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University of South Carolina

BOARD OF TRUSTEES

Intercollegiate Activities Committee

February 23, 2006

The Intercollegiate Activities Committee of the University of South Carolina Board of Trustees met on Thursday, February 23, 2006, at 1:00 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Samuel R. Foster, II, Chairman; Mr. Arthur S. Bahnmuller; Mr. Mark W. Buyck, Jr.; Mr. William C. Hubbard; Mr. Toney J. Lister; Mr. M. Wayne Staton; Mr. Othniel H. Wienges, Jr.; Mr. Herbert C. Adams, Board Chairman; and Mr. Miles Loadholt, Board Vice Chairman. Mr. Michael J. Mungo was absent. Other Trustees present were: Mr. James Bradley; Mr. John W. Fields; Dr. C. Edward Floyd; Mr. William W. Jones, Jr.; Ms. Rita M. McKinney; Ms. Darla D. Moore; Mr. John C. von Lehe, Jr.; and Mr. Eugene P. Warr, Jr.

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 Human Resources Jane M. Jameson; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Student Affairs Dennis A. Pruitt; Vice Provost & Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Legal Counsel Walter (Terry) H. Parham; 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; Vice Chancellor of Finance and Operations, USC Beaufort, Bryan Hill; Assistant Treasurer Susan D. Hanna; Athletics Director Eric C. Hyman; USC Football Coach Steve Spurrier; Professor in the Moore School of Business and University Athletics Advisory Committee Chair William O. Bearden; Professor in the Department of Exercise Science, Arnold School of Public Health, and University NCAA/SEC Representative Russell R. Pate; Director of the Department of Internal Audit Alton McCoy; Audit Manager, Department of Internal Audit, Jeff Tallant; Gamecock Club Board of Directors Chairman Chip Cromer; Executive Director of the University Foundations Susie VanHuss; Vice Chancellor for Business Affairs, USC Upstate, Bob Connelly; Director of Athletics, USC Upstate, Mike Hall; Atlantic Sun Conference Representative Bill Bibb; Director of Finance and Budget William P. Bragdon; Assistant to the Vice President, Division of Business and Finance, Ken Corbett; Public Information Officer, Office of Media Relations, Karen Petit; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; and members from the press.

Chairman Foster called the meeting to order and invited those present to introduce themselves. Mr. McKinney introduced members of the media who were in attendance.

Chairman Foster 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.

I. Athletics Director's Report: Chairman Foster called on Mr. Hyman who introduced Charles Waddell, the Athletics Department's newest employee. He summarized Mr. Waddell's career experience and believed that he would be an outstanding addition to the department.

Mr. Hyman explained that he will discuss his understanding of the concepts of "managing expectations and defining realities." One of the Board's goals for the athletic program, he noted, was to field "top 25 teams across the board." Based on that understanding, Mr. Hyman was trying to "calibrate the Athletics Department to be able to achieve the objectives that you have set out for us." He stated that his report to the Committee will address budget, facilities and football ticket increases.

Mr. Hyman believed that the Athletics Department needed to be a "good steward" of the University's money and that although they had not made it there yet, they were making good progress. He listed examples of the department's progress:

- Athletics Ticket Office - Mr. Hyman reported that the Ticket Office had moved to the Colonial Center, which provided a "much better presentation," and would save more than \$100,000 by eliminating duplication of services.
- Athletics Travel - Mr. Hyman reported that by putting the travel out for bid a savings between \$100,000 and \$150,000 was anticipated.
- USC Band - Mr. Hyman stated that the Athletics Department underwrote the USC Band for approximately \$190,000.
- Athletics Uniforms - He stated that the department was able to recoup the \$130,000 spent on uniforms this year.
- 1-AA Football Games - He discussed the financial benefits of including one Division 1-AA football game a year.

Mr. Hyman commented that he was "sensitive to the dollars" regarding personnel; therefore, he had consolidated various positions and left others unfilled and was conducting an in-depth review of the department. Because he did not "know the history and tradition," Mr. Hyman was observing the department from an outsider's business perspective. Several challenges to be considered in next year's budget development were:

- Addition of a Women's sport at a cost of \$500,000 - \$700,000.
- Information technology infrastructure updates - he noted that various staff members were using out-of-date computers.
- Upgrade of the status of 10-11 temporary full-time staff to full time status in order to provide them with benefits, at a cost of approximately \$100,000.
- Consideration of a video scoreboard for the baseball stadium, including

whether to build one at the current site which would be demolished when the new stadium was completed or whether to build something that could be moved.

- Replacement of the Colonial Center basketball floor at a cost of approximately \$100,000.
- New baseball stadium costs yet to be fully determined. Although the University had an outstanding baseball coach and team, they needed the infrastructure in order "to continue to maintain the level of excellence."
- Deferred maintenance - Lights at approximately \$800,000 and bathroom upgrades were needed at the football stadium as well as other projects.
- Salary increases
- Facilities - Mr. Hyman noted the poor condition of the Athletics Department Building

II. Football Ticket Increases: Mr. Hyman stated that the current season ticket price was \$210. He had asked his ticket manager to conduct a survey of ticket prices at other institutions based on seven games per season. It was determined that USC was in the "upper part of the lower quadrant of ticket prices." Mr. Hyman provided specific case comparisons and stated that in order to meet the goal of being a top 25 program it will require a team effort by the entire USC family. He noted that facilities were not the total answer, but a part of the process and that while the Wellness Center, the Greek Village, and the Horseshoe made positive presentations for prospective recruits, Athletics Department facilities did not.

Mr. Hyman recognized Coach Spurrier who had requested the opportunity to address the Board. Coach Spurrier stated that last summer he believed that "we have everything here to be successful, we have no excuses." Since then, however, he had learned that they needed to "add to everything we have here." He added that if the Athletics Department's facilities were compared with the other SEC (Southeastern Conference) institutions, USC would rank "11th out of 12." Coach Spurrier believed that the following improvements were needed to be on the same caliber as other SEC teams: an Academic Support Center for all student athletes; an upgrade to the football training area; improved housing conditions for the athletes; and improvements to Williams Brice Stadium.

Coach Spurrier distributed an article entitled "Race for Recruits" which had been published in the December 5-11, 2005, edition of the *Street & Smith's SportsBusiness Journal*; he noted the amount specific universities had spent for athletic facilities improvements during the past 10 years.

Mr. Hyman advised that he would return to the Board within the next few weeks with a formal request for football ticket price increases.

Chairman Foster stated that Mr. Hyman's report was received as information.

Mr. Bahnmuller asked whether Mr. Hyman had contacted peer institutions to ascertain

whether they planned to increase ticket prices. Mr. Hyman responded that he had, but many have not yet come to firm decisions.

Dr. Floyd asked Mr. Hyman if he was considering a Gamecock Club membership increase. Mr. Hyman replied that he will scrutinize the matter from a business standpoint.

Mr. Bahnmuller stated that in January 2008, the University would take possession of the Farmer's Market. He suggested paving part of that area for additional football game parking.

Dr. Floyd clarified his point regarding the Gamecock Club. Membership in that organization entitled individuals priority in purchasing tickets. Raising only Gamecock Club prices, Dr. Floyd noted, would affect only Carolina fans; raising football ticket prices would also impact visitors.

Responding to Mr. Buyck's inquiry about the cost of student tickets, Mr. Hyman indicated that there was no charge other than the \$35 - \$37 per semester student activity fee, which he considered very reasonable, particularly since Carolina played against outstanding teams.

Mr. Staton believed that Mr. Hyman's proposed ticket price increase was very conservative. Mr. Lister agreed and added that he would rather address the increase once rather than revisiting the matter again in two years because the initial increase was not large. Mr. Hyman explained that a ticket package at a set amount would be offered with additional premium charges for various conference or headliner games such as Clemson.

Mr. Buyck pointed out that a 12th game had been added to the 2006 season which had increased the ticket revenues. Mr. Hyman commented that he understood that fact.

Ms. McKinney asked about Mr. Waddell's new position in the Athletics Department. Mr. Hyman commented that Mr. Waddell would have a variety of responsibilities which would most likely change somewhat in the near future after further reshuffling of duties in the department; his title will be Associate Athletics Director.

III. USC Upstate Change of Athletics Conference: Chairman Foster called on Chancellor Stockwell who stated that USC Upstate had received an invitation to apply for membership in the Atlantic Sun Conference, a division I-AAA non-football conference. He noted that the campus had a fully mature athletics program with an excellent athletics administration and coaching staff; numerous post-season tournament appearances; a history of strong gender equity in the sports disciplines; student athletes who perform at high academic and athletic levels; and excellent athletic facilities. He further noted that student athletes' average GPA's and graduation rates were higher than those of the overall student body.

Chancellor Stockwell advised the Committee that they had the full support of their Student Government Association; the Faculty Senate; the Council of Deans and Academic Chairs; the County Commission for Higher Education; the Alumni Association; and other organizations. The "financials were manageable" for the alliance. However, the campus would be required to add Women's Track & Field and Women's Cross Country. Overall net sports' costs during the next several years would increase approximately one-third above current expenditures.

Chancellor Stockwell clarified that Athletics would remain a student activity program primarily funded by student fee revenue as before, with a fee increase in the first two years, but no further increases anticipated during the length of the pro forma through 2012; the fee increase would be a part of the tuition package for the next two years. He listed other sources of revenue: gate receipts, game guarantees, corporate and athletic association revenues, and private giving.

Chancellor Stockwell explained that if the Board approved this request, USC Upstate will apply for reclassification in the NCAA to declare the 2006/2007 academic year as an "exploratory year during which we will apply for membership to the Atlantic Sun Conference." In concluding his presentation he introduced Mr. Mike Hall, USC Upstate Athletics Director, and Mr. Bill Bibb from the Atlantic Sun Conference.

Chairman Foster read the following motion: To authorize USC Upstate, having been invited by the Atlantic Sun Conference to consider membership, to seek membership in NCAA Division I AAA (non-football) and the Atlantic Sun Conference. Mr. Lister moved to approve the motion and Mr. Bahnmuller seconded the motion.

Mr. Lister asked for Mr. Hyman's comments. He stated that he believed that the proposed conference change was worthy. In response to Mr. Wienges inquiry about the cost to join the Conference, Mr. Bibb indicated that there was a \$75,000 initiation fee that could be divided into three installments. Mr. Lister stated that he fully supported the proposal.

There being no further comments, Chairman Foster called for the vote. The vote was unanimous in favor of the motion.

Chairman Foster congratulated Carolina's student athletes for earning the highest grade point average ever recorded, 2.99, which he noted was slightly below the full student body average of 3.09.

There being no other matters to come before the Committee, Chairman Foster declared the meeting adjourned at 1:45 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary