those items in the budget which the governor had recently vetoed; therefore, he called on Mr. Kelly to present an overview of the FY 2007-2008 University budget.

Mr. Kelly explained that an outline of the internal budget process had been included as Appendix 4 in the budget document for the upcoming fiscal year which had been distributed to Board members. He noted that this process had been used during the past several years and had proved to be very beneficial.

Early in the calendar year, vice presidents were asked to carefully review with their respective division staff those initiatives for the upcoming fiscal year which they would ultimately advance to President Sorensen, Budget Director Leslie Brunelli, Mr. Kelly, as well as representatives from the Provost's Office, during scheduled meetings.

Following these meetings, President Sorensen must carefully consider several factors in order to submit an acceptable budget document to the Board for consideration: specific needs in relationship to overall University goals; mandated requirements such as utility, insurance and pay increases while advancing

the quality of the institution; and, most importantly, an affordable tuition recommendation.

Mr. Kelly stated that since Executive Committee review and subsequent approval of the proposed University budget during the June 8<sup>th</sup> meeting, the Governor had vetoed selected items. He emphasized that none of these vetoes would affect the tuition increase recommendation.

It was proposed that undergraduate tuition and fees for resident students increase \$269; that figure represented a 6.9 percent increase and was composed of 4 student fees: transportation, student activities, student health, athletics activities; the semester amount would total \$4,173.

In addition, the average cost of housing as well as the meal plan would increase approximately 5½ percent; average book costs continued to grow and \$31 had been added to the existing number of \$419.00.

Mr. Kelly reviewed the proposed allocation of undergraduate resident tuition. Approximately 82.31 percent was returned to the Educational and General Operations of the University. Bond indebtedness would absorb 6.9 percent of the total amount. Other proposed allocations included: transportation fee (.25 percent); wellness center (2.64 percent); student activities (1.76 percent); student health (3.80 percent); computer fee (1.01 percent); and athletics 1.31 percent).

Mr. Kelly summarized the proposed resident and non-resident tuition and fee increases for undergraduate, graduate, law and medical school. He also noted the amounts for senior and regional campuses as outlined on a chart in the budget document. He reminded everyone that a large number of individuals at the two-year campuses were pursuing baccalaureate degrees; therefore, a new fee had been introduced for those students who had accumulated 75 or more credit hours.

Proposed fee distribution changes for the Columbia Campus were as follows:

- Transportation Fee (new fee) - full-time: \$10 per semester; part-time \$1.50 per credit hour to cover increased cost of operating the shuttle bus service (Mr. Kelly noted that nearly 6,000 students used the shuttle system daily);
- Student Activities - full-time: increase of \$2 from \$68 to \$70; part-time \$.50 per credit hour to cover Student Government television productions;
- Student Health Center - full-time: increase of \$5 from \$146 to \$151 per semester as third year of three year approved budget from FY 2006; beginning FY 2009 budget development, the request will be annual;

- Athletics - full-time: increase of \$20 from \$32 to \$52 per semester to cover increased costs for supporting gender equity.

A summary of the distribution changes for all of the other campuses was outlined in the budget document. Mr. Kelly noted that many of these proposed changes supported academic activities on specific campuses.

Mr. Kelly discussed the USC Columbia - General "A" Funds proposed budget. He explained that these funds were a combination of state allocated dollars, tax dollars, as well as tuition increases. For FY 2007-2008, the state will award to the University a total of \$4,800,000 for recurring Faculty Excellence Initiatives; \$6,094,399 for an estimated pay package, health insurance and retirement (That total may decrease because a funding associated with a retirement package had not been included in the budget); recurring below-the-line initiatives in the amount of \$2,200,000; and non-recurring below-the-line initiatives in the amount of \$3,559,375.

Mr. Kelly advised that a proposed 6.9 percent tuition increase would yield \$12,075,000. In the General Fund remained an unallocated non-recurring balance of \$5,500,000 which, when totaled with the other figures, would yield \$34,228,774 of funds available for FY 2008 allocation.

Distribution of those funds was outlined in detail in the budget document. New and Continuing Recurring Funding Recommendations were proposed as follows:

- Total Academic Programs and Services	\$ 845,740
- Total Academic Support and Student Affairs Programs	\$1,345,728
- Total General Institutional Costs and Central Operations	\$3,360,048
- Total Pay Package, Health Insurance and Retirement	\$5,073,484
- Total Mandated Fee Distributions	\$1,450,000

Proposed Non-Recurring Funding Recommendations were:

- Total Academic Support and Student Affairs Programs	\$ 116,139
- Total General Institutional Costs and Central Operations	\$1,390,053

Mr. Kelly commented that included in the budget document was a detailed listing of the Source of the "A" Funds as well as the Use of "A" Funds. Proposed was a Total Use of Funds amount of \$480,041,771 which would leave a Net General Fund Unallocated Carryforward Balance of \$3,993,088.

Mr. Kelly advised that the proposed Total Current Funds Budget for FY 2008 was estimated to be \$996,162,789; for FY 2007, that amount totaled \$936,017,559. He advised that tuition (at 35 percent) continued to be the main source of revenue for the institution; state appropriations totaled 23 percent; grants, contracts, and gifts totaled 26 percent; sales and service educational and other sources totaled 3 percent; and sales and service auxiliary enterprises totaled 13 percent.

Mr. Kelly concluded the presentation and answered various inquiries from Board members about the proposed budget.

Chairman Adams called for a vote to adopt the FY 2008 budget as presented. The vote was taken, and the motion carried. [Exhibit D]

III. REPORT OF THE ALUMNI ASSOCIATION: Chairman Adams called on Mr. Bethea who commented that on the student Alumni Association membership front, the organization continued to partner with summer orientation by serving lemonade to thirsty parents and students every afternoon and recruiting student members to the Association in the mornings. He was pleased to report that they had recruited nearly 700 members this summer, one of whom was Chairman Adams' grandchild. More than 50 percent of these new members were subscribing to the "Freshman Deal" (membership for all four years at a \$10.00 discount).

Mr. Bethea was also pleased to report that the Association now had their Council of Alumni Societies fully subscribed, with all schools and colleges coming together to share ideas and resources in support of programming for alumni across the University. The council had elected representatives from its membership to sit on the Board of Governors, giving the council a significant voice in the affairs of the Association. Their first meeting with all schools represented was scheduled in August and they will, of course, be participating in the Association Board Meeting in September.

Beginning in 2008, for the first time, the University will host class reunions in the spring rather than during Homecoming events in the fall. These class reunions will be held on May 15 - 17, 2008. Without all of the competing events relating to the football game start times, they hoped to make the reunion weekend the full Carolina experience, focusing especially on academic and cultural opportunities as well as sporting events. All academic units will participate.

Last week the Alumni Association helped the College of Pharmacy celebrate the 50<sup>th</sup> anniversary of the founding of their Alumni Society. Also, they were working with the College of Nursing to celebrate the 50<sup>th</sup> anniversary of its founding at Homecoming in October.

Mr. Bethea announced a new benefit partnership with Thomas Cooper Library. Alumni who were members of The Alumni Association, The Thomas Cooper Society, Ex Libris or The Caroliniana Society will have access to thousands of journals and periodicals online, from business magazines to the *Journal of American Medical Society*. Thomas Cooper Library and the Association were sharing the cost of this extensive online research tool; access to two or three of these publications could cost significantly more than a single Alumni Association Membership.

And finally, Mr. Bethea thanked several members of the Board of Trustees who, as Life Members in the Alumni Association, offered to buy one or more free memberships for graduating seniors in May; more than 520 students had received this gift.

IV. REPORT ON FOUNDATION ACTIVITIES: Chairman Adams called on Dr. Jerry Odom, Executive Director of the Office of Foundations, who thanked him and members of the Board for the opportunity to present a report about that area.

Dr. Odom commented that when he accepted the position of Executive Director last July 1, many of his faculty colleagues, while extending their congratulatory remarks, asked him to explain the duties and responsibilities of the Foundations. He decided to draft an educational program which would address those inquiries. Dr. Odom also invited everyone to visit the Foundations' website because it offered a plethora of useful information.

Five foundations fell under the umbrella of the Office of Foundations: Educational Foundation, Development Foundation, Research Foundation, Alumni and Business Partnership. Dr. Odom advised that he would focus on the Educational Foundation and the Development Foundation during this day's presentation.

Four of the foundations - the Alumni, the Business Partnership, Development and Educational - pooled their funds to invest. Most of the Research Foundation money was "flow through"; however, that foundation did receive some short term earnings, but did not participate in the other foundations' investment portfolio because it was long term.

Dr. Odom displayed a chart which outlined the investment profile; 80 percent of the total investment pool was managed through the Educational Foundation.

A joint investment committee composed of individuals from each of the four foundations met at least twice a year to review the portfolio and asset allocation and to make decisions based on the performance. Dr. Odom commented that the group was fairly conservative because they knew they had obligations to the University and they needed to generate income. As of March 31<sup>st</sup>, nearly \$278 million was invested in the portfolio. At the last meeting it was decided to add three funds: two hedge funds and an international fund.

Dr. Odom advised that the Foundations employed the Fund Evaluation Group located in Cincinnati to conduct research and to offer recommendations. Jim Barrow from Dallas, Texas who was a fund manager for Windsor II (one of the Vanguard funds), chaired the Joint Investment Committee; he also managed his own investment company. He further explained that most of the investments were large cap growth funds and value stocks but the foundations tried to diversify when appropriate.

The performance of the portfolio since 1990 revealed variations but, in general, it had been quite good. Dr. Odom anticipated that by the end of this fiscal year the portfolio will have achieved a 10 percent or 11 percent performance growth.

Dr. Odom reported that the Foundation's performance vs. peers, was in the \$100 million - \$500 million group; they had done very well when compared to peers. This year the leader was MIT with a 26.7 percent return; Harvard's return was 16.9 percent. Expenditures from unrestricted funds (discretionary) totaled 21.6 for the year.

Dr. Odom explained that he worked closely with Dr. Sorensen to try to integrate Foundations' activities with the needs of the University. In addition, they did not receive money from the University; all of the salaries and fringes of their employees as well as their operations were paid by the Foundations.

Dr. Odom reviewed projected 2007 unrestricted funds expenditures for academic programs. They included \$100,000 to help subsidize graduate student insurance; \$10,000 to the Honors College for use as discretionary money; \$600,000 to Advancement and Development.

With respect to Scholarships and Fellowships, for the past several years Foundations had given \$650,000 unrestricted funds to undergraduate scholarships and \$300,000 to the Graduate School for graduate fellowships.

Dr. Odom noted that every faculty and staff family member received \$1,500 if they attended the University; they would continue to receive that amount as long as they maintained a 3.0 grade point average.

For Faculty Supplements, \$800,000 of the unrestricted funds was given to the Provost for a faculty recruitment and retention fund. The Carolina Distinguished Professorship program was funded from here. Currently there were 27 Carolina Distinguished Professors; they received from the Foundations a yearly supplement of \$15,000. "I can tell you from my former life that those are the most prized chairs or supplements on our campus with respect to professorships."

For restricted funds expenditures, Dr. Odom explained that, like unrestricted funds expenditures, comparable amounts were given to scholarships, faculty supplements, various academic programs and departmental operations.

Dr. Odom also addressed the Development Foundation which he described as "a very interesting foundation because it deals with real estate." He noted that this foundation bought, sold, and received as gifts various pieces of property. The real estate was divided into three categories: research, potential campus and non-campus.

Under the category of Research were two pieces of property: Pritchard's Island and a facility in Bennettsville, South Carolina that was maintained for the medical school as part of its telemedicine project.

Listed as property under the category of potential campus and non-campus was the baseball stadium property that the Development Foundation bought from the Guinyards; 12½ acres of that 30 acre tract of land was sold to the University for development as the baseball stadium. Another portion of that tract will be sold to the Columbia Housing Authority for the construction of affordable housing.

The Development Foundation owned 5½ acres at the corner of Williams and Blossom Streets. It had not been determined whether they would sell the property or develop it.

The Development Foundation had partnered with IMIC and Burt Poozer to build the Inn at USC. Dr. Odom explained that as a result of an agreement with the Hotel Association in Columbia, the Inn was not publicly advertised; that agreement will terminate in approximately three years. He noted that two people were marketing this facility to groups which was helping to grow the "walk in traffic."

Another joint venture Dr. Odom mentioned was Adesso, a high end condominium project currently under construction.

Also under development was the Wheeler Hill property. The Development Foundation will sell 40 single family residential lots, over a period of time, after the infrastructure had been installed. Dr. Odom commented that they had worked very closely with the neighborhood.

Potential campus real estate included the Consolidated Systems Warehouse. Currently, the University had located the Movietone News digitization project in that facility. It was planned to locate the South Carolina Institute of Archaeology in that building.

The gravel parking lot by the Colonial Center was purchased because it was located in the heart of current campus development. The Development Foundation leased it to the University for parking.

Another interesting piece of property was located across the railroad tracks at the corner of Pulaski and Greene Streets. Again, looking at the way the University had proposed to develop toward the river, Dr. Odom believed that this property will be valuable for the University at some point particularly if a bridge was built over the railroad tracks. The Development Foundation was leasing the building on that lot to the University for storage as well as use by the Art Department.

Dr. Odom noted that the Development Foundation owned a Cockabooze which was donated several years ago. The Provost assigned it to various colleges for

development efforts at football games. Regime fees, maintenance costs and taxes were paid by the foundation.

Dr. Odom also discussed their Child Development Research Center. The first floor housed a day care center with currently 189 children participating; the second floor was devoted to early childhood development research. He was happy to report that the center had hosted the President's grandson for two weeks this summer.

The Development Foundation owned an airplane which the President and Vice Presidents used as well as faculty researchers. The operation of the airplane was also subsidized through the Development Foundation.

And, finally, Dr. Odom mentioned the yearly University Family Fund campaign which was administered through the Educational Foundation. He was pleased to announce that nearly one half of Carolina's faculty and staff had given \$1.7 million to the Family Fund this past year.

Mr. Bradley thanked Dr. Odom for presenting this information to the Board. "It is the most complete report I have heard on our Foundations." He asked the amount of the management fee to the consulting firms. Mr. Russ Meekins explained that the management fees of the managers and consultants were approximately 86 basis points. Of that figure, he believed 12 basis points was the fee paid consultant. He further commented that they did not direct commissions nor allow the consultants to receive any 12V1 fees from the managers.

Discussion ensued regarding the value of the University's endowment. Dr. Odom pointed out that "endowment assets" were determined according to "book value" rather than "current market value." President Sorensen commented that following internal discussions, it had been decided to adopt a conservative view when labeling the University's assets. A more accurate total amount would most likely approach \$385 million with the addition of the Darla More and McNair gifts which were externally managed and not factored into the total.

Mr. Buyck suggested that appraisals of the Development Foundation properties would reap totals significantly higher than the "book value." President Sorensen noted that he and Dr. Odom would welcome Board approval of determining assets wherever appropriate which reflected "current market value." Mr. Buyck requested that the Fiscal Policy Committee again review this topic.

Before closing his presentation, Dr. Odom thanked Mr. Russ Meekins for being his "trusted helper and protector" since he assumed the position of Executive Director of the Foundations nearly one year ago.

V. REPORT OF THE PRESIDENT: Chairman Adams called on President Sorensen who thanked Dr. Odom for his leadership of the Foundations Office. He particularly

commended Dr. Odom for spreading this information to the faculty, many of whom had expressed to him their appreciation of Dr. Odom's willingness to be transparent and open about that area. President Sorensen noted that they conducted candid and open discussions on a regular basis; Mr. Kelly and Dr. Odom also met to discuss various possibilities for optimizing the activities of the respective foundations.

President Sorensen was pleased to report that the Association for Accrediting Pharmacy Education had approved the "candidate status" of the merged USC College of Pharmacy and the MUSC College of Pharmacy. It was anticipated that those students admitted this past fall will be the first graduating class of the fully accredited South Carolina College of Pharmacy.

President Sorensen praised Mr. Bethea and the Alumni Association for its aggressive campaign to reach two goals simultaneously: (1) to increase membership; currently, it was estimated that there were 235,000 - 240,000 living Carolina alumni. Of that number, approximately 33,000 - 35,000 were members of the Alumni Association; and (2) to increase contributions.

Through the efforts of Mr. Brad Choate and his team, the University was experiencing a dramatic increase in the number of donors. The goal, therefore, was to expand the number of individuals contributing smaller gifts with the eventual hope that as their personal economic situation increased so would their giving to the University.

President Sorensen extended his personal commendation to Mr. Kelly and Ms. Brunelli for their "incredible yeoman's work on the budget." He noted that the proposed budget which Mr. Kelly presented earlier required a multitude of hours and a myriad of consultations with the various players (chancellors, deans, vice presidents) to formulate.

President Sorensen announced that Governor Sanford had vetoed three items in the FY 2007-2008 University budget.

The first veto involved a proposal to integrate better the information technology hardware and software resources among Clemson University, Carolina's School of Medicine and MUSC (an electronic highway which had been labeled the "I-26 Corridor"). It would enable more effective communication and would provide large data bases with immediate access to faculty at all three institutions. For example, this system would allow a doctor in a more remote location to consult instantly with another doctor about a patient.

He noted that the three universities had submitted individual proposals each requesting \$1.5 million for a total of \$4.5 million to facilitate this "light rail" project. It was believed to be of critical importance for the stimulation of

research and collaborative efforts among the three institutions. Key legislators were being asked to cast overriding votes.

The second veto in the amount of \$250,000 involved the Poison Control Center. President Sorensen believed that continuation of this operation was "absolutely critical." He advised that the center's 24-hour/7-day a week hot line had received more than 30,000 calls this past year. All of that funding which the University received from the legislature was given directly to the Poison Control Center. Attempts were also being made to persuade legislators to override that veto.

And thirdly, President Sorensen explained that the University had succeeded in securing Columbia as the host site for the 2009 annual meeting of the National Hydrogen Association; \$100,000 had been requested to support the planning of this conference as a collaborative effort among the research universities in the state and various other county and city entities which supported the exploration of hydrogen as an alternative source of energy. He further noted that participants will be attending this conference from all over the world.

President Sorensen concluded his report by stating that financing for these three projects was not dependent upon tuition revenues; therefore, the tuition increase as proposed in the budget will remain unchanged.

Mr. Wienges expressed pleasure about the status of the pharmacy merger. "I think it is a tremendous and wonderful thing." President Sorensen commented that he will be meeting with Dr. Greenberg, President of the Medical University of South Carolina, later today and will happily convey Mr. Wienges sentiments to him.

Before adjourning, Chairman Adams asked if Nick Payne, President of the Student Government Association, wished to offer comments about the budget.

Mr. Payne replied that although students rarely favored tuition increases, he believed that the current increase will benefit not only the students, but also the entire University. He reiterated the various initiatives which Mr. Kelly had highlighted during his earlier presentation such as safety issues, support for the new Student Success Center programs, allocations of multi-cultural programs, the addition of the Gamecock Network for campus television, study abroad programs, as well as increased fellowships and scholarship monies. Mr. Payne also emphasized the importance of the University, state government leaders, and the citizens of South Carolina to work together in order to ensure the quality of education did not fall short of what was expected.

President Sorensen commended Mr. Payne for his leadership; he had met with Mr. Payne and his fellow officers on several occasions during the recent Student Government Association leadership transition and had witnessed the outstanding manner in which they were handling their new responsibilities. He was pleased that

the student leadership supported the tuition increase and looked forward to a very productive year.

Chairman Adams recognized Dr. Reeder, Chair of the Faculty Senate, who noted that data collected on the Poison Control Center indicated an investment return of \$7 for every \$1 expended. That investment return was in the form of "people not having to go to emergency rooms when they would have otherwise had that resource not been available." He explained that other poison centers around the country also reflected these numbers.

Chairman Adams also commented that his grandson will be attending Carolina in the fall. Two weeks ago he and his mother had attended an orientation session. "They came home just glowing with praise for the people who handle our orientation." Clear explanations were offered to participants about what to expect and how to succeed as a student at Carolina. He commended Dr. Pruitt, the administration and those individuals involved in the orientation process and "congratulate them on a job well done."

Since there were no other matters to come before the Board of Trustees, Chairman Adams declared the meeting adjourned at 12:05 p.m.

Respectfully submitted,

Thomas L. Stepp  
Secretary