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University of South Carolina

BOARD OF TRUSTEES

February 4, 2011

The University of South Carolina Board of Trustees met on Friday, February 4, 2011, at 1:05 p.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Miles Loadholt, Chairman; Mr. Eugene P. Warr, Jr., Vice Chairman; Mr. Herbert C. Adams; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck, Jr.; Dr. C. Edward Floyd; Mr. Greg Gregory; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Leah B. Moody; Mr. John C. von Lehe, Jr.; Mr. Thad H. Westbrook; Mr. Charles H. Williams; and Dr. Mitchell M. Zais. Members absent were: Mr. W. Lee Bussell, Sr.; Ms. Darla D. Moore; Dr. C. Dorn Smith, III; and Mr. Mack I. Whittle, Jr.

The faculty representative, Dr. Patrick D. Nolan, was present; the student representative, Mr. Ebbie Yazdani, was absent.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Academic Affairs and Provost Michael D. Amiridis; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Communications Luanne Lawrence; Vice President of Development and Alumni Relations Michelle D. Dodenhoff; General Counsel Walter (Terry) H. Parham; University Treasurer Susan D. Hanna; Dean of the College of Mass Communications and Information Studies Charles Bierbauer; Special Assistant to the President J. Cantey Heath; Associate Vice President for Resource Planning Edward L. Walton; Associate Vice President for Finance and Budget Director, Division of Finance and Planning, Leslie Brunelli; Interim Administrator for the Division of Human Resources Judy Owens; Director of Budgets and Human Resources, Division of Information Technology, Chris Byrd; Senior Vice Provost Christine W. Curtis; Vice Provost and Dean of Undergraduate Studies Helen I. Doerpinghaus; Vice Provost and Executive Dean for Extended Campus Chris P. Plyler; Chancellor of USC Aiken Thomas L. Hallman; Chancellor of USC Beaufort Jane T. Upshaw; Dean of USC Sumter C. Leslie Carpenter; Dean of USC Salkehatchie Ann Carmichael; Dean of the School of Law Walter F. Pratt, Jr.; Dean of the College of Arts and Sciences Mary Anne Fitzpatrick; Director of Athletics Eric C. Hyman; Director of Academic Programs, Office of the Provost, Kristia Finnigan; Associate Vice President for Facilities Tom Quasney; Director of the Department of Internal Audit Alton McCoy; Special Assistant to the President and Director of Athletics John D. Gregory; Brian D'Amico of Elliott Davis, LLC; Director of the Office of Media Relations Margaret Lamb; Baptist Campus Minister, Baptist Collegiate Ministry, The Reverend Tim Stewart; 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 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 introduced members of the media who were in attendance.

At Chairman Loadholt's request, The Reverend Tim Stewart, Baptist Collegiate Ministry, delivered the Invocation.

Chairman Loadholt stated that there were contractual matters relative to gift naming opportunities; the potential expansion of medical education at Greenville Hospital System; and personnel matters which were appropriate for discussion in Executive Session.

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

Chairman Loadholt invited the following persons to remain: President Pastides, Secretary Stepp, Dr. Amiridis, Dr. Pruitt, Dr. Plyler, Ms. Owens, Ms. Lawrence, Ms. Dodenhoff, Mrs. Hanna, Mr. Heath, Mr. Parham, Mr. Walton, Ms. Brunelli, Mr. Gregory, Ms. Mills and Mrs. Lamb.

Return to Open Session

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

- A. Ad Committee on Strategic Planning, November 30, 2010
- B. Fiscal Policy Committee, December 7, 2010
- C. Executive Committee, December 13, 2010
- D. Board of Trustees, December 13, 2010
- E. Ad Hoc Committee on Legislative Relations, December 14, 2010
- F. Academic Affairs and Faculty Liaison Committee, December 20, 2010
- G. Executive Committee, December 20, 2010
- H. Board of Trustees, December 20, 2010
- I. Board of Trustees, December 22, 2010

Ms. Moody asked that the following meeting minutes be corrected to indicate her presence: December 13, 2010, Executive Committee; December 20, 2010, Academic Affairs and Faculty Liaison Committee; December 20, 2010, Board of Trustees. Chairman Loadholt indicated that the minutes would stand approved as amended.

II. COMMITTEE REPORTS:

A. Buildings and Grounds Committee:
(The Honorable Mark W. Buyck, Jr. reported)

1. Items Requiring Board Approval:

a. Project Approval (Phase 2)

- McBryde Renovations: This project was approved for Phase I Design in December 2010. The Board approved the project, titled McBryde Student Room Upgrades, in April of 2010, with funding of \$495 million. After the start of the project, unforeseen life safety issues were recognized requiring immediate replacement. The anticipated revised budget for the project was \$990,000 with construction to be completed by August 2011.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to approve funding of Phase II design and construction for a total project budget of \$990,000 to be funded with Housing Maintenance Reserve Funds. Mr. Westbrook seconded the motion. Mr. Adams requested a pro forma of expected earnings during the next five years. The vote was taken and the motion carried.

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.

b. Other Project Approvals:

i. 1600 Hampton Street Structural Modifications:

The U.S. Department of Justice (DOJ), Executive Office for United States Attorneys, needed to add additional computer servers to support their data center located in 1600 Hampton Street. Because the weight of these servers exceeded the current capacity of the

structure supporting the floor, DOJ was requesting a project to add the additional support needed. DOJ will fully fund the cost and requested a fast track on completion so that equipment can be installed and operational as soon as possible.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish and fully fund this project with a budget of \$490,000, to be funded by the Department of Justice Funds. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

ii. School of Medicine Building 28 Modernization and Strategic Upfit: This project involved the

modernization and upfit of Building 28 on the School of Medicine VA campus to include 6 labs and 13 offices. The existing updated portion of the building was home to the Ultrasound Institute, and this portion of the building will be upfitted for existing and planned recruitments of nationally known biomedical researchers.

In addition, a new emergency generator with all electrical components to supply power to lab equipment and life safety devices will be included as part of this project. On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish and fully fund this project with a budget of \$485,000 funded with USC School of Medicine Institutional Capital Project Funds. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

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.

iii. Williams-Brice Stadium Women's Restroom Construction:

This project was to construct a new women's restroom at the upper club level on the east side of Williams-Brice Stadium. A feasibility study was conducted in October 2009 on the current state of the stadium. The study indicated a significant shortage and this project will create a new floor on the upper concourse for enclosure of the restroom area.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish and fully fund this project with a budget of \$495,000 funded with Athletic Operating Funds. Ms. Moody seconded the motion. The vote was taken and the motion carried.

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.

iv. Williams-Brice Stadium Incoming Power Upgrades:

This project will upgrade incoming power feeds for Williams-Brice Stadium. During a load study conducted during the 2010 season, it was determined that the current transformers were deficient for the current electrical load required by the stadium. Work will include replacing the two 1970 vintage, 1500 KVA transformers with four, 2000 KVA transformers to allow redundancy and expansion. Work also included new overhead feed lines and relocating the stadium substation to the southeast corner of the property.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish and fully fund this project with a budget of \$495,000 funded with Athletic Operating Funds. Mr. Burroughs seconded the motion. The vote was taken and the motion carried.

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.

v. USC Beaufort Hilton Head Gateway East Campus Parking:

USC Beaufort planned to construct additional parking on the east campus of the Hilton Head Gateway campus. Since opening in 2004 with a total of 393 commuter student parking spaces, student enrollment had practically doubled. As a temporary solution, dirt parking areas were established to handle the overflow of vehicles until this additional parking project can be completed. The project will add 183 spaces at a location previously master planned for parking. The additional parking spaces were planned to open Fall 2011.

On behalf of the Buildings and Grounds Committee, Mr. Buyck moved to establish and fully fund this project with a budget of \$495,000 funded with USC Beaufort Institutional Capital Project Funds. Mr. Jones seconded the motion. The vote was taken and the motion carried.

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.

c. Gift Naming Opportunities: The following gift naming opportunities were presented in Executive Session without objection:

i. Universities Libraries: "The Roy-Scott Room"

ii. Athletics Department: "The National Championship Display at Carolina Stadium"

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

d. Other Matters:

Information on the following topics was also provided to the Committee:

i. Change in Source of Funds - Blossom Street Garage Repairs: The project for repairs to the Blossom Street Garage was approved in December 2009 with a budget of \$495,000 funded with American Recovery and Reinvestment Act Grant funds.

A new interpretation of the definition on use of stimulus funds made this project questionable. Therefore, the source of funds had been changed from the American Recovery and Reinvestment Act Grant to Parking Operating Funds.

ii. 2011 CPIP: The Committee received the annual report on the 2011 Comprehensive Permanent Improvement Plan (CPIP).

The projects 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. Also included were existing projects for which a budget increase was anticipated.

iii. Law Center Roof Update: This project was now complete.

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

Mr. Hyman highlighted various accomplishments of the Athletics Department during the course of the fall semester.

In terms of team accomplishments, he noted that the Men's Soccer Team finished 12th in the nation; the Women's Soccer Team had finished 24th in the nation. The football team was the SEC East Champion and had finished the season ranked 22nd in the nation. He reminded everyone that the Board had established that goal several years ago - to have all of the athletic teams finish in the top 25 in the nation. "We certainly had a good fall."

In terms of academic highlights, he reported that the cumulative GPA for all athletes across the board in all sports was 3.16 which was the highest recorded grade point average in history for the University's Athletics Department. That, Mr. Hubbard proudly announced, was a testament not only to the quality of the athletes who were coming to the University, but also to the academic support provided those athletes.

In addition, 52 student athletes out of approximately 570 had earned a 4.0 GPA which Mr. Hubbard characterized as "significant considering the demands of major intercollegiate athletics."

Mr. Hyman also discussed the status of development activities. A consultant had been hired and the staff was being reassigned more responsibility for fundraising; other administrative duties had been assigned elsewhere. People were "doubling up in order to raise money for the Athletics Department."

Concerning the Facilities Master Plan update, Mr. Hyman displayed renderings of a new parking garage at the Athletics Village and reported on the progress of that facility. Construction was also underway for the Coaches' Support Building. Mr. Hubbard reiterated the fact that the University had saved significant funds by the timing of the bidding, particularly on the Athletics Support Building. "We saved several million dollars off the budget by getting that started now."

On the drawing board for the future was the possibility of a new video board at Williams-Brice Stadium; renovations to the softball stadium; and football practice field renovations. The latter was dependent on the University's ability to secure a long-term lease for the National Guard grounds; various federal rules and regulations addressed how long the property can be leased. Once the University had secured the lease, an action item to improve the practice field surface area will be presented for consideration.

Concerning the financial metrics, in the last year the Athletics Department was experiencing an uptick in terms of ticket sales revenues.

Mr. Hubbard noted that construction of the Athletics Village had begun, but it will be a long term build out of that property. A number of items were on the drawing board which had been reviewed in depth before, but "we want to take another look and try to determine what the next items should be as we move forward with that."

In addition, Dr. Floyd recommended a full day retreat of the Intercollegiate Athletics Committee to review the entire panoply of options and to establish priorities concerning the future direction of the Athletics Department.

C. Executive Committee:
(The Honorable Miles Loadholt reported)

The Executive Committee met earlier today and approved an amendment to the SCE&G contract to address the renovation of the alternate fuel system at the South Energy Facility.

The following item had been approved for recommendation to the Board for action:

- Ratification of Appointment of Vice President for Human

Resources: The Executive Committee met earlier today and recommended ratification of the President's request to hire Mr. Christopher Byrd as Vice President for Human Resources at Carolina. He currently served as the Director of Budgets and Human Resources for the Division of Information Technology at the University. The Committee was asking for Board endorsement of its ratification.

Mr. Adams moved to ratify the appointment of Chris Byrd as Vice President for Human Resources. Mr. Warr seconded the motion.

Dr. Pastides noted that sometimes a University conducts a national search and they find the best fit for the university right under their noses - it could happen with the President and in this case it happened with a Vice President as well. I am delighted to ask Mr. Chris Byrd to stand up and you will be getting to know him as your most competent and capable Vice President for Human Resources.

The vote was taken and the motion carried.

D. Ad Hoc Committee on Legislative Relations:
(The Honorable Thad H. Westbrook reported)

The Ad Hoc Committee on Legislative Relations met on Monday, January 24th.

President Pastides announced that he would be presenting the University budget before the House Ways and Means Subcommittee on Higher Education on Wednesday. He had made that presentation and Mr. Westbrook commended him for an excellent job; the presentation was very well received.

President Pastides also indicated that on February 3rd the University will formally present to the Commission on Higher Education (CHE) a plan to expand the USC School of Medicine program for physicians at the Greenville Hospital System to four years of study. Mr. Westbrook reminded everyone that the presentation had been postponed for "about 30

days" at Governor Haley's request to allow her to make appointments to fill expired terms on the CHE so that the composition of the Commission reviewing the matter will be essentially identical as the Commission in place during its implementation in the months to come.

Ms. Shirley Mills updated the committee about the following legislative matters: Higher Education Efficiency Act; Transparency Legislation; and USC/Department of Justice Concurrent Jurisdiction Bill. She also noted that the legislature planned to recognize the University of South Carolina baseball team's historic NCAA championship title during this legislative session.

Ms. Lawrence distributed a "USC Quick Facts" sheet for review and feedback; it had been requested that a one-page summary of the University's message to legislators be given to Board members. In addition, she displayed an example of a data sheet which will be prepared by congressional district detailing pertinent information about the University within that district. Also distributed was a list of potential research project tours to be available to legislative delegations with the goal of making members aware of the contemporary relevance of the institution; a menu of opportunities will be posted on the web in the near future.

An e-newsletter to all legislators describing Carolina's current research activities, student successes and events will begin circulation. It was anticipated that the University will generate three "e-blast" newsletters during legislative sessions.

III. COMMITTEE NAME CHANGE - AMEND BYLAWS, SECOND READING:

Chairman Loadholt called on Secretary Stepp who explained that at the December 13th Board meeting, members had unanimously voted to amend the Board of Trustees Bylaws to change the name of the Fiscal Policy Committee to the Audit and Compliance Committee. As indicated in Article XVII of the Bylaws, it was appropriate to consider the second reading of the proposed amendment today which would therefore make it effective as a Bylaws change.

Mr. Burroughs moved approval to change the name of the Fiscal Policy Committee to the Audit and Finance Committee. Mr. Warr seconded the motion. The vote was taken and the motion carried.

IV. BOARD OF TRUSTEES POLICY BTRU 2.03 - REMOVAL OF BOARD MEMBER:

Chairman Loadholt called on Secretary Stepp who explained that the University was undergoing the Southern Association of Colleges and Schools (SACS) reaccreditation process. One of the standards involved the removal of Board members in cases of malfeasance, breaking the law, non performance of duties, etc. A reviewer had indicated that "there seems to be no way for the Board to remove members by a fair process and with due process." Secretary Stepp noted that one of the articles of the South Carolina constitution stated that Board members can be removed by a process in which the governor can seek a vote of two-thirds of the members of both the House of Representatives and the

Senate held separately with representation and fair hearings. However, SACS had expressed concern that no Board initiative was involved in that process.

Therefore, Secretary Stepp was recommending for action Board of Trustees Policy BTRU 2.03 which simply stated that if a majority of this body in a public vote feels that a member is engaging in malfeasance or malpractice in their office, you will ask the proper authority to initiate the steps for the removal of that member. This policy would show an assertive stand by the Board to initiate removal to ensure the integrity of the Board."

Mr. Gregory moved approval of the Board of Trustees Policy BTRU 2.03 - Removal of Board Member as presented. Mr. Lister seconded the motion. The vote was taken and the motion carried.

V. REPORT OF THE ALUMNI ASSOCIATION: Chairman Loadholt stated that Mr. Bussell was not able to attend the meeting; therefore, a copy of his report was at their places:

University of South Carolina
Alumni Association Report
To the Board of Trustees February 2011

I regret not being able to attend the February meeting of the Board of Trustees, but wanted to make sure that each of you are updated on the current activities of the Alumni Association. Please be assured that the alumni are excited about the direction that the University is taking and are supportive of the critical role that we are playing.

You may recall that the Alumni Association has two primary strategic thrusts that we are undertaking at this time, in addition to our regular programmatic activities.

Our efforts to explore new directions, that our association may need to take, are moving along at a brisk pace. We have met with representatives of the University at all levels to undertake a "discovery process" to better determine how the University community views the Alumni Association and their input on the role that we have traditionally played and new roles that we could potentially play in the future. We have just sent out an internet survey to existing members and non members to assess this same information from graduates. We will be analyzing these results and they will be taken into consideration as final recommendations are made to our full Board of Governors at our March meeting.

We still believe that this process will lead the Association towards taking a stronger role in advocacy and in support University advancement efforts. We look forward to presenting this to the Board of Trustees once our report is finalized. I want to thank Amy Stone and Eddie Brown for the leadership role they are taking in this strategic process.

Our efforts at finalizing the location of our planned Alumni Center are also moving forward towards closure. We have now received the joint report from the consultant that our Association jointly sponsored with the Columbia Convention Center Authority. We should receive a final report in February and will be in a position to begin negotiations with the Convention Authority. We will have options that we will need to consider that will have an impact on the operational cost of the Alumni Center. The information provided by the consultant has given us much greater insight into potential revenue and operation expenses and certainly indicated that there are significant advantages to co-locating and sharing operational expenses with the Authority. We appreciate the Board's support and look forward to sharing plans at a future Board meeting.

While these two major issues have dominated our strategic thinking during the past six months we are also moving forward with other efforts. During our fall meeting we introduced a Board of Governors program call "The Perfect Pitch" designed to get our board members to sponsor free Alumni Association membership to recent graduates. Modeled around our success on the baseball diamond, this program resulted in 1,300 new Association members and 100 percent participation by our Board of Governors.

The Alumni Association staff deserves special recognition for a national Award of Excellence for the strategic branding and brand execution of "My Carolina" presented by the Council for Advancement and Support for Education. I wish I could be there for the meeting, but hope this update is helpful.

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

Two thousand and eleven is already off to a tumultuous beginning in terms of the nation's weather map and, unfortunately, the state's economic weather map as well. More on that later.

Yesterday, some parts of the world celebrated their new year and it is now their Year of the Rabbit and the rabbit, we know, is quick and wise and cautious. Rabbits know how to jump ahead of others and how to keep their nose down when that is prudent. The University of South Carolina, this year, will be quick and wise and prudent.

I start with some good news about our very own Andrew Gaeckle, Student Government Association president from 2008-2009. He was senselessly shot in Washington, D.C. early last Sunday morning. Many of you, of course, know him and remember him as a colleague right here and a member of the Board of Trustees and a member of the Presidential Search Committee. Although he does have a long recovery ahead, he is out of the hospital and he has received the support of hundreds of his friends and members of his Carolina family not only from campus but from around the world. He has told us that this outreach has mattered deeply and greatly to him. It is a fact that the Carolina family pulls together. It knows how to when it must and it did for Andrew. That is the Carolina way.

And I have a different sort of good news...On February 1st, it was announced that the accounting program at the Darla Moore School of Business jumped from number 8 to number 1 in research in the category of Experimental Accounting in a ranking that surveyed a six year span of activity.

There's more good news. Six professors have been named fellows in the American Association for the Advancement of Science (AAAS), the world's largest scientific society:

Brian Benicewicz (chemistry and biochemistry)
Frank Berger (biological sciences)
Charles Mactutus (psychology)
Daniel Reger (chemistry and biochemistry)
John Richards (psychology)
James Sodetz (chemistry and biochemistry).

As great as we are in business and in science, we should also have a great year in baseball - I hope you're as excited as I am to be planning for opening day at the best college baseball park in America on February 18th.

Last Wednesday, I met with members of the Ways and Means Subcommittee on Higher Education. Thanks to those of you were able to attend. I'd like to share with you the four points I made to the legislators.

The first point I made was accessibility. Our minimum standards are not set to keep people out, but to admit every South Carolinian who has the capacity to do the work. Our state cannot afford to chase national rankings that reward schools for excluding its own citizens; instead, if a ranking exists for accessibility, I would prefer to be in that top tier.

We have nearly 45,000 students in the system, and 34,000 of those are South Carolina residents. Nearly 165,000 of our 258,000 living alumni live and vote in this state.

Our commitment to diversity is made clear by the number of African-Americans enrolled - over 7,000 - which includes a 30-percent increase in the fall 2010 freshman class from the previous year.

Since 2004, the number of USC students with South Carolina Need-Based Grant awards grew by 45 percent, indicating that we continue to educate the sons and daughters of our working class families...Gamecock Guarantee...

Yet we have also been increasingly successful in reaching the state's top academically talented students. Applications to our Honors College and Capstone Programs are at a record high.

Affordability was the second point I discussed -- According to Kiplinger's Personal Finance magazine, USC is No. 42 in the nation as a "Top 100 Best Value in Public Education" which, according to the publication are universities that, "despite shrinking budgets, deliver a stellar education at an affordable price."

We are and will remain affordable for South Carolina.

"Sticker price" isn't low -- \$9,786 in Columbia - because the state funds students through lottery scholarships rather than directly giving aid to USC. However, mean out-of-pocket tuition expense for in-state freshman at USC Columbia is \$2,680 a far different number and a far different impression from the oft published \$9,000 "sticker price."

The average out-of-pocket tuition and academic fees for all resident undergrads is approximately \$4,700 and is available for lower out of pocket charges within our magnificent system of campuses.

My third point was about the value and importance of our Out-of-State Students. Diversity and differences in experiences of our out-of-state students make USC a special place. But, again, a South Carolinian's access to USC is never shortchanged by the admission of out-of-state students.

The average out-of-state student pays three-times as much tuition at USC as in-state students. In fact, out-of-state students pay about \$112 million in net revenue per year to the University.

USC carefully monitors the ratio of in- and out-of-state students to ensure that accessibility remains a critical and responsible part of our mission.

My fourth point was about our increased efficiency and sacrifice. State appropriation, as noted, stands at approximately 10 percent of our budget.

We'd have to go back to 1984 to find a year when our appropriation was that low. Adjusting for inflation, we'd have to go back to the early 70's. And with the new cuts that we expect, we'd be back in the 50's.

Although my presentation tried to accentuate the positive, I told them that there has been real pain as the university as well.

Some examples:

- We have closed or combined institutes, as well as three certificate, one associate's, nine bachelor's, 25 master's, and four doctoral degree programs;
- Over 160 full-time positions have been lost since 2008, and we have more than 800 vacancies, not to be filled any time soon;
- Travel funds have been curtailed; and selected extra-curricular offerings such as the debate team have been eliminated;
- Action on more than \$500 million in deferred maintenance projects continues to be postponed except in the case of emergency and immediate need.

You've heard about higher education having unrestricted net assets in reserve funds, but I can assure you that the vast majority of these funds are only technically unrestricted net assets.

The truly uncommitted money is only 3-4 percent of university's budget...the same as our state government keeps in reserve.

The remainder is committed to capital projects that have already been approved; deferred maintenance projects, which continue to be postponed except in case of emergency and immediate need; OneCarolina, the overhaul of our 30-year-old information management system that was first delayed and then cut in scope; various daily needs, and payroll. This number also includes accounts receivable, dollars we're owed, but have not collected.

And, finally, in summarizing,

I asked them to allow this Board to retain its authority to set tuition and to allow the administration to be prudent about the number of out of state students that we admit.

I reminded them again that our priority is to admit all qualified South Carolinians and that out of state students are never admitted at the expense of in-state students.

I also asked them to retain the education lottery scholarships. USC receives 41 percent of Education Lottery scholarship dollars invested in public four-year and two-year institutions.

This reflects the reputation and esteem the University has earned through offering an outstanding educational experience.

We have new leadership in the Statehouse, and we have been actively and aggressively working with Gov. Haley to make sure that your state continues to stand behind higher education in general and the University of South Carolina, in particular. We are off to a good beginning with her administration and she is a willing communicator.

I firmly believe in what the University represents and what it can do to improve the lives of all of our citizens.

Here we are at the end of another challenging but rewarding week at our great university. On a personal note, I've had the challenge and the reward of speaking at the Clemson Rotary Club, at Tri County Tech, at the State Chamber, at University Associates and at our Faculty Senate. As I look back at the week, some of my most fond feelings were in the "in between" times -- chatting with students on the Horseshoe, bumping into alumni around the state, and certainly receiving the positive updates about Andrew Gaeckle.

We are poised for many interesting weeks to come and the entire administration thanks you for your guidance and support.

That is my report, Mr. Loadholt.

Mr. Westbrook thanked President Pastides for hosting a dinner for the House of Representatives Ways and Means Committee and staff on Wednesday, February 9th. He encouraged all Board members to attend.

Mr. Adams commended Mr. Derrick Huggins, Associate Vice President for Transportation and Logistical Relations, for collaborating with the Admissions Office to develop a program entitled "Think College," specifically aimed at rural high school students who may not have the same encouragement to attend college or the same exposure to college access information as students in metropolitan areas. He noted that nearly 100 individuals participated in the program recently in Laurens County beginning at 7:45 a.m. on a Saturday morning. These were students, he explained, who had been identified by academic advisors at all Laurens County middle and high schools as having the ability to go to school but might not have that motivation at home. Mr. Adams characterized the program as "first class" and hoped that all Board members would consider the possibility of bringing this program to their respective counties in the future.

Since there were no other matters to come before the Board, Chairman Loadholt declared the meeting adjourned at 1:55 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary