

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 23, 2006

The University of South Carolina Board of Trustees met on Thursday, February 23, 2006, at 2:45 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Herbert C. Adams, Board Chairman; Mr. Miles Loadholt, Board Vice Chairman; Mr. Arthur S. Bahnmuller; Mr. James Bradley; Mr. Mark W. Buyck, Jr.; Mr. John W. Fields; Dr. C. Edward Floyd; Mr. Samuel R. Foster, II; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Rita M. McKinney; Mr. M. Wayne Staton; Mrs. Inez M. Tenenbaum; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr. Mr. Michael J. Mungo and Mr. Mack I. Whittle, Jr. were absent. The faculty representative, Dr. Gene Reeder, and the student representative, Mr. Justin Williams, were also present.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Research and Health Sciences Harris Pastides; Vice President for Information Technology and Chief Information Officer William F. Hogue; Interim Vice President for University Advancement Michelle Dodenhoff; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; General Counsel Walter (Terry) H. Parham; Vice Provost and Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Beaufort Jane T. Upshaw; Chancellor of USC Upstate John C. Stockwell; Dean of USC Lancaster John Catalano; Executive Dean of the South Carolina College of Pharmacy Joseph T. DiPiro; Dean of the College of Nursing Peggy O. Hewlett; Associate Provost for Budget and Operations William T. Moore; Executive Associate Dean, Arnold School of Public Health, Cheryl Addy; Assistant Treasurer Susan Hanna; Interim Associate Dean for Academic Affairs, College of Social Work, Terry Tirrito; Vice Chancellor for Finance and Operations, USC Beaufort, Bryan Hill; Vice Chancellor for Business Affairs, USC Upstate, Robert Connelly; Director of Financial Reporting John Campbell; Director of Finance and Budget, Division of Business and Finance, William P. Bragdon; Director of the Department of Internal Audit Alton McCoy; Assistant to the Vice President, Division of Business and Finance, Ken Corbett; Director of Athletics, USC Upstate, Mike Hall; University Legislative Liaison John D. Gregory; Director of Periodicals, University Publications, Chris Horn; Public Information Officer, Office of Media Relations, Karen Petit; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; and members of the media.

Chairman Adams 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 Adams welcomed everyone and particularly Mr. John Fields who had been appointed by Governor Sanford to succeed the late Robert McLellan as the 10th Judicial Circuit Representative. He invited Board members to introduce themselves. Mr. McKinney introduced members of the media who were in attendance. At Chairman Adams request, Ms. Jane Poster, Campus Chaplain, Baptist Collegiate Ministry, delivered the Invocation.

Chairman Adams recognized Secretary Stepp who noted that the new Board of Trustees meeting room, in which they were holding their first meeting today, had been the former Bell South Board Room. The area had been renovated and the audio equipment and furniture from the Carolina Plaza location had been incorporated into the room; Board members viewed a video of the recent implosion of the Carolina Plaza.

Secretary Stepp thanked the myriad of individuals who had been involved in the renovation project including Michael Watson and Adrienne Montare of Watson Tate Savory Architects; Morris Nussbaum who supervised the construction work; Pete Holland who was assigned as the project manager; Mr. Kelly and his department; Carolina's moving and custodial crews; Rick Jerald who handled the signage; Nolan Westbury who was in charge of communications; and 1600 Hampton Street building manager Skip Long. Very important to the room was the electronic system - Jonathan Booth, Jeff Hostilo, Dwight Huffman, David Cogfield, Scott Smith, Craig O'Dell, Greg Weathers, Clint Shrum, George Pedraza and Brian Trefsgar from Distance Education worked as a team to install the very complex technological equipment.

Secretary Stepp introduced Dr. John Bryan, retired Distinguished Professor of Art from the University, who had been commissioned to select wall décor which would appropriately reflect institutional history. Dr. Bryan expressed how honored he was to have been chosen for this task. As an art historian he hoped to "tell the story of who we are, where we came from, and where the University might go." He hoped that Board members would find the selected pieces interesting; periodic changes were also planned. Dr. Bryan noted that housed in the University Publications Office were 32,000 digital images which he termed a "fabulous collection." He looked forward to presenting Board members "the best of the best."

Chairman Adams thanked Dr. Bryan and stated that there were personnel matters with respect to a Board of Visitors appointment and the appointment of the Vice President for University Advancement which were appropriate for discussion in Executive Session. Mr. Loadholt moved to enter Executive Session. Mr. Hubbard seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: President Sorensen, Secretary Stepp, Dr. Becker, Mr. Kelly, Dr. Hogue, Ms. Dodenhoff, Ms. Jameson, Dr. Pruitt, Dr. Pastides, Dr. Plyler, Mr. Parham, Mr. McKinney, Ms. Saxon, Ms. Stone and Ms. Tweedy.

Return to Open Session

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

- A. Executive Committee, December 12, 2005
- B. Board of Trustees, December 12, 2005
- C. Executive Committee, December 20, 2005

There were no additions, deletions or corrections to the minutes; therefore, they stood approved as distributed.

II. COMMITTEE REPORTS:

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

The Fiscal Policy Committee met earlier today.

Mr. McCoy discussed the Audit Tracking Report which had six items more than six months old; the Colonial Center and the Athletics Department were making progress toward resolving the findings. He also stated that since the last meeting in October the following audits had been resolved: Alumni Association; International Programs for Students; Parking Services; Computer Services; Social Work; and Public Health.

Comprehensive audits of the following areas were conducted: Advancement; USC Beaufort; CarolinaCard Office; and Campus Planning and Construction.

All of the findings cited for the Advancement Administration and University Development had been satisfactorily addressed by that area and were resolved during the audit. A discussion on how to calculate the value of donated computer software and the complexity of the CASE standards for valuing such gifts was held.

The USC Beaufort audit revealed slight over awarding of a portion of the LIFE scholarships during the 2005-2006 fiscal year; in the future the enrollment status of students who received the over awarded scholarships will be closely monitored to make sure that funds were repaid if the students did not return to school. In addition, a refund of a LIFE scholarship was calculated incorrectly; procedures had been adopted to ensure all accurate refund calculations.

The CarolinaCard Office was established to provide students with an identification card that can be used to purchase meals and services on campus and to allow access to buildings. It was recommended that the department routinely reconcile the software system that processed transactions to student accounts with the University's general ledger system for verification purposes. The department will perform these reconciliations at the end of each month.

In addition, in order to create a stronger system of internal control, procedural changes will be implemented in the areas of fund collections and accounting. The department will also take steps to ensure that deposits were made according to University policy which will lower the risk of loss or theft. And, improved documentation for the collection of cash from the three Automatic Deposit Machines on campus will also be maintained.

Campus Planning and Construction was responsible for 775 projects in 120 buildings on the Columbia campus as well as other projects system wide. One audit finding noted several instances of incorrect payment applications to architectural firms and contractors; in response, the department had instructed project managers to be more thorough when verifying pay requests.

Deficits for two construction projects were discovered and alternate funding sources were identified. Another finding revealed that a project had exceeded its budget. The project manager identified the need for additional funding several months earlier and the Board subsequently approved the increase in October 2005. It was determined that due to the critical schedule for this project, work and purchases would not be put on hold while approval of a budget increase was sought.

B. Buildings and Grounds Committee:
(The Honorable William C. Hubbard reported)

The Buildings and Grounds Committee met earlier today. The following nine items will require Board approval.

1. 1321 Pendleton Street Acquisition: This project was requested to acquire the property located at 1321 Pendleton Street - a 10,263 square foot site on which was located a 16,240 gross square foot two-story office building constructed in 1952. The property was currently leased by the University of South Carolina and was occupied by the South Carolina Institute of Archeology and Anthropology.

The property had been appraised at \$690,000. The University had been offered the right-of-first-refusal to purchase the property for \$550,000.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of the acquisition of the property located at 1321 Pendleton Street for \$550,000 funded with Institutional Funds as described in the materials distributed for the meeting. Mr. Lister seconded the motion. The vote was taken, and the motion carried.

2. 513 Pickens Street Renovations (USC ROTC Center): This project will involve upgrading the vacant Naval Reserve Center to relocate the three University ROTC detachments to the facility.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval to establish this project with a budget of \$690,000 funded with Institutional Funds as presented. Mr. Jones seconded the motion. The vote was taken, and the motion carried.

3. Williams-Brice Stadium Elevator Addition: This project was requested to add an elevator at Williams Brice Stadium. It will be installed in a vacant shaft of the existing elevator tower on the west side of the stadium.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval to establish this project as presented with a budget of \$275,000 funded with Auxiliary (trademark & licensing) Funds. Mr. Bahnmuller seconded the motion. The vote was taken, and the motion carried.

4. Williams-Brice Stadium Exterior Painting: This project was requested to paint the exterior of Williams-Brice Stadium.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of this project as presented with a budget not to exceed \$500,000 funded with

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

5. Computer Annex Emergency Generator Installation: This project was requested to install an emergency generator at the Computer Center Annex which will provide backup power to the main computer room to ensure adequate cooling for operations.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of this project as presented with a budget of \$275,000 funded with University Technology Services departmental funds. Mr. Staton seconded the motion. The vote was taken, and the motion carried.

6. School of Public Health Construction: This project, currently funded with multiple sources of funds, will utilize Indirect Cost Recovery funds to issue bonds. It was proposed to replace Private Funds and Institutional Funds with Bond funding.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval of this request to change the source of funds from Institution Bonds, Private Funds and Institutional Funds to Bond Funding as described in the materials distributed for the meeting. Mr. Buyck seconded the motion. The vote was taken, and the motion carried.

7. Public Health Research Building: Approval was requested to designate the funding source for the Public Health Research Building project which was approved as part of the Research Campus Development in April 2005 as Bond Funding.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval to designate the funding source for this project as Bond Funding. Mrs. Tenenbaum seconded the motion. The vote was taken, and the motion carried.

8. USC Campus Master Plan: In July of 2005, the University awarded Sasaki Associates a contract to provide campus master planning services for a period of five years. Thirteen tasks relating to Research Campus planning services were identified; Sasaki had submitted a proposal for each one. The University had subsequently authorized the company to proceed with five of the tasks.

In addition, Sasaki had been asked to propose on a planning study for the adaptive reuse of the Carolina Coliseum.

In order to proceed with the remaining master planning tasks and future master planning, Board approval was required in advance of commissioning Sasaki to implement the work.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved to approve the 14 identified planning tasks totaling \$919,600 as described in the materials distributed for the meeting to be funded with Institutional Capital Project Funds (ICPF).

In addition, Board approval was requested to authorize additional master planning tasks as they were identified during the 5 year term of the contract with

Sasaki as long as no single task exceeds \$250,000. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

9. SCANA Land Acquisition: This project was requested to acquire 14 parcels of vacant land and improved properties currently owned by South Carolina Electric & Gas Company and/or one of their related companies; 11 of the sites were vacant and 3 were improved properties. The properties were located in the South Assembly Street area, south of the central business district of Columbia, within the city limits.

On behalf of the Buildings and Grounds Committee, Mr. Hubbard moved approval to acquire the SCANA property as described in the materials distributed for the meeting. At Trustee Buyck's request during the Executive Committee earlier today, the motion was amended to include that "the acquisition price would be at the price most favorable possible and will be brought back to the Board for approval." Dr. Floyd seconded the motion as amended. The vote was taken, and the motion carried.

10. 2006 Comprehensive Permanent Improvement Plan (CPIP): Each state agency responsible for providing and maintaining physical facilities was required to submit to the State Budget and Control Board a Comprehensive Permanent Improvement Plan (CPIP); included in the first year of the plan were permanent improvement projects expected to be implemented with funds already available or that the institution could reasonably expect to become available that fiscal year. No projects requiring specific Board of Trustees approval were in this year's report.

The CPIP also included projects for which funding will be requested from the General Assembly. A list of projects for which Capital Improvement Bonds were to be requested was included in the materials distributed to the Board of Trustees; they were listed in Year 2 of the CPIP.

C. Intercollegiate Activities Committee:
(The Honorable Samuel R. Foster, II reported)

The Intercollegiate Activities Committee met earlier today. The Committee authorized USC Upstate to accept an invitation from the Atlantic Sun Conference to become a member of the NCAA Division I AAA (non football) conference. Mr. Foster congratulated Chancellor Stockwell and the USC Upstate family for this achievement.

Mr. Foster further explained that USC Upstate was seeking Board approval to pursue this membership. The universities of the Atlantic Sun Conference had solid athletic and academic reputations and represented a mix of private and public institutions with most having high profiles in their regions and beyond. The Conference also had significant television exposure. No additional revenues will be required from the University's general operating budgets or academic budgets to support the move to Division I AAA.

On behalf of the Intercollegiate Activities Committee, Mr. Foster moved approval of USC Upstate's request to change its athletics conference affiliation as presented in the materials distributed for the meeting. Mr. Bahnmueller seconded the motion. The vote was taken, and the motion carried.

Athletics Director Eric Hyman spoke to the Committee regarding his ongoing review of current programs, processes and procedures in all areas of that department. He discussed his desire for excellence within the department and the need to effect improvements where necessary.

Mr. Hyman recommended that football ticket prices be increased to address certain financial needs which he identified. At a later time, he will return to the Committee and to the Board with a formal proposal.

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

The Executive Committee met on December 20th and earlier today. During the December 20th meeting, the Committee, on behalf of the full Board, authorized the University to purchase a tract of land located south of Blossom Street and west of Williams Street and to construct a Gamecock baseball stadium on the property.

Earlier today, the Committee approved employment contract amendments for Head Football Coach Steve Spurrier and Head Soccer Coach Mark Berson and an employment contract for Assistant Football Coach Brad Lawing.

In addition, a five year Memorandum of Agreement between the University and General Services to share equally in the costs of leasing, upfitting and operating the joint fleet maintenance facility was approved. The Committee also approved the election of Mr. John Fields, whom Governor Sanford had appointed to succeed Mr. Robert McLellan, to the following Board Committees until the October organizational meeting of the Board: Academic Affairs and Faculty Liaison Committee; Buildings and Grounds Committee; and Fiscal Policy Committee.

The following items were approved for recommendation to the Board:

1. Board of Visitors Appointment: Earlier today, the Executive Committee approved William Hubbard's nomination of Thad Westbrook to serve as a Presidential Appointment on the Board of Visitors. This request was also presented to the Board in Executive Session without objection.

Mr. Hubbard moved approval to appoint Mr. Thad Westbrook to the Board of Visitors as a Presidential Appointee as presented. Ms. Moore seconded the motion. The vote was taken, and the motion carried.

2. Appointment of Vice President for University Advancement:

President Sorensen was recommending Board approval of the appointment of Mr. Brad Choate as Vice President for University Advancement.

This appointment was presented to the Committee and to the Board without objection.

Mr. Loadholt moved approval of the appointment of Mr. Brad Choate as Vice President for University Advancement. Mr. Jones seconded the motion. The vote was taken, and the motion carried.

3. PACE Course Tuition Rate: The University's Program of Accelerated College Education (PACE) extended college credit courses to high school students in South Carolina; approximately 500 students participated in the program annually. A fee of 1/3 of the previous fall semester in-state tuition rate per credit hour was charged; last fall the PACE rate was \$97 per credit hour.

The University was requesting approval to reduce this rate to \$66 per credit hour in order to maintain competitiveness with other similar college programs which charge substantially lower rates.

Mr. Fields moved approval to reduce the PACE Course tuition rate to \$66 per credit hour and to fix the rate at that level for the immediate future as described in the materials distributed for the meeting. Mr. Jones seconded the motion. Mr. Staton asked the total number of schools in the state which could potentially participate (currently 91 high schools were involved in the program); Dr. Hogue will research that information and contact him. The vote was taken, and the motion carried.

4. Bond Resolution for Innovista: The University anticipated incurring certain expenditures for the construction, furnishing and equipping of four Research Campus buildings. Therefore, the University was requesting Board approval of a resolution declaring its official intent to be reimbursed from the proceeds of tax-exempt debt to be issued by the University for certain expenditures incurred prior to the issue date of the obligations to finance this project. The University anticipated issuing a tax exempt bond with a maximum principal amount not exceeding \$48 million.

In order for the expenditures to be eligible for reimbursement, the University understood that the reimbursement allocation must be made not later than 18 months after the date on which the expenditures were paid; or by the dates the project was placed in service.

Mr. Buyck moved approval of a resolution declaring the University's intent to reimburse certain expenditures made prior to the issuance of tax-exempt debt as presented. Mr. Staton seconded the motion. The vote was taken, and the motion carried.

III. REPORT OF THE OUTGOING STUDENT GOVERNMENT ASSOCIATION PRESIDENT:

Chairman Adams called on Justin Williams who thanked Board members for the opportunity to share with them highlights of the Student Government Association during his tenure as president (March 2005 - March 2006). He had thoroughly enjoyed representing the students on the Board of Trustees this past year.

When he began his term as president, Mr. Williams believed that student government held the power to solve any problems students had if "we would unleash that power." Mr. Williams reviewed the various SGA accomplishments during the past year.

At Mr. Williams' first Board meeting, three key issues were presented that he and his fellow executive officers hoped to accomplish during their administration. The first goal was to establish quality relations with University officials. He listed several administrators he and his staff had been able "to get to know" and with whom they had developed working relationships (i.e., President Andrew Sorensen, Provost Mark Becker, Chief Financial Officer Rick Kelly, Secretary of the Board Thomas Stepp).

Secondly, Mr. Williams and his staff wanted to increase communication with University students. Mr. Williams explained that prior to his election as president, Student Government seemed to operate as a separate entity from the students; there was limited communication between the two groups.

And, thirdly, the Student Government Association hoped to create a mechanism to hold executive officers accountable. Mr. Williams noted that too often promises made during an election campaign were unfulfilled at the conclusion of a term.

Addressing the goal of quality relationships, Mr. Williams stated that, for example, Mr. Kelly and Secretary Stepp had graciously agreed to meet with student government officers during the budget season to assist in the resolution of a problem. Students had participated in a readership program the previous year which provided them access to three major newspapers: *The State*, *USA Today*, and *The Wall Street Journal*. Through the efforts of Mr. Kelly and Secretary Stepp funding was located to continue that particular offering for an additional year.

Another example of "fruitful relationships" involved the Carolina Convoy. For the first time students were able to charter a bus in order to attend SEC football games at other schools for a nominal cost of \$55. This price included a ticket to the game, a boxed lunch, a t-shirt and transportation to the game.

Mr. Williams also discussed "Cocky's Reading Express" which was a program created by Mr. Tommy Preston, SGA Treasurer and President-Elect. Student Government staff visited various elementary schools throughout the state in December; they read books to them in order to emphasize the importance of literacy. President Sorensen had donated funding so that SGA was able to purchase 5,000 books; each school visited received copies.

Another project, "Know Your Car", illustrated a "fruitful relationship" with Parking Services. Prior to the break between the fall and spring semesters, students, faculty and staff were given the opportunity to have their car checked before traveling. They were also given a "goodie bag" containing a flashlight and an "in case of emergencies" informational pamphlet.

In order to ensure increased communication between students and their government, SGA instituted several methods of communication including the State of the Student Body Address; Student Government Television (the University cable system broadcast all Student Government activities); Student Government Quarterly; and the Congressional Advisory Board. Mr. Williams explained that the latter was composed of a group of 12 students who served as a University delegation to Congress; students will be visiting Capitol Hill in the spring. In the State of the Student Body Address, Mr. Williams presented to students and members of his administration goals to accomplish during his term of office. The Student Government Quarterly was developed by the Vice President which also outlined "what we wanted to do during this administration" after polling students.

Mr. Williams stressed that one of his "pet peeves" before elected SGA President was the fact that student government officers would often make promises that were never fulfilled; there was no accountability mechanism in place. In

response, he and his administration created the "Contract with Carolina." He was pleased to announce that they had been able to address each of the twelve issues listed on that document.

Currently, SGA was exploring the possibility of a grade forgiveness program. It was hoped to create one which would allow students to repeat at least nine hours of courses in which they had earned a "D" or below. Mr. Williams pointed out that Carolina and Vanderbilt University (a private institution) were the only two schools in the Southeastern Conference without such a policy; a target date of Fall 2006 was anticipated.

Mr. Williams discussed the student request to abolish the 16 credit hour limit. "We believe that when students enter the University of South Carolina, they should be able to graduate in 4 years paying a base tuition rate." Currently, students were required to pay a fee above the 16 credit hour limit per semester.

Also planned was the creation of a campus roadside assistance program to help student drivers who experienced car difficulties (i.e., flat tire, dead battery, locked keys in vehicle) to avoid the use of a more expensive service. Student Life had agreed to fund the program which will be tested following spring break.

During this year's election a referendum to raise per semester student activity fees by \$2 to pay for the USA Today Readership Program was approved; that amount would increase from \$66 to \$68. A formal request for the student activity fee increase will be presented to the Board of Trustees at the June budget meeting.

Mr. Williams introduced Tommy Preston and Ryan Holt (SGA President-Elect and Vice President-Elect). "We feel that we have done a great job this year and we want to continue everything we have done and, hopefully, we will 'blow this year out of the water' ". He particularly thanked President Sorensen, Secretary Stepp, Provost Becker, Dr. Pastides, and Mr. Rick Kelly for their assistance and several members of the Board who had extended "the hand of kindness."

Chairman Adams thanked Mr. Williams for his presentation and extended congratulations to him for a successful term of office.

IV. REPORT OF THE PRESIDENT: Chairman Adams called on President Sorensen who initially remarked that during his 40 year career as a university administrator, he had never worked with a more effective group of SGA officers than Mr. Williams and his executive team; he also extended congratulations to the newly elected slate of incoming officers.

President Sorensen highlighted the progress of 9 major SDI (Strategic Directions and Initiatives) recommendations which were formally adopted by the Board on April 26, 2002.

- Adopt Value-Centered Management Budgeting - This system had been fully adopted and integrated into the University.
- Create A College of Health Sciences - The Division of Health Sciences was created with the following five colleges: College of Nursing; School of Medicine; School

of Public Health; College of Pharmacy; College of Social Work; those deans reported to the Vice President for Research and Health Sciences.

- Eliminate the Transition Year Program - The Transition Year Program had been fully eliminated.
- Reallocate Resources Across and Within Colleges and Schools - Currently, the Provost distributed funds to high priority projects and faculty hiring was executed via a system of clustering which promoted the reallocation of resources and encouraged collaboration. Previously, the University would hire another individual within the outgoing faculty member's particular field of endeavor.
- Merge the College of Liberal Arts and the College of Science and Mathematics - These two colleges were fully merged and a dean of the newly formed College of Arts and Sciences had been hired.
- Review the School of the Environment - This study was currently underway.
- Reallocate Indirect Cost Recovery - The plan was adopted and currently operational. In fact, the proportion of indirect cost recovery funneled to the Vice President for Research and Health Sciences had been increased. With this funding, Dr. Pastides was able to "work with the faculty at his discretion."
- Move the Criminal Justice College into the College of Liberal Arts - This recommendation was fully accomplished.
- Merge Colleges of Journalism and Mass Communications and Library and Information Science - This recommendation was fully accomplished.
- Refocus the College of Education - Degrees which had been eliminated were re-instituted and a full scale effective outreach to local education communities was established.
- Merge the Departments of Foreign Languages - This recommendation had been fully accomplished and was operational.

President Sorensen remarked that the University was very excited about the progress of the SDI recommendations.

President Sorensen made the following remarks:

At the Wampee Retreat we had in early January, members of the Board urged me to present an overview of the respective plans we have. I am going to begin with 'where are we now.'

One of the things you asked me to do is talk about the rankings of our programs in the nation's top 10. Listed below are our top programs. There are a total of 12 programs which are in the top 10 in the nation in their respective areas. All of these ratings are the most recent years for which national data are available; most are within the past couple of years.

- International Business Undergraduate Program is ranked #1 in the nation (*U.S. News & World Report 2006*)
- International Business Graduate Program is ranked #2 in the nation (*U.S. News & World Report 2005*)
- School Library Media Graduate Program is ranked #3 in the nation (*U.S. News & World Report 2006*)

- Philosophy of Physics Doctoral Program is ranked between numbers 3 and 4 in the nation (*Philosophical Gourmet* 2004)
- Health Librarianship Graduate Program is ranked #4 in the nation (*U.S. News & World Report* 1999)
- Health Education Doctoral Program is ranked #5 in the nation (*Journal of Health Education* 2000)
- Marine Science Undergraduate Program is ranked #5 in the nation (*Gourman Report* 1998)
- Services for Children Graduate Program is ranked #8 in the nation (*U.S. News and World Report* 1999)
- Exercise Science Department is ranked #8 in the nation (*American Academy of Kinesiology* 2004)
- Advertising Undergraduate Program is ranked #8 in the nation (*Advertising Age* 1991)
- Hotel, Restaurant & Tourism Department is ranked #9 in the nation (*Journal of Hospitality & Tourism Education* 2001)
- Public Relations Undergraduate Program is ranked #10 in the nation (*NY Times* 1998)

These are our top programs and I am going to meet with our university ambassadors and the people who host the tours on campus and review all of this information with them so that they have a very precise and specific list of our top 10 programs in the United States.

The following 10 Carolina programs are ranked in the nation's top 11-30:

- Entrepreneur Undergraduate Program is ranked in the 1st tier in the nation (*Entrepreneur* 2005)
- Public Relations Graduate Program is ranked #12 in the nation (*U.S. News & World Report* 1996)
- Social Psychology Graduate Program is ranked #12 in the nation (*U.S. News and World Report* 2005)
- Philosophy of Science Doctoral Program is ranked in the 13-30 group in the nation (*Philosophical Gourmet* 2004)
- Advertising Graduate Program is ranked #13 in the nation (*U.S. News & World Report* 1996)
- Advertising Undergraduate Program is ranked in the top 15 in the nation (*Clio Award* 2001)
- Library Science Graduate Program is ranked #15 in the nation (*U.S. News & World Report* 1996)
- Chemistry & Biochemistry Doctoral Program is ranked #17 in the nation (*Chemical & Engineering News* 2005)
- Chemical Engineering Department is ranked #17 in the nation in terms of dollars spent (*Chemical & Engineering News* 2005)
- Chemistry & Biochemistry Department is ranked #27 in the nation in terms of federal dollars spent (*Chemical & Engineering News* 2004)

Provost Becker has done something that is very interesting. He has selected five universities (University of Iowa; Indiana University; University of Colorado; University of Arizona; University of Kansas) that he regards, and Dr. Pastides and I concur, as peer or peer aspirant universities. These are universities that we consider are equivalent or universities that we would like to be thought of as equivalent to.

I have selected a number of indices, nine in total that are used in the *U.S. News & World Report* rankings and I will compare us to them by these rankings.

Although *U.S. News & World Report* does not rank the proportion of in-state residents, I will show it to you anyway. We have the highest percent of in-state residents - 80 percent of our undergraduate students are South Carolinians which is higher than the other institutions.

Of those institutions selected the University of Iowa was ranked the highest in *U.S. News & World Report* at #21; Indiana University was ranked at #30; University of Colorado was ranked at #34; and the Universities of Arizona and Kansas were tied at #45. The University of South Carolina was currently ranked at #52.

In my analysis, I am going to show how we compare with the nine indices used by *U.S. News & World Report* with these schools all of which are ranked higher than we are.

An SAT/25 percent index means that 25 percent of the students whom we enroll as freshmen have SATs that are at this level or higher. It also means that 25 percent have lower scores than this number. *U.S. News & World Report* does not report the average. They report the 25th and 75th percentile ranges. So, I am looking at how we compare on the bottom end of the range. We are #2, second only to Colorado and Iowa who are tied for #1. For the 75th percentile, at 1250 we are #3 behind Iowa which is #1 and Colorado which is #2.

For Freshman/Sophomore Retention, an index that indicates the percentage of students who complete the sophomore year, we are tied for #2 with Colorado and Indiana being #1.

For Six Year Graduation, this index means that of the students who come in as freshmen, what percent graduate within six years from the school at which they started. For example, students who attend Carolina their first two years and transfer to the University of Georgia or to Clemson, for example, that counts as someone dropping out of our school. We did not retain those students. Although they graduated from college within six years, it only counts if they graduated at this campus at which they started. Carolina is #3 behind Indiana University at #1 and Iowa and Colorado tied at #2.

Mr. Buyck noted that Indiana had the lowest SAT/25 percent score of 990 but the highest Freshman/Sophomore retention percentage (88 percent) and Six Year Graduation percentage (71 percent).

For the next index, Classes Under 20, the higher percent of classes fewer than 20 students is considered desirable; Iowa is #1 and Carolina is #3.

The lower the percent for the index, Classes Over 50, the more desirable it is. Carolina is tied for #1 with Iowa with only 11 percent of our classes over 50 students enrolled in the class.

For the High School Grade Point Average index, we have the highest ranking of 3.8.

Carolina's Alumni Giving (the 8th index) is the highest among these schools. We have 22 percent of our alumni give to the University annually and the others range to a low of 9 percent for Arizona.

U.S. News & World Report recently introduced a new criterion by which we are evaluated - Commendation For Diversity. Only one of the five institutions (Arizona) plus the University of South Carolina were commended for the diversity of the student body. So, we are tied for #1 in that area.

In short, there are nine indices. For five of these nine we are #1 or tied for #2; for two we are tied for second; and for two we are third. So, we compare very favorably with these five institutions and yet our ranking nationally is lower than theirs. Part of the reason is because our academic reputation is not perceived widely to be as good as it is. Therefore, one of my principal tasks, along with my entire administrative team and the faculty, is to enhance the academic reputation of the institution because we compare very favorably with these other schools. It is my hope that this year in the rankings we will be 50 or under in the *U.S. News & World Report* ranking.

Mr. Buyck asked whether the University's freshman student gpa of 3.8 was based on a total of 4.0. President Sorensen indicated that the figure was a weighted grade point average and reflected students who completed AP, IB (International Baccalaureate), and honors courses in academic subjects only; therefore, it was possible to earn a 4.8 gpa, for example. In the Honors College last year, the average grade point average was 4.4 on a 4.0 basis.

Mr. Hubbard inquired whether *U.S. News & World Report* in its 2006 college ranking issue would give credit or points for diversity. President Sorensen explained that currently it was a binary measure (either yes or no); it was assumed that eventually the ranking would be assigned a value.

Provost Becker explained that the five selected institutions were not chosen in a "cherry picking" manner. The primary goal was to identify institutions from small states which had land grant institutions and ranked higher than Carolina in *U.S. News & World Report*.

Ms. Moore asked that South Carolina be measured against other states with comparable per capita income. In that situation Provost Becker believed very few institutions would be ranked ahead of the University in *U.S. News & World Report*.

President Sorensen continued:

Now I want to talk about where we are going to go in the next five years. This is our series of metrics for all the areas for which we have done planning for the next five years.

For Undergraduate Enrollment, in the Fall of 2005 we had 3,734 come in. All of the freshmen for the University of South Carolina this 2005-2006 academic year, including students who were first time freshmen in January, we had a total of 3,875 freshmen.

Our goal for this coming fall is 3,600 freshmen. We may indeed go over that, but if we do, we are going to titrate it against the SAT scores. For the 07-08 academic year our goal is 3,700 freshman; 3,850 for 08-09; and 3,950 for 09-10. In 5 years we expect an incoming freshman class in all semesters of 4,150. We currently have 18,362 students in the undergraduate level; we are projecting to grow by slightly less than 1,000.

The percent total in-state is 80 percent which will probably drop 1 percent per year and then hold flat at 77 percent. This is not a science predicting of precisely the number of freshmen you have; precisely the number of students you have; precisely the number of instate students you have. These are the goals that we are operating under.

Similarly with respect to SAT scores, at the bottom end of the 25th quartile we are at 1050; third quartile at 1250; currently, we anticipate going up by roughly 10 points per year to 2009-2010 at 1100 and 1300.

Now the task that we have in our enrollment management program is to titrate both of these. Our current situation is that we are increasing the size of the freshman class and increasing the SAT scores while keeping the percent of in-state students constant. As long as we can keep doing that, that's what I pledge to do unless you give me some very different instructions.

With respect to retention from freshman to sophomore year, we intend to continue to increase our retention rate until it reaches 90 percent in 2010. For the six year graduation rate we also intend to increase and improve that. We intend to increase the number of doctorates. We will have awarded 253 doctorates this year and we expect to bring that up to 300 by 2010.

Our law school ranking is #90. I have interviewed all of the candidates for dean of the Law School. I have conveyed to each of them my very sincere expectation that we will at least improve our standing in the *U.S. News & World Report* by 5 points per year. When I was president of Alabama, we did substantially better than that, and I fervently believe that it could happen here with good leadership and support of the faculty, the alumni and the students. I am hopeful that we will do better than that. I regard that as a modest but steady expectation.

The Moore School undergraduate program is ranked #40 in the United States now out of about 500 programs; the graduate MBA program is ranked #68 with a goal of #55 in 2010. I think both of those could be improved consistently over time. For the undergraduate business program the goal was to be #32 by 2010; currently it was ranked #40.

One of the results of the Faculty Excellence Initiative, which Provost Becker is overseeing, is to reduce the student/faculty ratio from its current 16/1 to 14/1 by reducing it by $\frac{1}{2}$ student per faculty member per year for each of the next 5 years.

I am also hoping that alumni giving will increase by 1 percent per year for a total of 26 percent in 2010. As I indicated, we are already #1 among those institutions with which we are comparing ourselves.

Mr. Buyck asked whether the percentage of in state students represented all freshmen or fall freshmen. President Sorensen responded that the figure included all undergraduate students. He also noted that second semester freshmen transfer students were primarily from Midlands Technical College.

Dr. Floyd believed that the University should be very sensitive to the education of South Carolina residents. He indicated that his legislative representative had expressed concern regarding the percentage of out-of-state students vs. in-state students attending the University. It had been published recently that 33 percent of the freshman class were out of state students. "Our primary mission is to educate our people in the state of South Carolina and we ought

to look forward to trying to increase the freshman student body even more without dropping our SAT scores." President Sorensen responded that he was passionately committed to that goal. He noted that before his arrival at Carolina, the average SAT score was 1109; currently that figure had increased to 1166. In addition, the University had the largest freshman class in its history.

Mr. Wienges asked the reason for concurrent increases in both freshman class enrollment and the average SAT score. President Sorensen noted that the University was attracting more South Carolina applicants than ever before. He further commented that the *U.S. News & World Report* college rankings impacted the recruiting of faculty, students and alumni who contributed to the University. President Sorensen also stressed that he was intensely dedicated to providing a high quality of education. He cited his commitment to intentionally reducing the faculty/student ratio to ensure smaller class sizes as an example. Mr. Buyck suggested that the University share those figures with the public; Ms. Dodenhoff and Mr. McKinney will disseminate that information to appropriate sources.

President Sorensen again continued:

I would like to present some data on where we are going on the financial side.

At the end of this calendar year in the area of Sponsored Research we are expecting to reach a total of \$183 million in externally funded research. I am intent on growing that to \$266 million for a growth of approximately 8 percent - 9 percent per year.

We have not announced a new Capital Campaign yet. It is my expectation that we will raise approximately \$90 million per year for an accumulated total of \$370 million by 2010.

Our current endowment total is \$235 million and I am expecting that we will grow that annually so that we will be up to \$350 million by 2010.

For the A Fund Total (state appropriations and tuition), Mr. Kelly projects that the tuition increase will be 9 percent in 2006-07; and then 9.9 percent per year in the remaining years. Again, I am not stating that this is what will happen. This is merely an estimated projection. Mr. Kelly is also projecting a state appropriation increase of 3 percent in 2006-07 and 4 percent in the remaining years. Obviously that amount is compounded so that A Funds will grow from the current \$386.6 million to \$503.2 million.

C Funds (from the auxiliaries such as Dining Services, Athletics Department, Bookstore sales, etc.) totaled \$56.5 million this year. Mr. Kelly is projecting that the figure could increase to \$64.7 million.

For Deferred Maintenance, Mr. Kelly estimates a total amount of \$454 million that will be reduced every year. He has proposed to reduce it \$83.5 million by next year, leaving \$370.5 million. He is also including the use of operational funds to reduce deferred maintenance during the year.

At this time I would like to review with you all of my goals for the University for the next five years.

I am anticipating 3,975 freshmen in the fall; 4,150 freshmen including the January freshmen; and a total undergraduate student body of 19,250 which is only slightly less than 1,000 more than we have now. My goal is to have the 25th quartile to the 75th quartile be 1100 - 1300 and that 90 percent of our freshmen will complete their sophomore year. I also have as a goal a graduation rate for those who graduate within 6 years will be 70 percent; that we will award 300 doctorates; that alumni giving will be up to 26 percent; that the student/faculty ratio will be down to 14:1; that our sponsored research will be at \$266 million; that our endowment will grow to \$370 million; that our A Fund will be at \$350 million; that our C Fund will be nearly \$65 million; and that deferred maintenance cut to nearly half, \$287 million.

That's my goal for all academic, financial and physical aspects of the University.

Mr. Hubbard questioned the endowment figure; he believed that the total amount was currently \$350 million. President Sorensen noted that recently Mr. Whittle had led an extensive discussion concerning the manner in which the University's endowment was calculated using CASE (Council for Advancement and Support of Education) criteria.

Mr. Kelly responded that a debate had ensued regarding the calculations of the value of the endowment. Chairman Adams and Chairman Emeritus Whittle had asked that Mr. Alton McCoy and other staff CPAs determine appropriate criteria to evaluate the annual reports of each of the foundations in accordance with GASBY and FASBY standards. Following their review, a recommendation was presented to and approved by the Board of Trustees for valuing the endowment; the current number reflected that evaluation.

Mr. Hubbard expressed concern that the University was evaluating the endowment too conservatively. Mr. Kelly further advised that KPMG accounting firm had been hired to examine the other institutions and the manner in which they rated, ranked and categorized their endowments. He commented that "they were all over the board." Some were similar to the University's; others were more liberal. He believed that the Board of Trustees had wanted an accounting standard that would interface appropriately with the definitions of both governmental and private financing.

Mr. Hubbard commented that he would like to value the University's endowment in the same manner as other highly regarded schools (i.e., University of North Carolina at Chapel Hill; University of Virginia; University of Florida) "because that's who we compete with in the rankings."

In answer to Mr. Hubbard's inquiry about the review process, Secretary Stepp indicated that Mr. McLellan, as Chairman of the Fiscal Policy Committee, had directed him, Mr. Kelly, Ms. Hanna and Mr. McCoy to look into the matter and to submit a recommendation to the Board. Following an analysis by KPMG accounting firm, a letter addressed to Secretary Stepp indicated that there were no definitive standards. Therefore, the University had created conservative standards and presented them to the Board for consideration a few months ago.

Mr. McCoy advised that all University foundations had a total of \$330 million of net assets; however, not all of those net assets were endowed. That figure totaled \$235 million. Another \$50 million was considered similar to endowment but were life trust funds which eventually will be counted as the University's.

President Sorensen recommended that the Fiscal Policy Committee revisit this matter and present a report to the full Board.

Mr. Buyck asked the status of a grade forgiveness policy which Mr. Williams had discussed earlier in the meeting. Dr. Reeder, Chair of the Faculty Senate, explained that this issue was before the Faculty Committee on Academic Standards and Progressions; a recommendation will be forthcoming. Mr. von Lehe asked that it be presented to the Academic Affairs and Faculty Liaison Committee for consideration. Chairman Adams requested information about whether schools identified as University peers as well as ACC institutions had adopted such a policy.

President Sorensen suggested that the Faculty Senate Committee report to the Academic Affairs Committee of the Board. Dr. Reeder will advise the faculty committee that the Board was requesting additional institutional comparisons.

President Sorensen summarized that during the Wampee Retreat in January two recurring themes had surfaced: (1) what were the University's top 10 programs; and (2) what was the relationship among all of the various plans. Since arriving at the University, he had developed a five year budget plan; a five year master facilities plan; a five year enrollment management plan; and a five year faculty expansion plan which he had presented ad seriatim to the Board of Trustees during the past 3½ years. Today, he had presented them as an integrated University plan so "that you see how all of them fit together and work toward one common goal. I think we are on an exciting path and I appreciate your support for that."

Mr. Hubbard commended President Sorensen for this informative report and believed that the University was moving in the right trajectory.

Chairman Adams recognized Ms. McKinney who commented that Board members will receive an invitation to Carolina Day at the Statehouse scheduled for March 28. On that day, University Alumni and friends will visit with their legislators to discuss the importance of higher education. Chairman Adams asked that Board members support this effort. Mr. Gregory, University Legislative Liaison, also reiterated the importance of Board members attending the event.

Since there were no other matters to come before the Board of Trustees, Chairman Adams declared the meeting adjourned at 4:50 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary