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University of South Carolina

BOARD OF TRUSTEES

Executive Committee

September 12, 2008

The Executive Committee of the University of South Carolina Board of Trustees met on Friday, September 12, 2008, at 2:00 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Herbert C. Adams; Mr. James Bradley; Dr. C. Edward Floyd; Mr. Samuel R. Foster II; and Mr. Michael J. Mungo. Other Trustees present were: Mr. Chuck Allen; Mr. Arthur S. Bahnmuller; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck, Jr.; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Mack I. Whittle, Jr.

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 Student Affairs and Vice Provost for Academic Support Dennis Pruitt; Vice President for Human Resources Jane M. Jameson; Vice President for Information Technology and Chief Information Officer William F. Hogue; General Counsel Walter (Terry) H. Parham; Interim Vice President for University Advancement Michelle D. Dodenhoff; Associate Vice President for Business and Facilities Helen Zeigler; Vice Provost for Academic Affairs William T. Moore; University Treasurer Susan D. Hanna; Dean of USC Lancaster John Catalano; Executive Director of University Foundations Jerome D. Odom; Director of the Budget Office, Division of Business and Finance, Leslie Brunelli; Assistant to the President and Athletics Director John D. Gregory; Director of Department of Internal Audit Alton McCoy; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Chair of the Faculty Senate Robert G. Best; President of the Student Government Association Andrew T. Gaeckle; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; University Technology Services Production Manager Justin Johnson; Board staff members Terri Saxon, Vera Stone, and Karen Tweedy. There were no members of the media present.

Chairman Loadholt called the meeting to order and asked Mr. McKinney to introduce members of the media who were in attendance. Chairman Loadholt 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 members of the Committee; and a quorum was present to conduct business.

Chairman Loadholt stated that there were personnel matters dealing with appointment of a Vice President and another personnel matter which were appropriate for discussion in Executive Session. Mr. Bradley moved to enter Executive Session. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Becker, Mr. Kelly, Dr. Hogue, Dr. Pruitt, Ms. Jameson, Ms. Hanna, Dr. Plyler, Ms. Dodenhoff, Mr. Parham, Dr. Booze, Dr. Moore, Dr. Odom, Mr. Meekins, Mr. Gregory, Ms. Mills, Mr. McKinney, Mrs. Saxon, Ms. Stone, and Ms. Tweedy.

Open Session

I. National Association of College and University Business Offices

(NACUBO) Financial Report: Mr. Kelly stated that a NACUBO survey was conducted annually. The NACUBO financial report listed findings of a study of the

performance and management of assets and endowments of various colleges, schools and universities. This year, the University's endowment and other assets totaled \$425,150,583.

Chairman Loadholt called for a motion to approve the reporting of the financial information as proposed. Mr. Bradley so moved. Mr. Adams seconded the motion. The vote was taken, and the motion carried.

II. Focus Carolina: Strategic Planning Update: Chairman Loadholt called on President Pastides who stated that he had begun to move in a contemplative and appropriate direction to make changes at the University. On August 1, he initiated Focus Carolina, which would be the most comprehensive strategic planning effort in the history of the University. The plan would touch everybody and everything and would be in close alignment with the Board of Trustees. The strategic plan would have three major components, the first being priority setting. President Pastides stated that the University needed to focus on things that matter most, including the quality of the education of our students; the environment of scholarship, creativity, and innovation; the performance of the faculty; and how effectively and efficiently we run our operations. Second, Focus Carolina was about matching the resources that we have relative to our goals. Third, the plan would lay the foundation for the next capital campaign. He would discuss the capital campaign in more detail at a future meeting.

President Pastides reported that it would take approximately one year to complete Focus Carolina. However, by the end of this calendar year, he would report back to the Board on the progress thus far and request Board approval. The second semester would involve moving into the action planning, the performance metrics, and eventually the results orientation of Focus Carolina.

President Pastides reported that Dr. Ted Moore, the new Vice President for Planning, would oversee and assist him with Focus Carolina. In addition, the Executive Committee and he were working together and meeting regularly. Also involved in the Focus Carolina efforts would be the Vice Presidents of the University, including Chancellors of the regional senior four year campuses and, through Dr. Plyer, reaching out to the two year campus deans as well.

President Pastides commented that Chairman Loadholt would announce the Board's role in being aligned with Focus Carolina. He looked forward to having a retreat so that the team could look at the progress to date and ask questions. He stated that his administration was talking to people around the country but most of this activity was being done internally. President Pastides stated that he had spoken to the faculty, students, and staff. The next morning, he would be talking to the Board of Governors of the Alumni Association.

Mr. Jones asked if there was an independent strategic planning firm involved in this project. President Pastides responded, no, he did not feel that a firm was needed at this point, but that the administration would work with other universities to understand how they executed their plans.

SGA President Andrew Gaeckle made an inquiry as to how students and faculty would be involved in the strategic planning process. President Pastides responded that there would be five thematic committees. For example, in the general education committee, there would be representation not only of administrative leadership but of faculty and students and other constituents as well.

Chairman Loadholt stated that this report was received as information.

III. Appointment of Ad Hoc Committee on Strategic Planning: Chairman Loadholt reported that at the August 8th meeting he informed the Board that after conferring with President Pastides, he concurred that the board should be deeply involved with the Focus Carolina strategic planning effort.

Chairman Loadholt then appointed an Ad Hoc Committee on Strategic Planning to work closely with President Pastides. The committee members would be as follows: Mr. Whittle, Chairman; Dr. Floyd; Mr. Foster; Mr. Hubbard; Ms. Moore; Mr. von Lehe; and Board Chairman Loadholt.

IV. Approval of Appointment of Vice President for Planning: Pursuant to Article III, Section 1 of the Bylaws of the University of South Carolina Board of Trustees, President Pastides requested board approval of the appointment of Dr. William T. (Ted) Moore as Vice President for Planning. Dr. Moore is the Berlinberg Distinguished Professor of Finance in the Moore School of Business. President Pastides stated that Dr. Moore has served the University with distinction since 1986, and that his administrative and leadership experiences suit him well for this important position.

Mr. Adams so moved. Mr. Mungo seconded the motion. The vote was taken, and the motion carried.

V. Other Matters: Mr. Bradley expressed his opinion that the current University fund managers had not created a very impressive record. He made inquiry as to whether the administration needed to review the fund managers' performance and make changes.

Dr. Jerome Odom, Executive Director of University Foundations, responded that the University employed an outside consultant called the "Fund Evaluation Group." He stated that our portfolio of stocks and bonds were a combination of the resources of the Educational Foundation, Development Foundation, Business Partnership Foundation, and the Alumni Association.

In addition, the University had an Investment Oversight Committee (IOC) which

meet quarterly and made the majority of the University's investment decisions.

The members of this committee were: Mr. Jim Barrow; Mr. Allen Wright with UBS in Atlanta, Georgia; Ms. Mary Kennemur; Mr. John Wentzell; and Mr. John Houser. Also, the committee used the expertise of Dr. Tim W. Koch, Chairman of the Finance Department at the Moore School of Business. This committee reviews the performance of the fund managers over the long-term and changes are made as needed.

Prior to this year, the investors had received four consecutive years of double digit returns.

Dr. Odom reported that the portfolio was diversified and the committee would continue to evaluate the fund managers' performance.

Dr. Odom said that he would be available to meet with members to discuss this issue in more detail if they so desired.

Since there were no other matters to come before the Executive Committee, Chairman Loadholt declared the meeting adjourned at 3:15 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary