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University of South Carolina

BOARD OF TRUSTEES

Ad Hoc Committee on Advancement

August 8, 2008

The Ad Hoc Committee on Advancement of the University of South Carolina Board of Trustees met on Friday, August 8, 2008, at 11:00 a. m. in the 1600 Hampton Street Board Room.

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

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Human Resources Jane M. Jameson; Interim Vice President for University Advancement Michelle Dodenhoff; Vice President for Information Technology and Chief Information Officer William F. Hogue; General Counsel Walter (Terry) H. Parham; Vice Provost for Academic Affairs William T. Moore; Associate Vice President of Marketing and Communications Gary Snyder; Assistant Vice President for Advancement Administration, Division of University Advancement, J. Cantey Heath, Jr.; University Treasurer Susan Hanna; Dean of USC Lancaster John Catalano; Dean of the College of Nursing, Peggy Hewlett; Dean of USC Salkehatchie Ann Carmichael; Dean of USC Sumter C. Leslie Carpenter; Executive Director of the Alumni Association Marsha A. Cole; Director of Capital Budgets and Financing, Division of Business and Finance, Charles D. FitzSimons; Director of Governmental and Community Relations, Division of University Advancement, Shirley D. Mills; Director of Governmental Affairs and Legislative Liaison, Division of University Advancement, Casey Martin; Associate Director for Production and Technology, University Publications, Bob Lowder; Chair of the Faculty Senate Robert G. Best; Student Government Association President Andrew Gaeckle; Student Government Association Vice President Meredith Ross; Student Government Association Treasurer Jonathan Antonio; Trustee Emerita Lily Hall; Chaplain Tom Wall; guests of Board of Trustees Chuck Allen, Sharon Allen

and Charles Edward Kinsey, Jr.; wife of Board of Trustees member Toney Lister, Cynthia Lister; wife of Board of Trustees member Miles Loadholt, Ann Loadholt; Director of the Office 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; and members of the media.

Chairman Loadholt called the meeting to order and invited those present to introduce themselves. Mr. McKinney introduced members of the press 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; and a quorum was present to conduct business. Chairman Loadholt directed the attention of the Committee to the first agenda item and called on Ms. Dodenhoff.

I. Fiscal Year 2008 Advancement Overview: Ms. Dodenhoff commended the University Advancement staff for the role they had played in the success of various programs. She stated that the staff were professional leaders in their fields as well as the workers and planners behind the scenes.

A. Carolina Alumni Association Update: Ms. Marsha Cole reported on various accomplishments and activities of the Carolina Alumni Association.

Ms. Cole thanked the Alumni Clubs, the Board of Governors, and Mrs. Amy Stone, the new Alumni Association President, for all their support.

Ms. Cole reported that the Bylaws of the Alumni Association had been revised and the Council of Alumni Societies had been created and implemented. This would bring representation from the academic units to the Board of Governors to inform the Association's decisions based on the imperatives of the schools and colleges.

A new tradition this year was the Spring Alumni Weekend. This event had been very successful and well attended. Also, everyone was looking forward to our Homecoming festivities this Fall.

Ms. Cole thanked Carolina Action Network (CAN), and everyone who participated in the fifth annual Carolina Day at the Statehouse. The purpose of this event was to raise the Legislature awareness of the importance of supporting higher education and the University. Carolina Day at the Statehouse was well attended and very effective. Also, a meeting was held to begin planning next year's event.

Ms. Cole stated that the Alumni Association had also called on CAN to help overturn a veto by the Governor. More than 700 emails were sent to members of the legislature within the first 24 hours of that request and the Governor's veto was overturned. The vote was 103 to 0 in the House and 30 to 4 in the Senate.

Ms. Cole stated that they had just completed 12 freshman send-offs. During

these events, parents and incoming freshman were invited to socialize with our local clubs. Approximately 1,000 of the incoming freshman enrolled as members of the Alumni Association. Fifty percent of those students signed up for the "Freshman Deal" which allowed them to be members of the Alumni Association during their four years in college. In addition, this was a way for the Alumni Association to convince students that the University wanted to be a part of their lives forever or "Gamecocks for Life."

Ms. Cole reported that the Alumni Association had given \$600,000 in scholarships this year. Total scholarship contributions from the Alumni Association reached \$9 million. Ms. Cole stated that all scholarship recipients were outstanding, had an average SAT score of 1422, an average 4.5 GPA, and all of the students attended the Honors College.

Ms. Cole expressed enthusiasm regarding plans for the Alumni Center. She thanked board members for their approval of the usage of the parcel of land at Pendleton and Assembly Streets as the future home of the Alumni Center. Also, she stated that this was a good way to send a message that the greatest gift that we can provide for the Alumni and USC itself was a place on campus that the Alumni could call home.

B. Advancement Administration Update: Mr. Cantey Heath gave an overview of activities in the Division of University Advancement.

He stated that the department's goals were to implement the best practices in managing divisional operations; expand and improve relations with our many constituencies; and maximize quality service to our internal and external customers.

The Advancement Division included the following five offices: Assistant Vice President, Advancement Research, Advancement Services, Donor Relations and Special Events.

Mr. Heath reported that his responsibilities as Assistant Vice President of Advancement spanned the following four categories:

- Support the Vice President in management of divisional operations including general administration, budget/financial matters, human resources/personnel matters, and short and long range strategic planning.
- Manage advancement systems including the review and processing of University Foundations gift agreements, coordination of the gift naming opportunities program, and other special studies and projects.
- Direct external relations efforts through the management of University Associates, the scheduling of civic club addresses, and coordination of

engagement opportunities with donors, prospects, volunteers, and business and community leaders.

- Supervise the offices of Advancement Research, Advancement Services, Donor Relations and Special Events.

University Associates was founded in 1964 and sought to provide effective town and gown communication to advance the University. Over the past 10 years, University Associates had contributed \$101,500 to scholarships and faculty development.

Mr. Heath stated that the past and present officers were as follows: W. Lee Bussell, Past President; M. Edward Sellers, President; John A. Boudreaux, President-elect; and Jodie W. McLean, Vice-President.

Mr. Heath reported that the Advancement Research division focused on identifying new major gift prospects and expanding profile information on known prospects and donors. Last year, over 800 research requests had been fulfilled. In addition, the staff had identified major gift prospects with an estimated giving potential between \$36 million and \$83 million.

Finally, over 36,821 records were submitted for screening by Grenzebach Glier and Associates.

Advancement Services handled gift processing and management of the Millennium database of alumni, donors and prospects as well as their tracking systems. Last year, over 3,130,870 entries were processed in the Millennium Database; 28,307 new constituents were added to the database including 8,048 new alumni; 140,821 addresses were added or updated; 56,315 telephone numbers were added or updated; and 99 Millennium training classes were conducted with 364 participants.

Donor Relations focused on properly acknowledging support and encouraging new and continued support through targeted involvement. Over fifty percent of Horseshoe Society members made an annual gift at the President's Society level of \$1,801 or above. Also, 1,227 Educational Foundation endowment reports were mailed to 976 contacts and donor recognition plaque standards were currently being finalized. This would bring some consistency in recognizing our gift naming opportunities.

Special Events managed events for the Board of Trustees, the President, University Advancement and the capital campaign. Last year, the staff assisted with or managed 162 events. Of these, the staff directly managed 130 events with total attendance of approximately 17,500 guests. Eighty-eight events took place at the President's House with over 6,400 guests. Also, the staff assisted in a dozen multi-day events, several of which took place off campus or out-of-state.

C. Legislative Affairs Update: Ms. Dodenhoff commended Ms. Shirley Mills and Ms. Casey Martin for their efforts in Governmental Affairs and all their hard work at the State House and within our community.

Ms. Dodenhoff reported that the University had received a 2.6 percent budget cut. Also, the economic conditions had impacted the state, nation, and other institutions of higher education as well. However, despite the bleak economic outlook, the University had been successful in maintaining \$10 million of lottery funding for the Centers of Economic Excellence and Endowed Chairs Program. The three research universities (MUSC, USC, and Clemson) had each received \$1.5 million for the South Carolina Light Rail project. The University received \$2.5 million for hydrogen fuel initiatives and a one percent pay increase for state employees. However, financial forecasts indicated that we may receive another mid-year cut and lose the moneys allocated for hydrogen and South Carolina Light Rail because of continuing economic troubles.

The South Carolina Light Rail Consortium set up the governance structure for the high speed research and education network and provided for the addition of other public and private sector participants.

Ms. Dodenhoff discussed the USC Higher Education Bond Resolution. She stated that the University had explored funding for the new Business School and this Resolution would allow the use of a non-traditional funding source for this exciting venture. The University requested and the legislature had passed a resolution allowing the use of this funding source. Governor Sanford vetoed this measure but the Legislature was successful in overriding the Governor's veto, thanks in part to the alumni and friends of the University who advocated for the University's legislative priorities.

Ms. Dodenhoff stated that in October 2008, the Office of Governmental Affairs would host, in Columbia, the fourth annual meeting of the Southeastern Conference Government Relations Representatives. This would be a fantastic opportunity to showcase USC and Columbia to our fellow SEC schools.

D. Development Update: Ms. Dodenhoff reported that the University had raised \$106 million this year, the best fundraising in the history of the University.

Ms. Dodenhoff stated that \$73.7 million of the \$106 million came from gifts of \$100,000 or more from 116 donors. Last year, there were 46,000 donors, 116 of whom gave approximately 70 percent of the total donations.

Mr. Adams inquired if the \$106 million was given in pledges or cash, and what it cost the University to generate a dollar. Ms. Dodenhoff responded that they received a combination of cash and pledges, and it cost the University a dollar to

raise ten dollars.

Ms. Dodenhoff shared information regarding fundraising trends from FY 1989-90 to FY 2007-08. She stated that in 1990, fundraising totaled \$21.5 million and had substantially increased to \$106.2 million in 2008. The Bicentennial Campaign totaled \$26.8 million in 1996 and had increased to \$57.4 million in 2002.

Ms. Dodenhoff stated that several board members had made inquiries regarding fundraising for athletics, gifts-in-kind and academics. She reported that fundraising for athletics in FY 95-96 totaled \$7 million and had increased to \$21.2 million in FY 2007-08, gifts-in-kind was \$2.3 million and increased to \$9.1 million, and academics was \$26.8 million and increased to \$106.2 million.

Ms. Dodenhoff reported that the \$106.2 million was designated as follows: student support \$32.6 million, faculty support \$4.5 million, program enhancements \$44.8 million, unrestricted \$7.8 million, and capital \$16.5 million.

In FY 2007-08, the source of fundraising by donor type was fairly evenly distributed and was as follows: alumni \$31,102,588; companies \$22,179,798; foundations \$20,485,502; non-alumni \$17,972,500; organizations \$12,474,822; parents \$1,433,133; faculty and staff \$483,482; and students \$28,071. She stated that Development would like to increase or at least maintain that level of giving.

Ms. Dodenhoff stated that there were 18 donors who gave at the \$1 million level or above and 18 donors gave gifts between \$500,000 to \$999,999. The number of donors giving at those levels had more than doubled since 2006 and 2007.

In addition, online giving and first time donors had increased. Statistics showed that the number of donors giving online from FY 2005 to FY 2008 were as follows: 2005 (1,064), 2006 (1,828), 2007 (2,303), and 2008 (2,681). The online gifts had increased from \$13,013 in 2003 to \$670,777 in 2008.

Ms. Dodenhoff stated that this had been a very successful year for University Advancement and she thanked the Board for their support.

E. Marketing and Communications Update: Chairman Loadholt called on Mr. Gary Snyder who reported on activities in marketing and communication. Mr. Snyder stated that the University had increased its investments in marketing and communications two years ago and was continuing to do so.

Mr. Snyder stated that marketing and branding was essential to the University because it increased resource support. Furthermore, a consistent brand marketing plan was beginning to gather traction with key audiences of persons of academic influence, prospective faculty, students, alumni and donors. Second, NPR post campaign quantitative research showed an overall increase in attitudes of University quality and prestige. Third, marketing had contributed to strong increases in philanthropy and applications.

Mr. Snyder stated that in light of the upcoming Capital Campaign and the national decrease in the prospective applicant pool his division would continue to be aggressive.

In 2008, the Marketing and Communications Department received the following Awards for publications and Website:

- Council for Advancement and Support of Education (CASE) National Competition
- Innovista website
Silver Medal, sub-web site category
- President's Report 2007 "Great Inspirations"
Bronze Medal, publications category
- CASE 2008 District III (Southeast) Advancement Awards Program
- University of South Carolina Undergraduate Student Recruitment Series
- Award of Excellence in the "Student Recruitment" category
- University of South Carolina *Times*
Award of Excellence in the "Internal Tabloids and Newsletters" category
- "Great:" University of South Carolina Ad Series and Web Sites
Special Merit Award in the "Institutional Relations Project" category
- Breakthrough—University of South Carolina research magazine
Special Merit Award in the "Other Magazines" category
- USC Sumter Viewbook
Special Merit Award in the "Improvement in Design" category
- Columbia Advertising Club
2008 American Advertising Awards (ADDY Awards)
- "Great Inspirations" President's and Foundations' Report
(Silver ADDY in the "Collateral Material" category)

Mr. Snyder thanked the Board for this opportunity and asked for their continued support.

Since there were no other matters to come before the Committee, Chairman Loadholt declared the meeting adjourned at 11:45 a.m.

Respectfully submitted,

Thomas L. Stepp
Secretary