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University of South Carolina

BOARD OF TRUSTEES

October 24, 2008

The Board of Trustees of the University of South Carolina met on Friday, October 24, 2008, at 1:25 p.m. in the 1600 Hampton Street Board Room.

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

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; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; Interim Vice President for Advancement Michelle Dodenhoff; General Counsel Walter (Terry) H. Parham; Vice President for Strategic Planning William T. Moore; Vice President for Human Resources Jane M. Jameson; Interim Vice President for Research Rose Booze; University Treasurer Susan D. Hanna; Vice Provost and Executive Dean for System Affairs and Extended University Chris P. Plyler; Chancellor of USC Beaufort Jane T. Upshaw; Dean of USC Sumter C. Leslie Carpenter; Dean of USC Union Hugh C. Rowland; Dean of the School of Medicine and Associate Vice President for Medical Affairs Donald J. DiPette; Dean of the College of Nursing Peggy O. Hewlett; Dean of the School of Law Walter F. Pratt, Jr.; USC Campus Dean of the South Carolina College of Pharmacy Randall C. Rowen; Dean of the College of Social Work Dennis Poole; Special Assistant to the President and Athletics Director John D. Gregory; Director of Athletics Eric C. Hyman; Director of Innovista and Associate Vice President for Economic Development John Parks; Director of the Budget Office Leslie Brunelli; Vice Chancellor for Business Affairs, USC Upstate, Robert Connelly; Vice Chancellor for Student Development, USC Beaufort, Doug Oblander; Vice Chancellor for Finance and Operations, USC Beaufort, Earle Holley; Associate Vice Provost for Academic Resources, Edward L. Walton; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Interim Director of University

Communications, Division of University Advancement, Margaret Lamb; guest of Trustee James Bradley, Art K. Collier; Chairman and CEO of Chernoff Newman Advertising W. Lee Bussell; Director of Accounting Services, Controller's Office, Mary T. Peak; Lynn Derrick of SunGard Higher Education; University Technology Services Production Manager, Justin Johnson; 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 asked Board members and members of the University family to introduce themselves. Ms. Lamb indicated that no members of the media were in attendance.

At Chairman Loadholt's request, The Reverend Tim Stewart, Baptist Collegiate Ministry, delivered the Invocation.

Chairman Loadholt stated that there were personnel matters relative to recommendations for honorary faculty titles, an honorary degree nomination, as well as contractual matters relative to gift naming opportunities and other specific contractual matters which were appropriate for discussion in Executive Session.

Mr. Adams moved to enter Executive Session. Mr. Allen seconded the motion. The vote was taken and the motion carried.

The following persons were invited to remain: President Pastides, Secretary Stepp, Dr. Becker, Mr. Kelly, Dr. Pruitt, Mrs. Jameson, Dr. Hogue, Dr. Plyler, Dr. Booze, Ms. Dodenhoff, Dr. Moore, Mr. Parham, Mr. Walton, Mr. Gregory, Ms. Brunelli, Ms. Lamb, Mrs. Saxon, Ms. Stone and Ms. Tweedy.

Return to Open Session

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

- A. Ad Hoc Committee on Advancement, August 8, 2008
- B. Intercollegiate Athletics Committee, August 8, 2008
- C. Board of Trustees, August 8, 2008
- D. Executive Committee, August 8, 2008
- E. Academic Affairs and Faculty Liaison Committee, August 8, 2008
- F. Buildings and Grounds Committee, August 8, 2008
- G. Fiscal Policy Committee, August 8, 2008
- H. Health Affairs Committee, August 8, 2008
- I. Intercollegiate Athletics Committee, August 8, 2008
- J. Student-Trustee Liaison Committee, August 8, 2008
- K. Intercollegiate Athletics Committee, September 12, 2008
- L. Buildings and Grounds Committee, September 12, 2008
- M. Health Affairs Committee, September 12, 2008
- N. Academic Affairs and Faculty Liaison Committee, September 12, 2008
- O. Executive Committee, September 12, 2008

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

II. COMMITTEE REPORTS:

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

The Academic Affairs and Faculty Liaison Committee met on Friday, September 12th. The following items were approved for recommendation to the Board:

1. Honorary Faculty Titles: Three 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 Distinguished Professor Emerita concurrent with her retirement:

Dr. Constance Schulz

For the title Professor Emeritus concurrent with their retirement:

Professor Thomas Odom

Dr. Charles Wilbanks

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

In addition, Dr. Pruitt updated the Committee regarding the University's honor

code. He explained that it was intended to prohibit all forms of academic dishonesty and, more importantly, to create a predominant culture where it was not acceptable to cheat. Carolina's honor code system was based on severity, frequency and attitude of the individual and utilized multiple sanctions for various violations. Initiatives for 2008-2009 included the incorporation of the statement in faculty syllabi; discussion in every class; an online tutorial; and most importantly, ensuring that the students assumed ownership so that they promoted it and lived it every day in and out of the classroom.

Provost Becker reported on the academic program review process. He explained that the three levels were: review of all programs in Arts and Sciences on a rotating cycle; review of all professional programs by external bodies; and review by the CHE of minimum enrollment and graduation numbers. Eventually, there will be a systematic internal program review of the whole institution which would reflect the differing nature of education in the various units.

And, finally, Mr. Hubbard and Mr. von Lehe were appointed to serve with Mr. Jones and Secretary Stepp on an honorary degree candidate review subcommittee. All honorary degree nominations will be processed through this subcommittee.

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

The Buildings and Grounds Committee met on September 12, 2008, and the following items required Board approval.

1. Items Requiring Board Approval:

a. Phase One - Project Approvals:

i. Computer Annex Backup Power System Installation:

The Annex housed the campus computer and telephone infrastructure. This project will upgrade electrical equipment and install a generator to provide reliable backup power to maintain computer services and telephone communications in the event of a power failure. Currently, there was no backup power for the computer system and inadequate backup power for the telephone systems.

The estimated budget for the project was \$1.1 million. 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. Lister moved to establish this project for Phase I Design with a budget of \$16,500 funded by UTS operating funds. Mr. Mungo 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. Davis College HVAC Replacement: Davis College currently housed the School of Library and Information Science. Replacement of the HVAC was recommended to correct the air quality issues.

The estimated budget for the project was \$2 million. 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. Lister moved to establish this project for Phase I Design with a budget of \$30,000 funded by Institutional Funds. Mr. Mungo 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. South Sumter Street Streetscaping: This project will continue the streetscaping/landscaping efforts to improve safety and beautification of the campus on South Sumter Street from Rocky Branch Creek to Whaley Street.

This phase of the plan was budgeted at \$1 million. Approval was requested to fund only the initial design and development of a cost estimate for the project.

Mr. Hubbard requested that the pedestrian path along Rocky Branch Creek be extended beyond its current ending point at Sumter Street to the Swearingen Engineering Building and beyond. Mr. Kelly stated that it would be included in the planning process.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project for Phase I Design with a budget of \$15,000 funded by Institutional Funds. Mr. Mungo 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. Woodrow Façade Improvements/Window Upgrades: This project will improve the south façade of the College and upgrade its existing windows. Approximately 168 windows will be replaced or restored with new energy efficient windows, and the existing open emergency stairs on the south side of the building will be enclosed, in compliance with the architectural style of the facility and the USC Design Guidelines.

The estimated budget for the project was \$2.1 million. Approval was requested to fund only the initial design and development of a cost estimate for the project, which was estimated to take approximately three to four months to complete.

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 to be funded with Housing Funds. Mr. Mungo 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. McClintock Renovation and Fire Protection: This project will modernize the facility and install life safety upgrades. An analysis of the potential to convert this community bath traditional hall, to suite style housing similar to Sims Hall, will be conducted as part of Phase I design.

The estimated budget for the project was \$5 million. 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. Lister moved to establish this project for Phase I Design with a budget of \$75,000 to be funded with Housing Funds. Mr. Mungo 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. Upstate Track and Field Complex Construction: This project was to construct a new track and field complex, in phases, as funding was identified. The first phase will be the basic track portion of the complex. Future phases will complete the track area and related features.

The USC Upstate track and field program currently used off campus facilities throughout the County. The program was growing at a fast rate, especially with entry into Division 1 of the NCAA. In addition to allowing for more participation by athletes and the entire campus community, locating the program on campus will be much more cost effective.

The preliminary project budget of the entire complex was estimated to be \$4 million. The preliminary projected budget for the first portion to be constructed was \$1 million. Approval was requested to fund the initial design and development of a cost estimate for the entire project.

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 Private Funds. Mr. Mungo 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. Hamilton College HVAC Installation: The College houses the psychology and anthropology programs and was on the long range plan for a major renovation. This project was an interim upgrade of the HVAC to provide a new air handling unit for the classroom wing of the College to improve the air quality in the building and reduce humidity.

Approval was requested to fund the entire project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded by the College of Arts and Sciences. Mr. Mungo 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. Legare/Pinckney - Fire Protection Upgrade: Legare/Pinckney houses upper class students in two and four bedroom apartments. This

project will install new life safety upgrades including emergency lighting, a new fire protection sprinkler system and fire alarms.

Approval was requested to fund the entire project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$480,000 funded with Housing Funds. Mr. Mungo 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. School of Medicine Animal Facility Upgrades: The animal research facility was currently located in the basement of Building 4 at the School of Medicine (SOM) VA Campus. This project will improve the facility to ensure accreditation by the Association for Assessment and Accreditation of Laboratory Animal Care is maintained, in addition to other regulatory agencies' compliance.

This project will provide a quality research lab and enhance the environmental conditions as well as health and safety for the animal care and animal use personnel. Approval was requested to fund the entire project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$495,000 funded with \$441,000 in NIH grant funding and \$54,000 from SOM Research Incentive Funds. Mr. Mungo 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. School of Medicine 101 HVAC Upgrades: Building 101 housed the library and general academic space for the SOM VA Campus. This project will upgrade the buildings original mechanical system, which need replacement due to high maintenance costs and difficulty in finding replacement parts. Approval was requested to fund the entire project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$350,000 funded with SOM operating funds. Mr. Mungo 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. School of Medicine Building 4 Chiller Installation:

The building housed Academic Support, Student Affairs, as well as the Departments of Biology, Anatomy, Pharmacology, and Physiology and Animal Research. This project will install a new 40-ton back-up chiller. Failure to properly cool the facility could potentially result in catastrophic failure of very important, long term research.

Approval was requested to fund the entire project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to establish this project with a budget of \$360,000 funded with \$314,000 in SOM ICPF (Institutional Capital Project Funds), and \$46,000 in SOM Research Incentive Funds. Mr. Mungo 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. USC Sumter Baseball Practice Field Construction:

Last year was the USC Sumter baseball program's inaugural year. This project was the first phase of construction of a baseball practice field. The USC Sumter Fire Ants belong to the National Junior College Athletic Association, Region 10. Last year, in the first year of competition, they placed fourth in the region.

USC Sumter wanted to construct a practice baseball field on their campus. In order to have the field ready for use in early 2009, a project with limited scope was currently in planning.

Approval was requested to fund the entire project.

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to proceed with this project with a budget of \$350,000 funded with USC Sumter Institutional Capital Project Funds. Mr. Mungo 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. Gift Naming Opportunities: The following were presented in Executive Session without objection:

i. USC Columbia - School of Law:

- a) "The Everette and Beverly Newman Classroom"
- b) "The McLeod Brothers American Bar Association Real Property, Probate and Trust Journal Office"
- c) "Carl L. Solomon Faculty Office"

ii. USC Upstate:

- a) "J M Smith Foundation Board Room"
- b) "The Albert V. Smith '77 and Helen B. Smith '95 Classroom"
- c) "The Lawrence E. Roel MD, PhD, FACS Curriculum Lab"
- d) "The Walter M. and Donna R. Cart Community Health Lab"
- e) "The Spartanburg County Medical Society Associate Dean's Suite"
- f) "The Milton A. Smith, Jr. '78 and Family Classroom"
- g) "The Michael E. Spears Family Classroom"
- h) "The First National Bank of the South Dean's Office"
- i) "The Spartanburg Surgical Academic Associates, Inc. Nursing Classroom"
- j) "The Palmetto Hematology Oncology, PC Nursing Classroom"
- k) "The Carolina Surgical Specialists Nursing Seminar Room"
- l) "The Mary Black Health System Classroom Center"
- m) "The Hodge Dean's Suite"
- n) "The Terry and Janis Cash Classroom"

- o) "The Curtis R. Harley Lecture Room"
- p) "The Spartanburg Ear, Nose & Throat - Head and Neck Surgery Seminar Room"
- q) "The Susan Kenney Dent Nursing Classroom"
- r) "The Inman-Riverdale Foundation Patient Simulator Lab"
- s) "The Cardiology Consultants Nursing Classroom"
- t) "The Featherston Family Classroom"
- u) "The John & Jane Bottsford Patient Simulator Lab"
- v) "The Cecilia J. Cogdell Nursing Seminar Room"
- w) "The Claus C. Foerster '85 & Family Curriculum Lab"
- x) "The Charles E. Atchison, Sr. Classroom"
- y) "The Spartanburg Pathology Consultants Seminar Room"
- z) "The White's Pine Street Exxon & Junie White Computer Lab"

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

2. Project Status Reports: Updates were provided on the following projects: Baseball Stadium; Band Dance Facility; Honors Dorm; Thomas Cooper Library Addition; Athletic Academic Enrichment Center; Columbia Campus Utility Infrastructure Repairs - Phase 2; Greek Village Options; Administrative Project Increase - Allendale Campus Deferred Maintenance Repairs/Renovations; and the Athletics Master Plan.

3. Development Foundation Report: Dr. Odom reported that 17 units in Adesso had sold.

Since the local hotel association agreement prohibiting advertisement of The Inn at USC would expire in December, plans to advertise The Inn were underway to begin the first of the year.

The Wheeler Hill project was moving slowly and its Planned Urban Development document had been revised and resubmitted to the City.

Dr. Odom also provided updates on: the Foundations efforts to purchase a house on Mulberry Lane, for use by Student Life; the potential sale or lease of the Consolidated Services warehouse; the One Wood Farm/USC Women's Tennis Courts land swap; Prichard's Island; and the Longleaf Environmental learning center on the Prince George Property.

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

The Executive Committee met on August 8th, September 12th, and earlier today.

During the August 8th meeting, the Committee approved the 2008-2010 Board of Trustee committee assignments.

The committee also approved: eight Indefinite Delivery Contracts; the USC Campus Master Plan authorizing Sasaki to proceed with six principal phases of work to produce an updated and documented USC Master Plan; a Lease Agreement between Spartanburg County and USC Upstate for facilities and land; and a contract with Campus TeleVideo - Lamont Digital Systems, Inc. for a one-year extension of cable television service.

During the September 12th meeting, the Committee approved the NACUBO financial report as presented by Mr. Kelly. The University's endowment and other assets will be reported as totaling \$425,150,583.

President Pastides gave an overview of the components of Focus Carolina. This initiative will be one of the most comprehensive strategic planning efforts in the history of the University. The new Vice President for Planning, Dr. William "Ted" Moore, will assist him in overseeing this project.

And, based on President Pastides' recommendation, an Ad Hoc Committee on Strategic Planning was created. Members of the committee were: Mr. Whittle as Chairman; Mr. Loadholt; Dr. Floyd; Mr. Foster; Mr. Hubbard; Ms. Moore; and Mr. von Lehe.

Earlier today, the committee approved the following contracts: a contract with the Medical & Dental Educational Institute - Seoul, South Korea for a renewal of the Health Services Policy and Management Doctor of Philosophy program; a lease renewal agreement of 1601 St. Julian Place for the Speech and Hearing Center; a license agreement with Springer Science and Business Media LLC for internet access to various electronic journals; amendment of the employment agreements of USC Head Baseball Coach and an Assistant Football Coach; a lease agreement with Xerox Corporation for printing equipment; a conference facility rental agreement with Atlanta Marriott Northwest for the Institute for HIV Prevention Leadership program; and a Memorandum of Understanding with Lexington County School District One to offer eligible employees a program of courses leading to the M. Ed. in Educational Administration.

The following two items required Board action:

1. Appointment of Vice President for Planning: Pursuant to Article III, Section 1 of the USC Board of Trustees Bylaws, the Committee approved the appointment of Dr. William T. Moore as Vice President for Planning. The Committee was recommending the appointment for Board action.

Mr. Allen moved approval of the appointment of Dr. William T. Moore as Vice President for Planning. Mr. Bradley seconded the motion. The vote was taken and the motion carried.

2. Food Service Plan for USC Beaufort: USC Beaufort was requesting Board support for a proposal to develop dining services to be housed with the campus bookstore and a fitness center in a new student center to be constructed on the Bluffton campus.

In order to begin construction, financing must be obtained; therefore, USC Beaufort was requesting the implementation of a dining fee as described in the materials distributed for the meeting.

Mr. Allen moved approval of the Food Service Plan for USC Beaufort as presented. Mr. Foster seconded the motion. The vote was taken and the motion carried.

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

The Fiscal Policy Committee met earlier today.

Mr. McCoy stated that the following audits have been resolved since the last meeting: Housing; Environmental Health & Safety; Moore School of Business; Purchasing; and McKissick Museum.

Comprehensive audits of the following areas were presented:

1. University of South Carolina Bookstore: It was concluded that Barnes and Noble was meeting the contractual obligations as required and commission was being paid according to the contract. One minor finding was brought to the attention of Business Affairs and was resolved.
2. South Carolina College of Pharmacy - Columbia Campus: A review of VISA Purchasing Cards noted several split purchases. University policy and state law set a per-transaction limit of \$2,500 on the Purchasing Cards without receiving written quotations from vendors.

In the future, the College of Pharmacy will review Purchasing Card policies and procedures will all cardholders; cardholders who repeatedly split purchases will have their card taken away.

3. Transportation Services: Three findings were noted in this audit: Fuel Reconciliations; State Fuel Credit Card Activity; and Visa Procurement Cards.

The first audit finding cited discrepancies between daily fuel inventory reports and dispensed fuel reports for diesel fuel; Vehicle Management agreed with the recommendations and will implement appropriate changes immediately.

The second audit finding noted that the majority of departments did not submit receipts with trip logs; therefore, errors on the monthly billing were not being reconciled. Vehicle Management will contact departments when receipts are not accounted for and request written documentation.

The third audit finding cited non-compliance with policies and procedures governing the VISA procurement card; Vehicle Management had dedicated an employee to ensure that all recommendations were implemented immediately.

- E. Health Affairs Committee:
(The Honorable John C. von Lehe, Jr. reported)

The Health Affairs committee met in Executive Session on Friday, September 12th to discuss a contractual matter related to the Division of Health Sciences.

- F. Intercollegiate Athletics Committee:
(The Honorable William C. Hubbard reported)

The Intercollegiate Athletics Committee met on September 12th.

Mr. Hyman gave a status report of FY 07-08 and FY 08-09 goals for the Athletics Department.

In addition, Mr. Hyman presented an overview of the SEC Broadcast agreements. He enthusiastically stated that this was a defining moment for the southeastern conference as well as a spectacular commitment for ESPN. Over the next 15 years, approximately 5,500 SEC events would be televised by ESPN.

Mr. Buyck recommended that admissions be listed as a goal and that continuing efforts be made to refine the admissions process. In addition, he requested that the Athletics Director provide the Board with information about the University's ranking in the Director's Cup for the past five years.

President Pastides commended the Athletics Director for establishing inspirational and quantifiable goals which were evaluated and modified as needed each year. He thanked Mr. Hyman for being forthright in acknowledging those areas in which improvements were needed.

In closing, Chairman Hubbard thanked Mr. Hyman for his positive report. He also requested that the Athletics Director provide the Board with quantifiable goals for Development as well as further details on marketing plans as they evolved.

G. Ad Hoc Committee on Strategic Planning:
(The Honorable Mack I. Whittle, Jr. reported)

The Ad Hoc Committee on Strategic Planning met on Thursday, October 16, 2008.

President Pastides discussed and highlighted the various components of the concept *Focus Carolina* which, he explained, from the first day of his administration, was created as a system-wide renewed and comprehensive strategic plan emphasizing planning, budgeting and assessment.

Initiatives which will influence *Focus Carolina* include *Blueprints for Academic Excellence* developed annually by deans, and *Blueprints for Service Excellence* also initiated annually by vice presidents.

In addition, a Capital Planning Committee has been formed and charged with comprehensive planning of physical infrastructure as well as a finance team which will recommend strategic and carefully reviewed financial options as a result of extensive state mandated budget cuts.

Dr. Ted Moore, Vice President for Planning, presented the overall planning process for the development of the University's strategic plan. Initially, it will involve updating and streamlining Carolina's vision, mission and goals. The five areas from which University goals will be established and measured are Teaching & Learning; Research, Scholarship & Creative Achievement; Service Excellence; Quality of Campus Life; and Recognition & Visibility.

In conclusion, President Pastides believed that Carolina will remain a solid beacon of progress for all of South Carolina and expressed confidence that the institution will emerge a stronger, more effective and more efficient university.

III. REPORT OF THE ALUMNI ASSOCIATION: Chairman Loadholt called on Mrs. Stone who commented that the Alumni Association was working very hard to ensure that all alumni would have the opportunity to meet, greet, get to know, as well as share their thoughts, dreams and concerns with the new President.

Several receptions were planned around the country this year. The first one will be held at Trustee Moore's home this coming Monday evening; Mr. Buyck, Dr. Floyd and Mr.

Warr will host the event. It was anticipated that more than 100 people will attend.

Mrs. Stone announced that it was now possible to RSVP for many of the alumni events using the Association's new website which was launched this semester; it was easy to navigate and the content was updated frequently. She encouraged everyone to visit the site at www.mycarolina.org.

In two weeks the University would celebrate Homecoming 2008 (November 7-8). At the Friday night gala, several Carolina alumni will be honored. She invited everyone to join the festivities at the Convention Center that evening.

The Alumni Association continued to work diligently toward reaching the goal of 40,000 members by 2010. Families were being encouraged to consider membership in the Association as a gift for their graduate. Research indicated that fellow alumni can be a new graduate's greatest asset when launching a new career or moving up the career ladder.

Mrs. Stone stressed that the Alumni Association also continued to work diligently toward the reality of building a Carolina Alumni Center. She thanked everyone for their encouragement and support.

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

Thank you very much. In this report I will summarize my first three months as President and what a period it has been!

Let me first publicly thank Chip McKinney who could not be here today for his 20 years of valued and dedicated service to our great University. I know that you join me in wishing him well as he now turns to a rewarding opportunity in the private sector.

I note sadly that next week marks the first anniversary of our Carolina and Clemson families' loss at Ocean Isle. Last night I participated in a Carolina Remembrance Concert in Five Points. I don't know how long it takes for a university to heal, but I do see resiliency and many hopeful signs.

Our strategic planning effort, Focus Carolina, is underway and we have had an invaluable first meeting with the Board's strategic planning committee. The Board and my administration will always be in close alignment as we make the hard choices about our bright future.

Carolina's Ideas, our virtual suggestion box, is now available on the web through the portal called 'Speak Up' and is already producing ideas for improving the University's effectiveness and efficiency.

Next week we will unveil the new car selected by our students - a black/white/garnet Mini Cooper adorned with a huge Gamecock decal on the top. The purpose of that activity was to demonstrate to our students that I listen to them and I value their advice and also for us to have some fun together.

We welcomed the best and brightest freshman class in the history of the Columbia campus and across our University System. My relationship with the undergraduate and graduate student government leaders and with the student body is strong and the times that Patricia and I spend with them are among our favorites.

There are faculty highlights as well - too many to mention. We have continued to see an uptick in our sponsored research funding for the first quarter in spite of the downturn in available federal funding. This is a tribute to the outstanding leaders and programs that we put in place in the years before as well as to our new faculty recruits.

With the aid of the Advancement Office, I have made dozens of calls and visits to support our fundraising initiatives. This week alone Patricia and I visited Aiken, Atlanta, Charlotte, Lake Wylie, Laurens, Rock Hill and Union. We continue to plan for a bold capital campaign and I am excited about the prospects of a successful campaign that will provide new resources

for the many aspirations that we have.

We are also pushing strongly for the success of Innovista. Our private sector development partner anticipates a completed construction contract very soon and once that is signed, construction will commence on the Horizon II private partner building adjacent to our Horizon I building at the corner of Assembly and Blossom Streets. You may recall that our Board provided the development team with a deadline for initiating construction and I expect the developers to meet your deadline.

There is reasonable tenant interest even in these times and with the initiation of construction, we hope to announce a number of signed contracts in the coming months. I am optimistic about the near and especially the medium and long term future of Innovista and its impact on the knowledge economy sector. We have to 'stay the course' but we also have to be smart. I am confident that Innovista will be a future point of pride for the University, the city, the region, and the state.

I also remain committed to new facilities for the Moore School of Business and for the School of Law. Not one day goes by that my team and I are not working to advance these priorities.

I am also convinced that for our long term aspirations, our University needs a greater presence in the state's major population centers. We are already present in Greenville with the Greenville Hospital System Initiative and we will be breaking ground in Spartanburg for the George Dean Johnson, Jr., School of Business and Economics on November 6th adjacent to Renaissance Park in Spartanburg. We also have an emerging health science initiative in Florence. But we need greater presences in Charleston and Myrtle Beach, not to mention major cities in our region like Charlotte and Atlanta.

Despite budget constraints I am committed to collaboration with MUSC and Clemson through Health Sciences South Carolina and in developing a state-of-the-art technology forum for information transfer known as South Carolina Light Rail.

As you and everyone knows, so far this year our System Campuses have had their state appropriations cut by over 14 percent, a historic and highly significant proportion of our recurring operating funds.

The combined state FY09 budget cuts for USC Columbia and our School of Medicine alone represent nearly 15 percent of state appropriations or \$26.9 million. State and regional campuses were reduced by an additional \$5.6 million. Our full system, therefore, was reduced by \$32.5 million this fiscal year so far. This is in addition to the \$2.67 million cut to our FY09 base budget appropriation.

Early on, even before the magnitude of the budget cuts were known, I assembled a very strong finance team to develop recommendations for managing through this and to help guide managers within the USC system in planning and executing their budget reductions.

My core team you know well; they are here today: Rick Kelly, Mark Becker, Leslie Brunelli, Ed Walton, Ted Moore, Jane Jameson and Terry Parham. My guidance to this team as well as to the chancellors and the deans of system campuses has been resolute: we are to approach these unprecedented cuts strategically and not across-the-board. My team has been asked not only to provide recommendations for the cuts, but also strategic reallocations to bolster certain target units.

I have also determined that I will not be requesting through these current budget difficulties a midyear tuition increase. The economic conditions confronting state government are also confronting 'Main Street' and affecting all South Carolinians including our students and their parents. This is absolutely the wrong time to turn to our students and their families, our families, to ask for more.

Our CFO, Mr. Kelly, invited the financial officers of all system campuses to a summit to discuss ways for managing the upcoming cuts. This was held last Tuesday with full attendance including the members of our finance team mentioned earlier.

Last Wednesday, the finance team along with Jane Jameson and Terry Parham met with all Columbia deans to discuss the process for managing the cuts and the reallocations. A proposal for managing the proposed reductions for Columbia and the School of Medicine, which I am now reviewing and examining, will be the result of a careful examination of current and expected revenues and I will make the final decisions on reductions and reallocations applied to all major reporting to units both service and academic.

In this strategic approach it is important to protect or even expand some targeted units in order to guarantee that our strategic priorities are respected.

Next week my decisions will be complete and will convey detailed guidance to deans and vice presidents. The staff of Provost Mark Becker and CFO Rick Kelly will then assist as we oversee deans and vice presidents as they revise their budgets. I will communicate these final adjustments and reallocations in a report to the Board of Trustees.

I must tell you in closing that on August 1st when I walked to my new office in Osborne, I had little idea that the world would be undergoing financial chaos in our first 90 days together. I knew we had budget challenges; I knew that we had significant unmet facilities needs; I knew that we had various other problems, but problems that we had faced before. In the time since I assumed office, the value of stocks worldwide has dropped over 25 percent; credit markets have experienced extreme disfunction; and the US economy and our own state's economy may be poised for a recession.

But, we are preparing for these. We are continuing to think and to operate strategically. Carolina will emerge from the downturn as a more focused and a stronger university.

Chairman Loadholt indicated that the President's Report was received as information.

Since there were no other matters to come before the Board of Trustees,

Chairman Loadholt declared the meeting adjourned at 2:45 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary