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University of South Carolina

BOARD OF TRUSTEES

October 16, 2009

The University of South Carolina Board of Trustees met on Friday, October 16, 2009, at 11:50 a.m. at the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Herbert C. Adams; Mr. Chuck Allen; Mr. Arthur S. Bahnmuller; Mr. J. Egerton Burroughs; Mr. Greg Gregory; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Leah B. Moody; Ms. Darla D. Moore; Mr. Michael J. Mungo; Mrs. Amy E. Stone; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr.

The following Trustees were absent: Mr. Mark W. Buyck, Jr.; Dr. C. Edward Floyd; Dr. James H. Rex; and Mr. Mack I. Whittle, Jr.

The faculty representative, Dr. Patrick D. Nolan, and the student representative, Ms. Meredith Ross, were also present.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Finance and Planning William T. Moore; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Research and Graduate Education Stephen Kresovich; Vice President for Human Resources Jane M. Jameson; Interim Vice President for Advancement Michelle D. Dodenhoff; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Special Assistant to the President J. Cantey Heath; Vice President for Medical Affairs Donald J. DiPette; Vice Provost and Executive Dean for System Affairs and Extended University 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; Dean of USC Union Hugh C. Rowland; Dean of the College of Arts and Sciences Mary Anne Fitzpatrick; Dean of the Arnold School of Public Health Thomas Chandler; Dean of the School of Law Walter F. Pratt, Jr.; Vice Provost for Academic Affairs and the Dean of Undergraduate Studies Helen I. Doerpinghaus; Vice Provost for Faculty Development Christine W. Curtis; Associate Vice President for Resource Planning Edward L. Walton; Associate Dean for Academic Affairs, Arnold School of Public Health, Gregory A. Hand; Director of the Alumni Association Marsha D. Cole; Director of Athletics Eric C. Hyman; Executive Associate Athletics Director Kevin O'Connell; Deputy Athletics Director Marcy Girton; Chief Financial Officer, Department of Athletics, Jeff Tallant; Assistant Dean for Undergraduate Studies in Humanities, Arts and Social Sciences, College of Arts and Sciences, Mary Ann Byrnes; Associate Vice President for Student Life and Development Jerry Brewer; Executive Assistant to the President for Equal Opportunity Programs Bobby Gist; Assistant Provost for Academic Programs Kristia H. Finnigan; Director of

Periodicals, University Publications, Chris Horn; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Director of Media Relations, Division of University Advancement, Margaret Lamb; The Reverend John Cook, Campus Minister, Presbyterian Student Association; University Technology Services Production Manager, Justin Johnson; SunGard Higher Education representatives Jim Brigadier, Bruce Bleiman, and Lynn Derrick; and Board staff members Terri Saxon, Vera Stone, and Karen Tweedy.

Chairman Loadholt called the meeting to order and announced that USC Lancaster 50 year anniversary pins were being distributed at their places. He asked that members place them on their lapels or clothing and explained that this meeting of the Board of Trustees was dedicated to the memory of their long time friend and colleague James Bradley.

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 the members; and a quorum was present to conduct business.

Chairman Loadholt welcomed everyone and invited Board members and members of the University family to introduce themselves.

Mrs. Lamb stated that no members of the media were in attendance.

At Chairman Loadholt's request, The Reverend John Cook, Campus Minister, Presbyterian Student Association, delivered the Invocation.

Chairman Loadholt stated that there were personnel matters relative to recommendations for honorary faculty titles, appointments with tenure, honorary degree nominations, election of Board of Visitors members and a contractual matter relative to gift naming opportunities, which were appropriate for discussion in Executive Session.

Chairman Loadholt called for a motion to enter Executive Session. Mr. Jones so moved and Mr. Lister seconded the motion. The vote was taken and the motion carried.

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Moore, Dr. Pruitt, Mrs. Jameson, Dr. Hogue, Dr. Plyler, Dr. Kresovich, Mr. Parham, Mr. Heath, Mr. Walton, Mr. Hyman, Mrs. Martin, Ms. Mills and Mrs. Lamb.

Return to Open Session

I. ELECTION OF EXECUTIVE COMMITTEE MEMBER: Mr. Loadholt called for a change in the order of the agenda and announced that he would like to proceed with the election of an Executive Committee member to fill one vacancy.

In response to a call for nominations, Mr. Adams nominated Mr. Lister, and Mr. Jones seconded the nomination. The vote was taken and the motion carried unanimously.

Chairman Loadholt extended congratulations to Mr. Lister on his election to the Executive Committee.

II. APPROVAL OF MINUTES:

The following eight sets of minutes were circulated by mail to the Board for review and were presented for approval:

- A. Executive Committee, August 7, 2009
- B. Board of Trustees, August 7, 2009
- C. Ad Hoc Committee on Strategic Planning, August 26, 2009
- D. Executive Committee, July 29, 2009
- E. Board of Trustees, September 8, 2009
- F. Executive Committee, September 8, 2009
- G. Executive Committee, September 18, 2009
- H. Academic Affairs and Faculty Liaison Committee, September 18, 2009

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

III. COMMITTEE REPORTS:

- A. Executive Committee:
(The Honorable Miles Loadholt reported)

The Executive Committee met on September 8th, September 18th and earlier today.

During the September 8th meeting, an "Assignment, Bill of Sale and Termination Agreement" with Innovista Holdings, LLC was approved.

During the September 18th meeting, the Committee approved a contract with AT&T to create a Wi-Fi network throughout the USC Columbia campus; and an extension agreement with Lamont Digital System, Inc. for the continuation of cable television programming on the USC Columbia campus. In addition, on behalf of the Buildings and Grounds Committee, the Executive Committee approved a gift agreement to name the basketball arena at USC Upstate the "Eddie G. Payne Arena" and a hospitality room the "Olin Sansbury Hospitality Room."

During the meeting earlier today, the Committee approved a basketball team charter contract with CharterSearch, Inc.; a lease agreement with the USC Upstate Foundation to lease the Valley Falls Road property for use as storage and warehouse space; and the lease of building space at 707 Catawba Street to temporarily house Movietone News.

Secretary Stepp announced that Trustee Moody had been assigned interim appointments to the following committees: Fiscal Policy; Health Affairs; Student-Trustee Liaison. Trustee Gregory had been assigned interim appointments to the following committees: Academic Affairs and Faculty Liaison; Fiscal Policy; Student-Trustee Liaison Committee.

1. Election of Board of Visitors Members: Earlier today, the Committee approved the election of JoBeth Stephens Hite, nominated by Mr. Adams, and

Hubert F. Mobley, nominated by Mr. Gregory, to serve on the Board of Visitors. These requests were also presented to the Board in Executive Session without objection.

Mr. Adams moved approval of these nominations to the Board of Visitors as presented. Mr. Allen seconded the motion. The vote was taken and the motion carried.

2. OneCarolina Report: The University was seeking Board approval to proceed with Phase 1 of OneCarolina, a project to completely overhaul the University's 30-year-old student, financial and human resources systems.

Under Phase I, current student and business processes will be replaced by SunGard Higher Education's Banner product on a three-year timetable.

Mr. Gregory moved approval of Phase I of OneCarolina as presented. Mr. Warr seconded the motion. The vote was taken and the motion carried.

3. Sasaki Associates, Inc. Contract Services for University of South Carolina Master Plan and for Planning and Design Consultation: The University was seeking Board approval of a contract with Sasaki Associates, Inc. for Services for Master Plan and for Planning and Design Consultation as outlined in the information which was sent to Board members earlier this week.

Mr. Mungo moved approval of this renewal contract as presented. Mrs. Stone seconded the motion. The vote was taken and the motion carried.

B. Fiscal Policy Committee:
(The Honorable Michael J. Mungo reported)

The Fiscal Policy Committee met earlier today.

Mr. McCoy reported on the recent death of Internal Auditor Mike Harmon and the significant contributions he made to Carolina.

The Honors College; Athletics Department; and Consolidated Services audits had been resolved since the last meeting. One outstanding finding in the USC Upstate audit, which was over six months old, was expected to be resolved by October 31st.

Comprehensive audits of the following areas were conducted: Office of the Provost; President's Office; and Athletics Department Contracts.

There were no findings in the Office of the Provost and the President's Office audits.

There were two findings in the Athletics Department Contracts audit. The first finding involved the unsigned contract with Gamecock Sports Properties; and the second finding involved the incorrect calculation of depreciation expense by Action Sports Media. Both findings were in the process of being resolved.

Mr. Mungo commented that during the Fiscal Policy Committee meeting earlier today, Mr. Burroughs had been elected as chair of this committee and will serve in this capacity in the future.

C. Ad Hoc Committee on Development:
(The Honorable Herbert C. Adams reported)

The Ad Hoc Committee on Development met earlier today.

Michelle Dodenhoff, Interim Vice President for University Advancement, reported on the status of the upcoming capital campaign which was projected to span 8 years from FY 08 until FY 15.

Currently, the University was in the "Silent Phase" of the campaign. During this time, President Pastides will travel extensively throughout South Carolina as well as the country. In addition, Focus Carolina, a comprehensive, system-wide strategic planning initiative which will provide the strategic direction for the University in the years ahead, was in progress and on target.

Ms. Dodenhoff discussed capital campaign success factors which were already in place. She emphasized that the University had a highly trained development staff; all deans were actively participating; and all schools and colleges were supporting this effort. In addition, the University had a proven record of recruiting and retaining experienced fundraisers; a top flight prospect research office; support of the University's marketing and communications areas; and an integrated effort with the Carolina Alumni Association.

She also reviewed a pro forma table of required gift commitments for a successful capital campaign goal to end by FY 2015, and other elements of the preliminary planning for such a campaign.

Ms. Dodenhoff concluded by expressing appreciation to the entire University family and optimism for a successful and exciting outcome.

D. Ad Hoc Committee on Strategic Planning:
(The Honorable Eugene P. Warr, Jr. reported)

The Ad Hoc Committee on Strategic Planning met on Tuesday, August 26, 2009, to review University strategic financial planning. Discussed were two broad categories: 1) the operating budget focusing particularly on the five-year academic planning model, management of budget cuts, and stimulus funding strategy; and 2) capital financing focusing on a debt capacity analysis. A long term financial strategy was also discussed.

Currently, the University was planning for a worst case scenario of a 10 percent state budget cut to the Columbia units. That reduction would address the projected first state cut of \$4.9 million as well as an additional amount for potential future cuts; the system campuses were initially planning for a 4 percent reduction.

President Pastides considered the use of stimulus money as an opportunity to work with the Board of Trustees, the vice presidents and the new provost to advance the University. He stressed that there will be a focused concentration on how the monies will be used.

The Committee reviewed various aspects of the University's debt capacity. The University had commissioned Barclays, a global financial services provider, to perform debt capacity studies and to provide other financial advice. The company had been asked to explain how the University would fare financially under three different scenarios over the next several years: (1) if the University did nothing new; (2) if the University did all the things that the Board had approved to date; and, (3) if the University did all

the things that were contemplated. As a result of this study, Dr. Pastides indicated that the University was in the process of taking a more comprehensive planning approach so that all projects presented to the Board for consideration will be weighted not only by importance, priority, aesthetics and need, but also by financial impact.

The timing of future borrowings was also important with respect to the impact on credit ratings. The University was also in the process of assembling certain capital projects on a timeline.

A long term capital budget prototype was under development. The University was working toward bringing to the Board for approval a 5-year plan with a list of specific capital projects to be completed within the next fiscal year. In the second year, there will be another list of capital projects that will be reviewed in terms of planning stages.

In conclusion, it was determined that there were ways to do things that will allow the University to expand and to accelerate the institutional mission without changing the bond rating and without taking additional risk.

Mr. von Lehe inquired whether a specific timeline had been determined to bring the long range five-year strategic plan discussed at the meeting before the Board of Trustees.

Dr. Moore indicated that the University was presently in the "Action Steps" phase. The goal statements had been developed and vetted and during this past spring and summer, "initiatives" were developed for the respective goals which had been shared with the Strategic Planning Committee.

It was anticipated that a full report to include the "Action Steps" will be presented to the full Board before the end of the calendar year.

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

The Intercollegiate Athletics Committee met on September 18th. Mr. Hyman reported on the Athletics Department FY 2009-10 goals. He also reported on student academic and athletic accomplishments.

The department's goal was to build a nationally prominent program and to win championships. Academically, the goal was to achieve a minimum single year APR of 935 for all teams, a minimum multi-year APR of 925 for all teams and a GPA of 3.0 or better each semester for a minimum of 15 sports programs. In competition, the goal was to have 10 teams finish in the top 6 in conference rankings or top 3 in division rankings.

Mr. Hyman gave an overview of the fall sports. The Cross Country team took first place in the Gamecock Invitational; the women's soccer team ranked 12th in the country (currently ranked 10th), and was one of only three teams in the nation to start the season with six consecutive shut outs (currently higher). The men's soccer team was 3-1 (they continued to improve); and the volleyball team was 8-1.

The Athletics Director also reported that the Athletics Department was funding \$26 million in capital improvements from its operating budget.

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

The Health Affairs Committee met on Friday, September 18th. Dr. Jerry Youkey, Vice President for Medical and Academic Affairs of the Greenville Hospital Systems, distributed a list of commonly asked questions regarding expansion of the USC Medical Campus in Greenville. He gave a detailed report from the USC Medical Campus Expansion Feasibility Committee; Dr. Youkey will continue with the "fact finding" mission and gather information on governance and financials.

Dr. Gene Luna, Associate Vice President of Student Affairs advised that the University had an infectious disease emergency plan in place to deal with the H1N1 pandemic flu. The plan was guided by the Centers for Disease Control, the American College Health Association and DHEC. The University had been designated as a point of distribution for the swine flu vaccine. Also, the University anticipated giving 7,000 flu vaccines this year; more than 10,000 flu kits had been distributed.

Dean Joseph DiPiro presented a detailed report to follow up on questions raised by the committee during the last meeting regarding the South Carolina College of Pharmacy. He reported that there was one campus dean, one associate dean, and one assistant dean on each campus. The roles of each were clearly defined for campus management and operation and student services. The Executive Dean position was added with the merger and served a state-wide function.

Peer aspirant institutions included North Carolina, Kentucky, Maryland and Florida.

Dean DiPiro discussed the benefits of the merger; and stated that a cost-benefit analysis was prepared on the SCCP to highlight the fiscal effects of the merger, in addition to the efficiency and quality effects of the merger. He then responded to questions from the committee.

Finally, Dean DiPiro shared data regarding per student cost from various other schools of pharmacy in comparison to USC and MUSC which were very favorable for the University.

G. Academic Affairs and Faculty Liaison Committee:
(The Honorable William W. Jones, Jr. reported)

The following personnel matters received all appropriate academic and administrative approvals and were presented without objection to the Academic Affairs and Faculty Liaison Committee on Friday, September 18th and, where appropriate, to the full Board in Executive Session.

1. Honorary Faculty Titles: Nine requests for honorary faculty titles were mailed with the materials for this meeting. The following individuals will be awarded titles effective with their retirement:

For the title Distinguished Professor Emerita:

Professor Sarah Boyd
Professor Katharine Butler

Professor Lou Gramling
Professor Valerie Duarte

For the title Distinguished Professor Emeritus:

Professor William Dickson
Professor James Spencer
Professor Fred Wenz

For the title Professor Emerita:

Professor Linda Johnston

For the title Distinguished Librarian Emerita:

Ms. Nancy Washington

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these nine honorary faculty titles as presented. Mr. Mungo seconded the motion. The vote was taken and the motion carried.

2. Appointments with Tenure: The following three requests for appointments with tenure were mailed with the meeting materials. They had received all appropriate approvals and were presented to the Committee and to the Board in Executive Session without objection.

a. Dr. Anton J. Lauterbach would be awarded tenure at the rank of Professor in the Department of Chemical Engineering, College of Engineering and Computing. He will also be named the endowed chair for the Center of Economic Excellence in the Strategic Approaches to Electricity Production from Coal.

b. Dr. Simon Hudson would be awarded tenure at the rank of Professor in the School of Hotel, Restaurant, and Tourism Management, College of Hospitality, Retail, and Sport Management. He will also be named the endowed chair for the Center of Economic Excellence in Tourism and Economic Development.

c. Dr. Jean Helwege would be awarded tenure at the rank of Professor in the Department of Finance, Moore School of Business.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these three requests for appointments with tenure as presented. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

3. New Program Proposals: The following five new program proposals had received all appropriate approvals and were presented to the Committee without objection:

- a. Bachelor of Science with a major in Computational Science, USC Beaufort
- b. Bachelor of Arts with a major in Sociology, USC Beaufort
- c. Bachelor of Arts with a major in Commercial Music, USC Upstate
- d. Bachelor of Science with a major in Biochemistry and Molecular Biology, USC Columbia
- e. Doctor of Philosophy with a major in Spanish, USC Columbia

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of these five program proposals as described in the meeting materials. Mr. Lister seconded the motion. The vote was taken and the motion carried.

4. New Center Proposal: The College of Arts and Sciences was

requesting the establishment of the Parenting and Family Research Center. It had received all appropriate approvals.

On behalf of the Academic Affairs and Faculty Liaison Committee, Mr. Jones moved approval of the establishment of the Parenting and Family Research Center as described in the meeting materials. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

On Wednesday, October 7th, at the invitation of Dr. Patrick Nolan, Mr. Jones had attended the Faculty Senate meeting in conjunction with the committee's Faculty Liaison responsibility.

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

The Buildings and Grounds Committee met October 9th, and the following items require Board approval.

1. Items Requiring Board Approval: Mr. Lister noted that he and Chairman Loadholt had suggested to Board members by letter that they receive the Buildings and Grounds Committee Report in the form of a "Consent Agenda." All materials were mailed last Thursday.

He further explained that all projects were listed on the full agenda and descriptions were in the Board mailing. There were no objections; therefore, they moved forward in that format.

All projects will be listed in the Board minutes as Exhibit I and the University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

a. Project Approvals (Phase I):

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to approve the Phase I projects as listed on the agenda and described in the Board materials. Ms. Moody seconded the motion. The vote was taken and the motion carried.

b. Project Approvals (Phase II):

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to fund the Phase II Construction projects as listed on the agenda and described in the Board materials. Mr. Gregory seconded the motion. The vote was taken and the motion carried.

c. Project Increase - USC Upstate Renovate Palmetto Villas -

Part 2:

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to approve this Project Increase as listed on the agenda and described in the Board materials. Mrs. Stone seconded the motion. The vote was taken and the motion carried.

d. Other Projects:

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to approve the projects for Bates House, Blatt Physical Education Center; and USC Aiken Electrical

Distribution as listed on the agenda and described in the Board materials. Mr. Wienges seconded the motion. The vote was taken and the motion carried.

e. Energy Efficient Stimulus Funding Projects:

On behalf of the Buildings and Grounds Committee, Mr. Lister moved to approve the six energy efficient stimulus funding projects as listed on the agenda and described in the Board materials. Mr. Bahnmuller seconded the motion. The vote was taken and the motion carried. [Exhibit I]

f. Gift Naming Opportunities: The following were presented in Executive Session without objection:

i. USC Columbia - School of Law:

- (a) "The Honorable J. Michelle Childs Career Services Interview Room"
- (b) "The Jones, Patterson, Simpson & Newton, P.A. Library Study Room"
- (c) "The Kathryn A. Bockman Library Carrel"
- (d) "The Dennis J. Connolly Library Carrel"
- (e) "The Jean P. and Ray L. Derrick Library Carrel"
- (f) "The Justin A. Thornton Law Fund"
- (g) "The Buyck Family Gervais Street Lobby"
- (h) "The Francis X. McCann Library Carrel"
- (i) "The Senator Edward Eli Saleeby Sr. Jury Room"

ii. University Libraries: - "The Dr. Edwin E. Gordon Archive"

iii. USC Sumter: - "The Karen Harris-Sweetman and Mark D. Sweetman Staff Office"

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

2. Matters for Information:

Dr. Moore gave a presentation on Administrative Organization; Building a Capital Plan; Long-range Financial Planning; and the Future.

In addition to the actions items listed above, a status update on the following projects was provided for information only: Fire Protection Initiatives; Student Health Center Feasibility Study; SCANA Property; Biomass Plant; Master Planning; and Innovista. Included in the "Future Report" Dr. Moore and Mr. Quasney listed projects ready for consideration by the Design Review Committee (Athletic Village Infrastructure, Athletic Venues, Athletic Village Garage and Maintenance Facility, Athletic Coaches Support Building, and Patterson Hall); Phase I Approvals (Student Health Center, and Sodexo to Spigner); and Phase II Approvals (Upgrade Columbia Campus Elevators, Install Backup Power to Computer Annex, Replace Davis College HVAC, Streetscape South Sumter Street, Upgrade Woodrow Façade and Windows, Develop Farmer's Market, Upfit USC Beaufort Library 2nd Floor, and Construct USC Upstate Track and Field Complex). The Annual Capital Budget; a New Policy on Capital Planning; and an update on SACS Compliance were also provided.

IV. REPORT OF THE ALUMNI ASSOCIATION: Chairman Loadholt called on Mrs. Stone who remarked that currently the top priority for the Alumni Association was Homecoming which

was scheduled for the weekend of October 23rd-25th. She urged everyone to attend the Gala on Friday evening when they will honor several notable alumni including Trustee Hubbard who will be receiving the Distinguished Alumni Award.

Many schools and colleges had planned events for their graduates on Friday afternoon and Saturday morning. Mrs. Stone explained that a complete listing of the many events was available on the Alumni Association's Homecoming webpage.

In addition to welcoming hundreds of alumni, they will especially recognize two of Carolina's most notable football teams - the 1969 ACC Championship Team and the 1984 Black Magic Team. They will also be welcomed onto the field at Williams-Brice Stadium prior to kickoff which was scheduled for 7:00 p.m.

Mrs. Stone commented that Grad Fair Week was currently underway and many seniors who will be graduating in December were ordering caps and gowns and joining the Alumni Association.

On October 31st, the Gamecocks will play against the University of Tennessee at Tennessee. Carolina alumni in the Knoxville area were looking forward to entertaining all the fans who will be traveling there for the weekend. Alumni activities included a Friday evening boat cruise and a bar-b-cue tailgate party at Calhoun's in Knoxville before the game on Saturday. Mrs. Stone encouraged everyone to attend.

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

I will begin my report with anecdotal feedback from two visits I have made over the last several weeks, the first to Houston, Texas and the second to Washington, D.C.

In Houston, Texas I was seated at dinner with two lions of the Houston, Texas economy. On my left was our alum Larry Kellner, CEO of Continental Airlines, graduate from the Darla Moore School of Business and former President of the Student Government Association. At my right hand was Bob McNair. All of you know Bob, of course, CEO of the Houston Texans and entrepreneur extraordinaire and also former President of the Student Government Association.

They had some advice for me, but let me fast forward to a meeting that I had in Washington, D.C. with two lions of the communications industry - Mari Masing Will who will be celebrated as a distinguished alum by our College of Journalism and Mass Communications during Homecoming Weekend and Mr. Robin Roberts, President of the National Media Corporation, one of the major acquirers of public relations, television and newspaper press attention in the country.

All four of those delivered a message that said, 'Mr. President, you are always talking about the University that Carolina wants to be and all of your aspirations. We have some advice. You ought to talk about how great you are today and how far you have come.' And, frankly, I think they are right. I also think they are right because I experienced the intense pleasure of thousands of happy parents and other family members at Parents' Weekend. We had over 4,600 family members with us, an all-time record. I see the satisfaction among our students and the good support and morale of our faculty and staff.

I see the continued support of our alumni and our friends, all of this fueled by the excitement of a 5-1 Gamecock football season. And, if I may say, an undefeated women's soccer team, I absolutely agree with all of the feedback I am getting.

This past Monday I was at a meeting with the 12 SEC presidents. The presidents of Florida and Alabama always tend to get seated right near the

head of the table. They tend to be the 'top dogs' but, this year, guess who got to sit right near them - the presidents of the other two universities currently rated in the top 25 and that would be the president of LSU, and he has, believe it or not, a purple and gold jacket, and your president of the University of South Carolina.

I don't actually know how exactly one can feel it when a university passes from very good to great. I don't know whether you parade over a bridge with *2001* playing in the background; I don't know if you are on the front page of a national magazine or whether you wake up from a dream and just know it. But, I do believe we are ready to communicate the achievements of our great University in a bold and in a fresh way. I hope the Board shares this assessment.

How about our great students. The quality of our freshmen throughout the University system and here in Columbia -- all 3,928 of them -- is at its highest level and will continue to improve.

The student awards continue to roll in. Shea Arie in his last year at the Carolina Law School won the ABA Real Property Trust and Estate Law Writing competition beating out students and the number 2 prize was given to a student from Emory, the number 3 prize to a student from the University of Chicago School of Law.

Great faculty - in recent weeks alone Kwame Dawes, the Executive Director of the USC Arts Institute, won an Emmy Award. Lacy Ford, Chairman of our History Department, was reviewed for his new book on slavery in the Sunday *New York Times* book review and received an excellent review.

And, as you know, our research funding has broken through to that \$200 million a year threshold to join the neighborhood where most of the AAU universities reside.

We have great facilities throughout our system. The steady hand of this Board has been critical and visible. You have insisted on the integrity of our brilliant Master Plan and the beauty of our buildings and grounds again at every one of our eight campuses.

And, we have great alumni who will demonstrate that again to us at Homecoming next weekend and by what I hope will be another significant year in alumni giving and general fundraising.

That leads me to a few more words about development and communications. As you heard in the Development Committee, we are actively preparing for the University's capital campaign. It will be the largest capital campaign not only of this University, but of any institution in South Carolina's history. It will be the campaign for South Carolina - that's not an official name, but I do like the sound of it.

Our messaging must be bolder and must be uncomplicated. Our messages must embrace our academics, our athletics, our beauty, our commitment to this state and our commitment to the nation and world, our spirit, and our resiliency. Our communication must be good enough to turn the affection of all of our constituents into financial support and it's not quite there today.

I will be seeking a new leader to direct the communications effort and we will look far and wide for the best candidates.

Let me close by telling you why I added the term 'resiliency' to the list of attributes that define Carolina today. Very few universities in America that endured the economic hardship that we weathered last year came through it in the way that we did. It takes a resilient university to weather a storm like we did and to be as strong as we are today.

At the University of California, for example, thousands of faculty, staff and students staged protests in September questioning their layoffs, their furloughs, their enrollment caps and their increased tuition.

Resiliency has become a hot research topic in the wake of 9/11, Hurricane Katrina and also in biomedical research. Epidemiologists have shown in recovering from illness, that resiliency matters and is predictive of recovery.

And, what defines resiliency? Well, resilient people are found to be optimistic, to be spiritual, to be playful. They are people who give back; they are people who pick their battles; and they are people who look for the silver lining in adversity.

I hope you agree with me that these characteristics define our University today and they bode well for our ongoing progress.

Mr. Chairman, that is my report.

VI. OTHER MATTERS:

- Additional Representative to USC/GHS Joint Oversight Committee:

Chairman Loadholt explained that Mr. von Lehe and Mr. Whittle represented the Board of Trustees on the USC/GHS Joint Oversight Committee. Responding to a request to increase the committee size, he announced that he was also appointing Dr. Eddie Floyd to serve with Mr. von Lehe and Mr. Whittle.

Since there were no other matters to come before the Board of Trustees, Chairman Loadholt declared the meeting adjourned at 12:45 p.m.

Respectfully submitted,

Thomas L. Stepp

Secretary