

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 trustees@sc.edu. Electronic or other copies of original minutes are not official Board of Trustees' documents.

University of South Carolina

BOARD OF TRUSTEES

February 11, 2010

The University of South Carolina Board of Trustees met on Thursday, February 11, 2010, at 1:40 p.m. in the 1600 Hampton Street Board Room.

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

The faculty representative, Dr. Patrick D. Nolan, and the student representative, Ms. Meredith Ross, were also present.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Academic Affairs and Provost Michael D. Amiridis; Vice President for Finance and Planning William T. Moore; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Interim Vice President for Communications and Public Affairs and Dean of the College of Mass Communications and Information Studies Charles Bierbauer; Special Assistant to the President J. Cantey Heath; Vice Provost and Executive Dean for System Affairs and Extended University Chris P. Plyler; Dean of USC Sumter C. Leslie Carpenter; Associate Dean of USC Union Stephen Lowe; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Associate Vice President for Facilities and Campus Management, Division of Finance and Planning, Tom Quasney; Director of the Alumni Association Marsha D. Cole; Director of the Department of Internal Audit Alton McCoy; Special Assistant to the President and Athletics Director John D. Gregory; Deputy Athletics Director Marcy Girton; Director of Capital Budgets and Financing Charlie Fitzsimons; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; Deputy Athletics Director Marcy Girton; Director of Periodicals, University Publications, Chris Horn; Bond Counsel Alan Lipsitz of Nexsen Pruet LLC; Bond Counsel Wayne Corley of McNair Law Firm PA; Director of Media Relations, Division of University Advancement, Margaret Lamb; University Graduate Student Association President Alan Tauber; United Methodist Campus Minister, The Reverend Dr. Tom H.B. Wall; University Technology Services Production Manager, Matt Warthen; Board staff members Terri Saxon, Vera Stone, and Karen Tweedy; and members of the media.

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 invited Board members and members of the University family to introduce themselves.

Mrs. Lamb introduced members of the media who were in attendance.

Mr. Adams requested a moment of silence in memory of William B. "Billy" Gillam, Sr. of Barnwell, a member of the Western Carolina Higher Education Commission, whom he characterized as a strong supporter of the University of South Carolina and particularly USC Salkehatchie.

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

Chairman Loadholt explained that because the gallery of the Board Room was often very crowded, a video transmission of the Board Room will be active in the hallway outside during Open Sessions. This transmission will allow people to estimate the progress of the agenda and be able to come into the room for the items in which they were participants. He emphasized that no sound was broadcast and no video was transmitted during Executive Sessions.

Chairman Loadholt stated that there were contractual matters relative to Gift Naming Opportunities as well as receipt of legal advice with respect to contractual negotiations which were appropriate for discussion in Executive Session.

Chairman Loadholt called for a motion to enter Executive Session. Mr. von Lehe so moved and Mr. Mungo seconded the motion. The vote was taken and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Moore, Dr. Amiridis, Mr. Parham, Mr. McCoy and Mr. McNesh.

Return to Open Session

I. APPROVAL OF MINUTES:

The following six sets of minutes were circulated by mail to the Board for review and were presented for approval:

- A. Buildings and Grounds Committee, December 10, 2009
- B. Ad Hoc Committee on Strategic Planning, December 10, 2009
- C. Executive Committee, December 14, 2009
- D. Board of Trustees, December 14, 2009
- E. Academic Affairs and Faculty Liaison Committee, January 12, 2010
- F. Board of Trustees, January 12, 2010

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

II. COMMITTEE REPORTS:

- A. Intercollegiate Athletics Report:
(The Honorable William C. Hubbard reported)

The Intercollegiate Athletics Committee met earlier today. Mr. Hyman gave an update on the midyear Athletics Department goals which were on target. He was very pleased with the success of the academic progress of student athletes; the University was leading the SEC (Southeastern Conference) on the number of honor roll athletes within the program.

Mr. Hyman also reported that the Athletics Department construction projects were on schedule and under budget.

- B. Buildings and Grounds Committee:
(The Honorable Mark W. Buyck, Jr. reported)

1. Project Approvals (Phase I):

- a. Booker T. Washington Renovations: This historically significant building, constructed in 1956, required upgrades to support usage of the auditorium and to comply with current ADA requirements. A very generous gift from Reverend Solomon Jackson, recent winner of the South Carolina Education Lottery, will make possible important upgrades and renovations.

Work will include renovations to the auditorium to convert it to a smart classroom including seating replacement, refinishing of the stage floor, upgrade of the lighting system, and installation of audio-video systems with microphones and speakers. A current classroom will be renovated to establish an Exhibit/Learning Center.

Major building upgrades will include installation of air conditioning, a new elevator and stairs, and modifications to the entrance, toilets, and fire alarms required to meet code requirements.

These significant improvements will enhance the student learning environment for new programs as well as support growth of the current TRIO and the Arts and Sciences Department programs housed in the facility.

The preliminary estimate of project cost was \$2.2 million. The project was to be funded with a combination of a \$1,715,850 gift from Reverend Jackson, and approximately

\$500,000 from Institutional Funds. Approval was requested to fund only the initial design and development of a cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish this project for Phase I Design with a budget of \$33,000 to be funded with private funds. Mrs. Stone seconded the motion. The vote was taken and the motion carried.

b. Earth and Water Sciences / Coker Life Sciences Fire Alarm

Replacement: When Federal Stimulus Funds were approved for the Abatement of Jones PSC North project, it allowed the redirection of \$3.3 million in Institutional Capital Project Funds to the next highest priority - fire protection systems in several buildings on the Columbia Campus.

Earth and Water Sciences and Coker Life Sciences shared an outdated Simplex model 4208 fire alarm system that was no longer supported by the manufacturer. This project will replace that system.

The revised preliminary estimate for the combined project was \$800,000. Approval was requested to fund only the initial design and development of a cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish this project for Phase I Design with a budget of \$12,000 to be funded with Institutional Capital Project Funds. Ms. Moody 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.

c. Colonial Life Arena Basketball Locker Room Renovations:

This project was to renovate the men's and women's basketball locker room areas in the Colonial Life Arena. The existing locker areas will be completely reconfigured in the Arena to create a reception lobby, enhance and combine film and lounge areas, and relocate and enhance locker rooms for both men's and women's teams. The special event locker room will also be relocated.

The preliminary estimate of project cost was \$1 million. The project was to be funded with Private Funds. Approval was requested to fund only the initial design and development of a cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish this project for Phase I Design with a budget of \$15,000 to be funded with private 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.

d. School of Medicine VA Campus Central Plant Chiller

Replacement: This project was to replace two existing chillers located in Building 1 on the School of Medicine (SOM) VA Campus. These chillers supply chilled water to Buildings 1, 2, 4, and 104; and were critical to the daily operation of research labs and offices. A recent evaluation of the chillers determined

that they were undersized, inefficient, and had exceeded their life cycle. The existing 250-ton chillers, placed on-line in 1982, will be replaced with 350-ton chillers which will increase the reliability of the system.

The preliminary estimate of project cost was \$1.6 million. The project was to be funded with a combination of Federal Stimulus Funds, SOM Institutional Capital Project Funds, and SOM operating funds. Approval was requested to fund only the initial design and development of a cost estimate for the project.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish this project for Phase I Design with a budget of \$24,000 to be funded with SOM operation funds. Dr. Floyd 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. Project Approvals (Phase II):

a. Upfit Horizon I First Floor IDEA Labs: This project was approved for Phase I Design in October 2009. The scope was to upfit the first floor of the Horizon I Building to provide space for the Innovista Wet-Lab Incubation Facility, including 20 labs in a total space of between 14,000 and 16,000 square feet. The anticipated budget for the project was \$2.1 million to be funded with Economic Development Administration (EDA) grant funding and Institutional Funds.

During Phase 1 design, the scope of the project was revised. The upfit for the Innovista Wet-Lab Incubation Facility was scaled back to include 4,500 square feet of lab space, 1,700 square feet of office space and 1,200 square feet of conference space. The revision modified the second half of the first floor to accommodate Dr. Jochen Lauterbach, CoEE (Centers of Economic Excellence) Program Endowed Chair for Strategic Environmental Approaches to Electricity Production from Coal, and his research group. This included 4,300 square feet of lab space and 1,800 square feet of office space which added \$2 million to the upfit for a total budget of \$4.1 million to be funded with EDA grant funding and Institutional Funds.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to fund Phase II Construction for a total project budget of \$4.1 million to be funded with Economic Development Administration grant funding and Institutional 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.

b. USC Lancaster Hubbard Hall Interior Repairs/Renovations:

This project was approved for Phase I Design in February 2008 to include wall and floor repairs, as well as painting and flooring replacement throughout the building.

During Phase I planning, the scope was more clearly defined with the goal of improving spaces, enhancing services, and awakening the area for both faculty and students. Space improvements will include removal of the stair at the main entrance, redesigning of

the reception desk, updating of atrium furniture, and creating computer work stations. In addition to the space improvements, the area will be enhanced aesthetically with the installation of updated energy efficient lighting, carpeting, integrated floor mats, new tegular ceilings, vinyl wood floor accents, and accent paint colors.

Excluding the HVAC system which had been replaced in 2008, this building had not been renovated since its original construction in 1965.

State Supplemental Funds had been allocated for USC Lancaster repairs and renovation and will be used to fund the project.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to fund Phase II Construction for a total project budget of \$400,000 to be funded with State Supplemental Funds. Mr. Gregory 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.

3. Other Approvals:

a. Housing Master Plan: The Administration was requesting not to bring this matter forward at this time because of budget prioritization.

b. Patterson Hall Renovation: Revision in Scope - Change Source of Funds: The project for the Patterson Hall Renovation was approved in April 2009, with a budget of \$38.1 million funded with Housing Operating Funds.

Under the original concept, the dining operation at Patterson was to cease, but most of the dry and refrigerated storage would remain for catering services. During the Phase I design, the project team decided to locate the Associate Vice President for Student Affairs and his staff adjacent to the housing offices planned for Patterson Hall. To accommodate this move, a new location for the catering service was required. Combining this function with current catering performed at Capstone House was recommended. Since the move of the catering operation was primarily driven by the renovation of Patterson, the project will absorb the cost of the relocation and associated modifications.

While the project was originally approved with funding from Housing Operating Funds, it was now planned to fund the project with Housing Revenue Bonds.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to revise the scope of the project to include renovation work at Capstone House to accommodate the relocation of Carolina Catering from Patterson Hall with no project increase required. Mr. Mungo seconded the motion. The vote was taken and the motion carried.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to change the funding source for the project from Housing Operating Funds to Housing Revenue Bonds. 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.

c. School of Medicine VA Campus Building 101 Chiller and Air Handler Replacement: This project was previously approved

in October 2008, with a budget of \$350,000 funded with SOM operating funds. The project was deferred due to funding restraints resulting from budget cuts.

This project was to upgrade the mechanical system in Building 101 including replacement of two chillers, pumps, air handler units, and associated controls. Since the project was previously approved, additional work has been added to the scope of the project requiring an increase to the budget. An air handler on the third floor will be replaced and the mechanical controls connected to an automated operating and monitoring system. This new air handler will serve floors one - three. The funding source for the project was also being revised.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to increase the project budget to \$495,000 to be funded with a combination of SOM Institutional Capital Project Funds and SOM Operating Funds. 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.

4. Gift Naming Opportunities: The following naming were presented in Executive Session without objection:

- Department of Athletics:
 - a. "The Patti and Jimmy Addison Tutor Room"
 - b. "The Robert Baxley Family Tutor Room"
 - c. "The Foreman Student Lounge"
 - d. "The King Seminar Room"
 - e. "The Lott Computer Lab Office"
 - f. "The Nord Tutor Room"
 - g. "The Springs Seminar Room"
 - h. "The Swails Tutor Room"
 - i. "The Hubie Wood Family Seminar Room"

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to approve the gift namings as recommended by the Gift Naming Opportunities Committee. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

5. Matters for Information: Detailed information on the 2010 CPIP and the 30-Year Capital Budget; and an update on Campus Master Planning was given at the meeting. In addition, the Committee was informed of key future agenda considerations for Phase II projects.

Dr. Odom also briefed the Committee on Development Foundation activities.

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

The Executive Committee met earlier today and approved an employment agreement for Shawn Elliott as Running Game Coordinator/Offensive Line Coach of the University's football program and a contract extension for Assistant Football Coach Ellis Johnson.

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

1. Revenue Bond - Patterson Hall: The University was seeking approval to issue Higher Education Revenue Bonds in the amount of \$43 million to renovate Patterson Hall, a residence hall located on the Columbia campus.

Mr. Jones moved approval to issue Higher Education Revenue Bonds to renovate Patterson Hall as presented. Mr. Buyck seconded the motion. The vote was taken and the motion carried. [Exhibit A]

2. Athletic Facility Revenue Bonds: The University was seeking approval of a proposed resolution to issue Athletic Facility Revenue Bonds in the amount of \$71 million for the construction and renovation of various athletic facilities including a parking facility, coaches support building, garage and maintenance facility, facilities infrastructure, and spring sports venues.

Mr. Adams moved approval of a resolution to issue Athletic Facility Revenue Bonds as presented. Mr. Burroughs seconded the motion. The vote was taken and the motion carried. Dr. Floyd cast a "no" vote. [Exhibit B]

3. Authority to Sign Contracts Policy Amendments: The University was seeking approval to update the Board policy regarding the authority to sign contracts as stated in the University's "Policies and Procedures" Manual, in particular two administrative title changes and the authority to sign contracts and agreements regarding intercollegiate athletics contests at the four-year campuses.

Mr. Mungo moved approval of the Authority to Sign Contracts Policy Amendments as presented. Mr. Lister seconded the motion. Mr. Adams noted for the record that earlier today during the Executive Committee meeting, Chairman Loadholt had appointed an ad hoc committee to review this policy in order to refine the contract approval process. The vote was taken and the motion carried.

4. Off Cycle Fees - Moore School of Business: The Moore School of Business was requesting approval of off-cycle fees for two graduate programs: a 2 percent increase in the rates associated with MBA programs, and a fee of \$45,000 for the new Executive Master of Human Resources (EMHR) program.

Mr. von Lehe moved approval of the off cycle fees request from the Moore School of Business. Mr. Jones seconded the motion. The vote was taken and the motion carried.

III. REPORT OF THE ALUMNI ASSOCIATION:

Chairman Loadholt called on Mrs. Stone who announced that the Council of Alumni Societies held its second meeting of the year; alumni groups from all of the colleges and schools were represented as well as the deans. Provost Amiridis was the keynote speaker.

Mrs. Stone addressed the importance of growing the Alumni Association membership. This year the Association had instituted the 4-year student membership or "Freshman Deal."

Membership enabled students to purchase class rings at a discount of \$30. Many of those were now being claimed hopefully signaling another record year for ring sales. Nationally, Carolina ranked 8th for the number of class rings sold by that particular vendor.

The Alumni Board of Governors meeting was scheduled for March 5th and 6th. Mrs. Stone explained that the two-day meeting was held to conduct business, hear committee reports and brainstorm about ways to better serve Carolina alumni. They were also looking forward to a Friday evening dining event in the new Honors College Residence Hall. The Alumni Association annual meeting will be held on Saturday morning. At that time new members will be elected to the Board.

Mrs. Stone reminded everyone that the annual Carolina Day at the Statehouse was scheduled for March 24th. "It is our opportunity to join forces and make our voices heard in the legislature." Participants will assemble at the Capitol City Club, divide into groups according to legislative delegations and proceed to the Statehouse. Materials will be provided and personalized according to individual districts. She encouraged anyone with questions to contact her or the Alumni Association office.

IV. REPORT OF THE PRESIDENT:

Chairman Loadholt called on President Pastides who made the following comments:

We are in a time of great stress; every decision we make is impactful and communication is vital. There are so many wonderful signs of progress and many opportunities that I would rather discuss with you, but the University's finances must remain front and center. In the big picture, the state's annual budget as of now is about \$4.5 billion and the budget gap for FY11 is estimated at about \$575 million. The BEA (Board of Economic Advisors) will report today that there are no signs of a reversal and indications are that Carolina may see another reduction of between 15 and 20 percent entering FY11.

Our best estimates for the magnitude of budget cuts for our system are in the \$30 million range in FY11, and there is the distant thunder of a repeat of that in the following year but it is too early to project that. Too early to project, but not too early to prepare.

We can't wait for the state budget to work its way through the legislative cycle. My team and I have been engaged in strategic financial planning and today I want to outline my position. The cumulative cuts since FY08 so far exceed \$70 million system-wide. These new cuts will require careful and deliberate planning, good communication with all constituents and strong management action throughout the system. It is important that I acknowledge with much pride the difficult and excellent work done by Chancellors, Deans and others with budget responsibility in managing thus far.

I start by describing cost saving and cost cutting measures; then I will describe the revenue side of our financial equation.

I will insist that all my direct reports, and those who report to them, demonstrate that they have assessment tools in place to determine that they are accomplishing their unit missions, hence supporting the University mission, in the most efficient and effective ways achievable. Requests for additional funding will not be entertained in this budget cycle except for necessary obligations with increasing costs, e.g., utilities and public safety.

In the event one or both of the two active vice president searches has not succeeded by the time House Ways and Means reports next week, I will cancel searches remaining open at that time and appoint interim officers.

The provost is reviewing all programs associated with the academic mission in Columbia and will recommend changes in scale and even shutting down certain programs that fail to measure up. The same is true of the academic leaders at all of our campuses. When the economic flood waters

recede the University must still have its peak programs strong and visible locally and globally. We cannot "mediocritize" the University.

As many of you saw in the Buildings and Grounds meeting today, we are scrutinizing capital projects as never before. We will come to you with a capital budget that is realistic, does not threaten our valuable credit rating, and has a financing plan that does not crowd out operating needs. The debt issuance decisions approved earlier today have been planned for years. The projects that the Buildings and Grounds Committee approved are in some cases supported by philanthropy - Booker T. Washington and Colonial Life Arena renovations. Fire alarm replacements are important life safety measures. Patterson Hall's thorough renovation and modernization project is very important and long overdue to support our on-campus students. But even as many of these projects were being developed, dark clouds appeared on the horizon and this is why we withdrew recommending certain projects.

I am prepared to declare a freeze on full-time and part-time staff hiring. Human Resources is developing a method for requesting and reviewing exceptions. I will also insist on more stringent justifications for requesting post-retirement, including post-TERI, appointments.

I am making plans to announce a freeze at the unit level for travel that is not mission-essential. This does not mean an outright prohibition on travel. To do so would impede grant seeking opportunities, philanthropy efforts and other essential activities.

A group will be asked to develop new policies on institutional expenditures including support of cell phones.

We are reviewing important contractual arrangements with vendors to determine if arrangements made a few years ago are still in our best interests. Perhaps we can negotiate better in today's environment. Perhaps we can outsource even more of what we do.

We are also in the process of securing an external expert on cost efficiency to help determine if the way we do business as a university system is efficient and I will ask for Board involvement in this activity. Some of you know that the University of North Carolina and the University of California have worked with outside consultants. These were expensive consultations but it is the net result that should really count. How much was really saved and how was quality impacted. These are the questions that really matter.

On the revenue side, we can enhance income by admitting more students, by raising tuition or, of course, by some combination. At the extremes, neither strategy is viable. If, for example, we increase enrollments, steeply and quickly, we could strain the system and impact quality in a way that could affect the reputation that we have spent years cultivating and that resulted, for USC Columbia, in a 28 rank jump last year to the 32nd best education value in the nation for in-state students and the best value of all South Carolina public universities.

Or it could affect the top five rankings of USC Aiken and USC Upstate among public universities in the South. That is simply not acceptable. However, a systematic plan to increase the size of our freshman class, with the right balance of in-state and out-of-state, diversity and full vs. partial tuition paying students will be one of our financial management tools.

By the way, I have been told by government leaders to expect a debate about capping out-of-state enrollment in this session of the General Assembly, as well as to expect a resolution that would cap tuition increases for in-state students.

By now you know how sensitive I am to the economic realities facing families, and how committed our administration is to preserving access and affordability. Still, I will object to regulatory approaches that reduce our flexibility to manage our own affairs during a financial crisis.

So the question that we must answer is: what combination of revenue enhancements (tuition and student population) and cost reductions can leave us with the best University subject to the new constraints we are facing? The Board will be fully engaged in this analysis and I will have a detailed plan for you by our next Board meeting. We will have many opportunities to discuss this thoroughly in the future. These decisions will shape the University for years to come.

Other concerns I have, and I know you share, include the escalating salaries of coaches in the SEC and around the nation. There is a 'competition at any cost' mentality and we have been sucked in. This is not

sustainable and I will work with the many other university presidents who feel the same way to apply the brakes on the dangerous phenomenon.

You also know me well enough by now to know that I'm confident in our University's ability to prevail and to advance. As evidence, you should be as pleased as I am to know that research funding and private fund-raising continue to do well. I continue to be convinced of our prospects for a large and successful capital campaign.

And, of course, Don Herriott's appointment as director of Innovista Partnerships has rekindled our community's enthusiasm for the bold project and I'm confident of good strategic planning and announcements to come.

The bottom line is that we'll continue to provide a quality education to more and more South Carolinians and to our other students and we'll continue to be that University of which you may all be proud.

That is my report, Mr. Chairman.

Mr. Jones inquired about the manner in which programmatic analyses were conducted. President Pastides responded that the underlying determining factors were quality and the ultimate impact on the core mission of the University. Centrality, he noted, will always be a key ingredient.

Mr. Mungo expressed concern regarding the USC baseball logo lawsuit. Mr. Parham explained that there was no active litigation at this time since the Federal Circuit had ruled on the case. In the near future he will report to the Board the status of that registration dispute and the various options available to pursue. President Pastides assured him that any further activity regarding this case would be presented to the Board for approval.

Mr. Buyck commented that he had recently read in a report of the Faculty Senate that the University was considering the possibility of allowing international students the use of automobiles; he was concerned about potential liability issues. Neither Dr. Pastides nor Dr. Pruitt was aware of discussions regarding this matter.

In addition, Mr. Buyck asked if the pending Board retreat date had been finalized. Secretary Stepp advised that it will be held beginning Sunday afternoon, March 28th, and continuing on Monday, March 29th for the day. They will meet on the USC Beaufort New River Campus. Overnight accommodations will also be completed in the near future. Secretary Stepp explained that Chancellor Upshaw was most pleased that they were coming to the Beaufort campus.

President Pastides emphasized that the retreat was very important. "That's where we will chart this course out and we need the time to do that."

Since there were no other matters to come before the Board, Chairman Loadholt declared the meeting adjourned at 3:20 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary