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University of South Carolina

BOARD OF TRUSTEES

February 20, 2009

The University of South Carolina Board of Trustees met on Friday, February 20, 2009, at 11:50 a.m. in the 1600 Hampton Street Board Room.

Trustees present were: Mr. Miles Loadholt, Chairman; Mr. Samuel R. Foster II, 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; Mrs. Amy E. Stone; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr. Trustees absent were: Ms. Darla D. Moore; Dr. James H. Rex; and Mr. Mack I. Whittle, Jr. The faculty representative, Dr. Robert G. Best and the student representative, Mr. Andrew T. Gaeckle, were also present.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Interim Executive Vice President for Academic Affairs and Provost William T. Moore; Vice President and Chief Financial Officer Richard W. Kelly; Interim Vice President for Research Rose Booze; Vice President for Information Technology and Chief Information Officer William F. Hogue; Interim Vice President for Advancement Michelle D. Dodenhoff; 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; University Treasurer Susan D. Hanna; Chancellor of USC Beaufort Jane T. Upshaw; Chancellor of USC Upstate John C. Stockwell; Dean of USC Sumter C. Leslie Carpenter; Dean of USC Libraries Thomas F. McNally; Director of Athletics Eric C. Hyman; Associate Vice President for Business and Facilities Helen Zeigler; Vice Chancellor for Business and Finance, USC Aiken, Virginia S. Hudock; Associate Vice Provost for Academic Resources Ed Walton; Director of the Alumni Association Marsha D. Cole; Budget Director, Division of Business and Finance, Leslie Brunelli; Director of the Office of Internal Audit Alton McCoy; Director of Facilities, Division of Business and Finance, Thomas D. Quasney; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Executive Associate Athletics Director for External Affairs, Kevin O'Connell; Associate Athletics Director for Facilities and Operations Jeff Davis; Chief Financial Officer, Department of Athletics, Jeff Tallant; Associate Athletics Director for Development Bryan Risner; Project Manager, Division of Campus Planning and Construction, Ann Derrick; Director of Periodicals, University Publications, Chris Horn; Trustee Emeritus William E. Whitney, Jr.; Interim Director of University Communications, Division of University

Advancement, Margaret Lamb; University Technology Services Production Manager, Justin Johnson; and Board staff members Terri Saxon, Vera Stone, and Karen Tweedy.

Chairman Loadholt 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 Loadholt welcomed everyone and especially welcomed Trustee Emeritus Billy Whitney. He invited Board members and members of the University family to introduce themselves. Mrs. Lamb indicated that no members of the media were in attendance.

At Chairman Loadholt's request, The Reverend John Cook, Presbyterian Student Association, delivered the Invocation.

Open Session

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

- A. Academic Affairs and Faculty Liaison Committee,
December 15, 2008
- B. Executive Committee, December 15, 2008
- C. Board of Trustees, December 15, 2008

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

II. COMMITTEE REPORTS:

- A. Executive Committee:
(The Honorable Miles Loadholt reported)

The Executive Committee met earlier today and approved eight Indefinite Delivery Contracts. In addition, the Committee approved Assistant Coach employment agreements with Lorenzo Ward as Defensive Coordinator and Eric Wolford as Running Game Coordinator/Offensive Line Coach of the University's football program.

The following items were approved for recommendation to the Board for action:

1. Quasi-Endowment Fund - Athletics: The University was seeking approval to establish a quasi-endowment fund to receive \$800,000 from the Department of Athletics. The amount will be applied toward the Center of Economic Excellence in Solid Oxide Fuels for research.

Mr. Hubbard moved to establish this quasi-endowment fund as presented. Mr. Lister seconded the motion. The vote was taken, and the motion unanimously carried.

- 2. State Institution Bond Resolution for USC Aiken and USC Upstate:

Mr. Lister moved to approve a State Institution Bond Resolution authorizing up to \$8,550,000 for the construction and renovation of projects on the USC Aiken and USC Upstate campuses as described in the materials distributed for the meeting. Mr. Foster seconded the motion. The vote was taken, and the motion carried. [Exhibit A]

3. Trademark and Licensing Agreement: The University was seeking approval to enter into a contract with The Collegiate Licensing Company to act as the exclusive agent to license the use of one or more of the designs, trademarks, service marks, logographics and symbols associated with the University.

Mr. Allen moved to approve this trademark and licensing agreement as presented. Mr. Warr seconded the motion. Mr. Buyck asked that the University's trademark list be distributed to the entire Board. The vote was taken, and the motion carried.

4. Moore School of Business MIB Fee: The Moore School of Business was requesting approval of an off-cycle fee for the Master of International Business because it was a new program which was recently approved by the Commission on Higher Education; in order to recruit students for the program, tuition rates must be established.

Mr. Warr moved to approve the Moore School of Business MIB fee as presented. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

B. Buildings and Grounds Committee:
(The Honorable Toney J. Lister reported)

1. Items Requiring Board Approval:

a. Project Approvals (Phase One):

i. Columbia Campus Elevator Upgrades: This project would upgrade elevators in the following Columbia Campus buildings: the Russell House, three traction elevators; the Thomas Cooper Library, four traction elevators; and Coker Life Sciences Building, three traction elevators.

The anticipated budget for the project was \$2,100,000. Approval was being requested to fund only the initial design, development and cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project for Phase I Design with a budget of \$31,500 funded with Institutional Capital Project Funds. Mr. Hubbard seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

ii. Williams-Brice Stadium West Side Suite

Renovations: This project to renovate eighteen Executive Suites and five Club Areas on the west side of Williams-Brice Stadium will include new carpet, ceilings, lighting fixtures, plumbing fixtures, HVAC and amenities.

In addition, this project will renovate the stadium's 600 level press room including installation of new interior finishes, and modifications to the Television Press Broadcasting Area. The window façade will be modified to replace existing fixed glass with operable windows.

It was planned to perform this work prior to the 2010 football season.

The anticipated ultimate budget for the project was \$2.8 million. Approval was being requested to fund only the initial design, development and cost estimate for the project at a price of \$42,000.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project for Phase I Design with a budget of \$42,000 funded with Athletics Funds. Mr. Hubbard seconded the motion.

In response to Dr. Floyd's concern about whether the condition of various suites warranted renovation, Mr. Hyman indicated that this project was addressing a plethora of negative comments particularly concerning the 600 level club seating area which was enclosed with glass, lacked a sufficient sound system as well as suitable seating. Mr. Adams noted that the University was requesting approval to fund a cost study only.

The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

iii. Thomas Cooper Library Exterior Safety

Repairs: Over the years, the exterior materials of the Thomas Cooper Library have deteriorated. The marble clad columns and roof drainage system were leaking, resulting in rust and deterioration of the marble connections. This project was to repair the primary exterior concerns; namely a roof replacement, roof drains replacement, marble cladding attachment rework, plaza waterproofing and paving material replacement, safety railing addition, and other items.

The anticipated budget for the project was \$4 million. Approval was being requested to fund only the initial design, development and cost estimate for the project at a price of \$60,000.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project for Phase I Design with a budget of \$60,000 funded with Institutional Capital Project Funds. Mrs. Stone seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

iv. USCB Library Second Floor Up-fit/Hargray

Renovation: The Library building was constructed in 2005 as a two-story building finished on the first floor only. This project will complete the building by finishing the second floor to increase the usable floor space.

It will contain multi function classrooms, IT and faculty offices, open study tables, and computer classrooms.

This project will fund building modifications to the Hargray Building as required when functions are relocated from the Hargray Building to the newly completed space in the Library.

The anticipated budget for the project was \$3,724,100. Approval was being requested to fund only the initial design and development of a cost estimate for the project at a price of \$55,862.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project for Phase I Design with a budget of \$55,862 funded with Institutional Capital Project Funds. Mr. Jones seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

b. Other Approvals:

i. Coliseum Fire Alarm System Replacement: This project will replace the existing fire alarm system in the Carolina Coliseum with a new fire alarm system that meets the National Fire Protection Association's current standards. The existing system was original to the building and can no longer be supported by the manufacturer.

The existing system will remain in service until the new system was installed and tested. The selection of the fire alarm system will be compatible with the fire alarm systems currently installed across the Columbia Campus.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$490,000 funded with Institutional Capital Project Funds. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

ii. Historic Horseshoe Window Repair: This project was to restore some exterior windows in buildings on the Horseshoe. These windows were failing and must be restored in a manner compliant with their historic status. The selection of specific windows will be based on condition and location so that a consistent appearance was maintained.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$490,000 funded with Institutional Capital Project Funds. Mr. Buyck seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

iii. Stone Stadium Playing Field Renovation: This project was to renovate the playing field at the Stone Stadium. Work will include reworking the field grading, installation of storm drainage, and replacement of the irrigation system and turf.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded with Athletics Funds. Mrs. Stone seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

iv. Williams-Brice Stadium West Stands

Waterproofing: This project will provide waterproof coating on the lower west seating bowl structure. Work will include concrete structural repairs and replacement of caulk and expansion joint materials to prevent water penetration into the offices and locker and training room areas below the seating bowl during heavy rains.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded with Athletics Funds. Mr. Foster seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

v. Williams-Brice Stadium Training

Room/Recruiting Room Conversion: This project will renovate an area adjacent to the football locker room, previously used as a training room. The area will be reconfigured to create a player's lounge including a variety of spaces such as game areas, a movie area, a computer area and an area of tables/chairs for eating or table games.

This area will be used as a recruiting tool as well as providing current players a supervised area for recreational activities.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded with Athletics Funds. Mr. Allen seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

vi. Williams-Brice Stadium Electrical

Upgrades: This project was to upgrade the main electrical high voltage power supply to Williams-Brice Stadium, including replacement of high voltage cable and switches on the east and west stands. The cable and switches were over 50 years old and are obsolete. The new equipment will be consistent with other high voltage equipment installed on the Columbia Campus.

This project will provide reliable electrical service throughout the stadium, decreasing the potential for power outages during events.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded with Athletics Funds. Mr. Hubbard seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

vii. USCA Penland Building Cooling Tower

Replacement: This project will replace a 36 year old cooling tower for the Robert E. Penland Administration/Classroom Building. Repair parts were becoming scarce resulting in costly repairs and a possible catastrophic breakdown. Replacement of this unit will increase plant reliability and efficiency.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$250,000 funded with USCA State Institution Bonds. Mr. von Lehe seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

viii. USCA Etherredge Center Cooling System

Repair/Replacement: This project was to repair/replace the original air conditioning system in the 24 year old Etherredge Center for Fine and Performing Arts, including chillers, compressors and controls to avert a catastrophic breakdown.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded with USCA State Institution Bonds. Mr. Jones seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

ix. USCA Elevator Renewal: Renewal/replacement of elevator systems on the USCA campus was a maintenance priority. This project will address elevators in the Robert E. Penland Administration/Classroom Building, the Humanities and Social Sciences Building, and the Gregg-Graniteville Library. Each of these academic buildings had only one elevator and all were more than 30 years old.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$250,000 funded with USCA State Institution Bonds. Mr. Burroughs seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

x. USCA Student Activity Center Kitchen/Dining Hall Renovation: The work was to be constructed during the summer of 2009 and involved completion of the kitchen and dish wash area, additional under slab construction, finishes, and supporting building systems.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$466,000 funded with private funds. Mr. Warr seconded the motion. The vote was taken, and the motion carried.

The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

2. Administrative Project Increase(s): Baseball Stadium Construction: In accordance with the policy approved by the Board of Trustees, administrative approval was obtained to increase the project budget by \$200,000 (0.6 percent), to be funded with a transfer of funds from the Academic Enrichment Center Construction project.

This increase had allowed the installation of permanent bleachers previously deleted from the project due to budgetary restrictions, but now needed and financially viable because of high ticket demand. This initiative had a payback of four years.

3. Development Foundation Report: Dr. Odom discussed parking for the new baseball stadium as well as land for athletics fields. He informed the Board that ten acres of property had been sold on St. Helena Island. In addition, University Foundations had acquired a farm in Blythewood as well as three acres on Blossom Street. Georgetown County was working with the Foundations to establish a learning center.

Dr. Odom was pleased to announce that although the Foundations portfolio had been reduced 28 percent, scholarship funding will remain at the same level in 2009.

III. REPORT OF THE ALUMNI ASSOCIATION: Chairman Loadholt called on Mrs. Stone who reported that the Carolina Alumni Association recently hosted two Step-Up receptions; one was held in the Charleston area on January 26 and the other one at the Baruch Institute on February 5 in the Georgetown area. Attendance for each of these events exceeded 100 people who came to meet the new University President. The next reception was scheduled for February 24 in Mt. Pleasant.

The annual meeting of the Carolina Alumni Association and the Alumni Board of Governors was scheduled for Saturday, March 7, at the Moore School of Business. Prior to those meetings, a breakfast will be held in the Campus Room at Capstone for Regents and Academy members. She noted that Mssrs. Loadholt, Adams, Whittle, Hubbard and Buyck were all members of that group. The breakfast speaker will be Ms. Patricia Moore-Pastides, Carolina's First Lady.

Mrs. Stone announced that Carolina Day at the Statehouse was scheduled for Wednesday, March 25. She noted that everyone will gather at the Capital City Club for a briefing before walking to the Statehouse to speak to legislators about the importance of higher education. Lunch will be served at the Capital City Club following visits with respective senators and representatives. It was hoped that 500 advocates will participate in the event. She stressed that it was time to "step up" and show support for higher education because together we "can" make a difference.

And finally, for the second year, the Alumni Association will be hosting Alumni Weekend in May. A variety of activities were planned for the weekend of May 14-16. In addition, reunion parties for several classes were scheduled, including the 50 year reunion class. It was hoped that this idea will continue to grow in popularity.

IV. REPORT OF THE PRESIDENT: Chairman Loadholt called on President Pastides who made the following remarks:

Thank you very much, Mr. Loadholt. Ladies and Gentlemen.

Today is a very special day for our University for two reasons: the first one concerns a vote that was taken by House Ways and Means late last evening. I will have a few comments about that shortly. And, secondly, we are one day away from the opening of our magnificent baseball stadium. This is truly a remarkable day for our great and historic University.

Great writers of all times are noteworthy because of the memorable lines they have written. One of those was Charles Dickens who wrote in the opening line of his book, *A Tale of Two Cities*, "it was the best of times, it was the worst of times..."

Let me start by assuring you today that in many ways these are the best of times for the University of South Carolina.

Allow me to provide you with some evidence, student highlights first.

Five members of a graduate student team from the Moore School of Business returned from Montreal, Canada having won the coveted Concordia Cup. It was a case competition where they debated with students from 36 universities from Canada, Europe and Asia.

We have a University Academic Team where students compete in a quiz setting. Our team of four undergraduates and one graduate student took first place in the Southeast region. They beat the finalists: Florida State, the University of Georgia, Oxford College at Emory, Alabama, Mississippi State and the Citadel.

The University of South Carolina fall varsity student athletes tied for first place in the Southeastern Conference for the number of academic honor roll recipients. We had 60 varsity athletes on the academic honor roll and were tied with the University of Kentucky; Florida was in third place having 53 members on that honor roll. This is the fourth consecutive semester we have led the SEC in the number of varsity athletes on the academic roll.

Furthermore, 13 of our 17 fall athletics teams had a 3.0 or better average and the cumulative GPA in the fall for all of our varsity teams was 3.06. Forty-nine student athletes were on the President's List - that's a 4.0 or better - and 124 on the Dean's List with a cumulative GPA of 3.5-4.0.

The spirit of the students is exemplary wherever I am on the Horseshoe, in the Russell House or at the Colonial Life Arena where the 'Garnet Army' has replenished and refreshed the fans in a sellout. There are comparable stories from around the University of South Carolina System.

As for tomorrow, I cannot wait for that first crack of the bat, or perhaps I should call it the ping of the bat given the aluminum bats that our college athletes use. We will be touring the Carolina Baseball Stadium together later today and you will be duly amazed.

Let me tell you, as well, that tomorrow there will also be an announcement that a hydrogen fuel cell will provide a limited amount of power to our baseball scoreboard - the first such baseball scoreboard in the United States. Isn't it great for a college athletics facility to also represent the best that we have - students and faculty working on hydrogen fuel cells.

On the faculty side, I am proud to tell you that the investments in hiring new faculty at the University continue to pay off. Federal research dollars are up 10 percent over the first half of last year and there is not a stimulus dollar attached to that.

For our grant applications, we have requested 30 percent more funding in the first half of this year than we did in the same period the previous year.

One great example is a \$20 million proposal for a Fuel Cell Center grant. Dr. Ken Reifsnider, an endowed chairs professor whom we recruited from the University of Connecticut, has amassed a dream team of colleagues from Princeton, Georgia Tech, Oak Ridge National Laboratory as well as the Savannah River National Lab. The proposal is in the final round of competition.

It takes a self confident university to submit a \$20 million grant and then make it into the final round. We are, I can assure you, a very self confident university.

I'm also very pleased to recognize Tom McNally, our newly appointed Dean of Libraries at the University of South Carolina. He has been at USC for almost 19 years and has been interim dean since 2007. Our libraries play an important role in our teaching, learning and research mission and Tom has worked tirelessly to enhance our collections through partnerships with other institutions.

You've heard about the Carnegie designation of high research activity, but the second Carnegie designation, being in the top tier of "engaged universities" with partners and communities, may have sailed quickly below your radar. Achieving the highest rank in both Carnegie designations puts us in rarefied air - one of only 23 public institutions.

It's particularly important because it is not a popularity contest. There is no reputational score. It has to do with data that the Carnegie Foundation culls from federal and from other reported data bases.

Now, as Paul Harvey would say, "for the rest of the story..."

We simply cannot ignore that, as we continue to excel in some areas, we have been dealt a severe a blow and possibly the most severe blow to its budget of any public university in the United States...\$52 million or 23.8 percent of our system's budget since June 30, 2008.

I sent to the Board of Trustees the *Chronicle of Higher Education* chart which showed that we were cut more than twice the state that had the second highest cut - Alabama at 10.8 percent. Most were in the 2-7 percent range.

When I was at the Outback Bowl the night before the game, I met the president from the University of Iowa, Sally Mason. I said, 'Sally, how are things in Iowa?' She said, 'Terrible.' I said, 'how bad?' She said, 'we have taken a 3 percent cut.' And she said, 'that's not the worst of it. They are speculating there will be another 2-3 percent reduction in 2009. She said, 'how are things in South Carolina?' I said, '23.8 percent cut with possibly more to come.' And, she said, 'will you make it?' She was completely serious. And, of course, being a proud Gamecock, I said, 'of course we can make it and we will make it.'

Let me turn to our current strategy for economizing and for securing new resources.

First of all, I offer my sincere thanks to the Board of Trustees. You have put me in touch with many elected government officers and we have to stay close to them - closer than ever. You have done this in your hometowns and in their hometowns and we have made new friends as well as stronger friends of those who were already on our side.

As your president, my job is to be as close to our elected officials in the General Assembly as any president can possibly be. I have been spending a lot of time at the State House. I want to be very visible.

In terms of the Stimulus Bill, let me say first that as a university president, my job was not to lobby for or against it, but to be prepared if it came to be. Many of you offered me advice about that and our Vice Chair, Sam Foster, traveled to Washington, D.C. to help us be prepared. Thank you, Sam, for doing that.

Last evening we received word - this was a 'hold the press' type of message - that came to me that the House Ways and Means in a vote of that full committee recommended replacing over \$45 million to our system budget. That would be \$26.68 million to the Columbia budget including the School of Medicine and similar proportional adjustments to our other campuses. That's about 3/4 of the money that we have lost this year.

This stimulus money was divided between K-12 and higher education. Mr. Kelly and Ms. Mills accompanied me to meet with the Speaker of the House two days earlier to ask him to remember that we had been cut twice as much as K-12 - approximately 20 percent in the new fiscal year relative to K-12 which had been cut about 10 percent.

This is very welcome news but it is money for two years only. We will use that money strategically. We are in the process of studying all of the ramifications of the recommendation including other aspects of the state budget that will affect the University including the possible diminution of a state technology fund that is used to fund all of our campuses throughout the University as well as the Endowed Chair Program.

I believe this stimulus money is a result of effective and impassioned advocacy by the Board, by the Administration, by our students - Andrew, thank you for that - by our faculty, and, of course, by our alumni.

As I said before, we will be very strategic about the use of this money. It will not be used to simply go back into the general funds of the University. I will ask each chancellor and each dean to meet with the budgetary team before any adjustments about how the monies are to be used are finalized. I will have more words about this at our Board Retreat in approximately two weeks.

Additionally, there is more good news in the Stimulus Package. Federal agencies that fund our professors will be receiving an unprecedented, significant one-time boost to their budgets. In preparation, we're developing proposal writing teams and we'll be fervently writing and submitting proposals to the NIH, NSF, DOD and other agencies.

We also must continue to prepare for Carolina's Capital Campaign. We have \$30 million in pending solicitations. We're revving our motors at the starting line, putting our strategy together, recruiting a Vice President for Advancement and benchmarking with other university capital campaigns - all of this, of course, as we remain cognizant of the economy. We cannot wait

forever and I'd rather be a little early than a little late with the campaign.

Our capital and programmatic needs have never been more deserving of support, our endowment needs a boost, and we simply cannot go into a bunker when it relates to raising philanthropic funds.

Let me summarize by saying that late last night we were thrown a life line after having been capsized in a vessel called 'South Carolina.' I am very grateful to the leadership of the General Assembly and I have started to call them to express the gratitude of our 41,000 students, 250,000 alumni and, of course, our Board of Trustees. We will be asking you to make those calls as well.

I have been saying all along that the University of South Carolina is our state's spirit; it is our state's future. A college education is the most direct path for a better future in our state and if there are more people with a college education in our state, then the state's future will be stronger. I think everyone here knows we educate more South Carolinians than any other college or university in South Carolina.

That is why I responded to the Governor's recommendation that we close three of our campuses with another question (or two or three). I asked, respectfully, of the Governor, if South Carolina has too much education?; is education too accessible in South Carolina?; and, finally, is it too affordable? We heard earlier today that USC Lancaster's applications are up by 82 percent - that is only one example.

If the answers to these questions are 'no' and, of course, they are, then the approach that reduces access or increases costs to families is the wrong place to start.

What our University is doing through Focus Carolina is looking at how to increase access, how to accommodate more South Carolinians in the University of South Carolina and how to keep it affordable. Throughout our comprehensive eight-campus system, we'll leave no stone unturned. I told the Governor that we will look at economies of scale, we are looking at service units, and at organizational effectiveness, and we're absolutely not seeking to preserve the status quo. We will do better with what we have.

Let me end with some inspiration that I have been receiving from our student athletes...recall the January 21st home men's basketball game against Florida, with 3.3 seconds remaining...Holmes to Fredrick.

We were down by one, Florida had the ball to shoot two free throws, one and one, as our team steps to the lane. Mike Holmes whispers to Zam Frederick, 'Go long.' If the first bucket goes in, the game is virtually over, but the Florida player misses, Mike Holmes grabs the rebound and fires a touchdown to Frederick, streaking to the basket who lays it up and in and the backboard light indicates that time has expired.

That's the kind of spirit we have all around Carolina. Time was short for the team; resources are short for the University but we're whispering to each other words like, 'Go long...be steady...be strong.'

Just as it happens in Gamecock basketball games when we're out of time, we're short of money now, but we are focused and strategic and our morale is high, so never count us out.

Thank you, Mr. Chairman.

Chairman Loadholt thanked President Pastides for his report.

Dr. Floyd reported that Dr. DiPette, Dean of the Medical School, had recently visited Florence and talked with a potential donor for the Pee Dee Health Education Consortium. He also met with the Chief Executive Officers of the Carolinas Hospital System of Florence. Dr. Floyd noted that the development of the consortium was progressing well; currently bylaws were being crafted.

Mr. Lister announced that Chairman Emeritus Adams had received the Founders Day Award during the previous evening in Spartanburg. Board members extended him a round of applause.

Mr. Allen thanked President Pastides for his leadership during these tumultuous times; Chairman Loadholt echoed this sentiment on behalf of the entire board.

Since there were no other matters to come before the Board of Trustees, Chairman Loadholt declared the meeting adjourned at 12:45 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary