

MINUTES

of the meeting of

THE CLEMSON UNIVERSITY BOARD OF TRUSTEES

Garden Room

Planters Inn

Charleston, South Carolina

Friday- Sunday, July 9-11, 2004

After notification as required by the Freedom of Information Act, the Chairman called the meeting to order at 2:35 PM with the following members present: Leon J. Hendrix, Jr., *presiding*; Bill L. Amick, J. J. Britton, Lawrence M. Gressette, Jr., Thomas C. Lynch, Jr., Louis B. Lynn, Patricia H. McAbee, Leslie G. McCraw, E. Smyth McKissick, III, Thomas B. McTeer, Jr., Robert L. Peeler, William C. Smith, Jr., Joseph D. Swann, Fletcher C. Derrick, Jr., W. G. DesChamps, Jr., Allen P. Wood, and J. Thornton Kirby, *Executive Secretary*

ADMINISTRATION PRESENT: President Barker, Dori Helms, Chris Przirembel, Scott Ludlow, Terry Don Phillips, Neill Cameron, John Kelly, Lawrence Nichols, Debbie Jackson, Marvin Carmichael, Ben Anderson, Angie Leidinger, and Cathy Sams

OTHERS PRESENT: Brett Dalton, Alan Godfrey, Alan Grubb, Webb Smathers, Joy Smith, Adam Hammond, Katy Bayless, Todd Robertson, Mike Stadnisky, Stuart Wyeth, Bill D'Andrea, Stassen Thompson, Tony Caver, Catherine Watt, and Janice Kleck

MEDIA PRESENT: Anna Simon, *The Greenville News*, and Stephanie Tracy, *Anderson Independent*

Item 1. Introductions

Statement: Chairman Hendrix called on Cathy Sams to introduce any guests and members of the media in attendance. Ms. Sams introduced Anna Simon of *The Greenville News*, Stephanie Tracy of the *Anderson Independent*, and Jack Dey, a Clemson alumnus who resides in Charleston. Chairman Hendrix welcomed these guests to the meeting.

Item 2. Approval of Minutes

Statement: The minutes of the April 9, 2004 meeting and June 4, 2004 teleconference were submitted for approval.

Action: No additions or corrections were offered, and Chairman Hendrix declared the minutes approved as submitted.

Item 3. Report from the Executive Secretary

Statement: Chairman Hendrix called on Thornton Kirby for his report.

A. Future Meeting Dates

Statement: Mr. Kirby reported the dates of future Board meetings through the summer of 2005.

Fall Meeting 2004

October 21-22, 2004 In Clemson

Winter Meeting 2005

February 2-3, 2005 In Columbia

Spring Meeting 2005

April 21-22, 2005 In Clemson

Summer Retreat 2005

July 22-24, 2005 In Charleston

B. Honorary Degrees

Statement: Mr. Kirby next reported that President Barker had recently considered nominations for honorary degrees from the Honorary Degree Selection Committee and Provost Helms. President Barker submitted four nominees to the Board for approval, all of whom have distinguished themselves through service to their profession and to society at large. In alphabetical order, the nominees are:

John A. Allison, IV Senator Hugh K. Leatherman, Sr.

Thomas E. Barton, Jr. Wilbur Owens "Billy" Powers

Action: Mr. McTeer made a motion to authorize President Barker to award honorary degrees to the four nominees as proposed, Mr. Lynch seconded, and the vote of approval was unanimous.

C. Special Presentation

Statement: Mr. Kirby concluded his report by advising Chairman Hendrix the Board needed to go into executive session for the purpose of making a special presentation. Chairman Hendrix declared the Board in executive session, and he asked all guests to remain in the room for the presentation.

Mr. Kirby reported that Benjamin W. Anderson had retired as the University's General Counsel at the end of June. On behalf of the Trustees, Mr. Kirby presented a special resolution commending Mr. Anderson for his distinguished 28-year career, over 25 years of which were spent as the University's General Counsel (Attachment 1). Mr. Kirby noted that the Board of Trustees frequently seeks legal advice from the General Counsel concerning the use of executive session. Mr. Kirby concluded his presentation by asking Mr. Anderson to spend his retirement pondering whether the Board's resolution honoring him was valid if it was adopted while the Board was in executive session. Mr. Anderson thanked the Trustees for their recognition, and he said he would spend some time preparing his response to the question about executive session. The Trustees and guests applauded Mr. Anderson for his distinguished career serving Clemson.

Item 4. Finance & Facilities Committee

Statement: Chairman Hendrix called on Bill Smith to convene the Finance and Facilities Committee. Mr. Smith convened the Committee at 2:42 PM.

Following the meeting of the Finance and Facilities Committee, Chairman Hendrix reconvened the meeting of the full Board at 5:45 PM and asked Mr. Smith to present the Committee's report. Mr. Smith noted that all Trustees had been present for the Committee's discussion, and he summarized the action items presented to the committee for approval.

A. Base Tuition Increase

Statement: The Administration presented a thorough budget plan that inventoried external cuts, internal reallocations, and priorities for the coming year. Following the presentation, President Barker recommended a 12.7% increase in tuition.

B. Student Activity Fee

Statement: Undergraduate Student Government has asked the Committee to approve an increase to the Student Activity Fee of \$10 per Fall and Spring semester for full-time students and \$1 per credit hour per semester for part-time students (Attachment 2). The activity fee will be administered by elected representatives of Undergraduate Student Government and will be used to fund student activities and travel awards.

C. Differential Tuitions for New Academic Programs

Statement: Provost Helms presented two new masters degree programs (Attachments 3 and 4), both of which are unique and justify a price different from the University's standard tuition rate. Dr. Helms recommended specific tuition levels for each program.

D. Education Contract Course Fees

Statement: Provost Helms outlined the need to re-price professional development courses offered on a contract basis. She presented a re-pricing plan (Attachment 5) and encouraged its approval.

E. Approval of University Budget for FY 2004-2005

Statement: Scott Ludlow presented the University's proposed budget for Fiscal Year 2004-2005 (Attachment 6) and answered questions from the Committee.

Action: On behalf of the Finance and Facilities Committee, Mr. Smith made a motion to approve the following items:

1. A base tuition increase of 12.7%;
2. The \$10 per semester increase in the Student Activity Fee for full-time students and \$1 per credit hour increase for part-time students as proposed;
3. Differential tuitions for the new Masters Degree in Real Estate Development and Masters Degree in Historic Preservation as proposed by the Administration;
4. Education Course Contract Fees as proposed; and
5. The University Budget for Fiscal Year 2004-2005 as proposed.

There was no discussion, and the vote of approval was unanimous.

Following the vote, Mr. Smith commended the Administration for a well-conceived presentation and budget plan. Mr. Swann complimented the Administration for the excellent use of a discovery process to enhance the University's efficiency, and he exhorted President Barker and the Trustees to remain sensitive to the needs of young South Carolinians who may not qualify for merit-based scholarships. Mr. Peeler shared his belief that the Board and the President are doing everything possible to preserve the intimacy of the Clemson family, and he expressed gratitude to the members of the General Assembly for supporting Clemson University during the state's budget crisis this year. Mr. McTeer strongly echoed Mr. Peeler's comments.

Item 5. Executive Session

Statement: Chairman Hendrix noted the meeting was running longer than expected, and he advised it would carry over to Saturday morning. Chairman Hendrix reported that the Board needed to hear two items in executive session, a proposed land sale and legal advice concerning a potential claim. In deference to the travel schedules of our guests, the Board agreed to hear these issues before the meeting recessed for the day.

Action: Mrs. McAbee made a motion to go in to executive session, Mr. Lynch seconded, and the vote of approval was unanimous. The Chairman noted that no decisions would be made and no votes would be taken while the Board was in executive session, and he invited guests to wait outside the room. The Board went into executive session at 6:00 PM.

Item 6. Recess

Statement: Chairman Hendrix recessed the meeting for the day at 6:40 PM.

Item 7. Resumption of Meeting

Statement: Chairman Hendrix resumed the meeting in executive session on Saturday morning at 8:00 AM.

Item 8. Open Session

Statement: The meeting was reconvened in open session at 8:50 AM. Chairman Hendrix reported that no decisions were made and no votes were taken while the Board was in executive session.

Item 9. Sale of Myrtle Beach Property

Statement: Stassen Thompson advised the Board that an opportunity exists to sell a parcel of Clemson land in Myrtle Beach. He recommended that the University offer for sale using a competitive bid process 206+/- acres of Clemson University Myrtle Beach property at a minimum bid price of \$3,245,000. This price is based on an appraisal of \$30,000 per acre for uplands and \$1,500 per acre for wetlands and buffers. The approval of the sale of the property should be made contingent upon Clemson University retaining all the funds from the sale. Sale proceeds would be placed in a Clemson University endowment account, and income from the endowment would be used to support graduate education.

As part of the sale, the University should grant a right of way for 2+/- acres for purposes of ingress and egress to US Hwy 17 By-Pass. The granting of the right of way should be conditional upon the following: access road plans to be approved by Clemson University; purchaser to construct the access road; acceleration, deceleration, and cross-over lanes at purchaser's expense; and the road to meet Department of Transportation standards and be dedicated to Horry County.

The sale should also be contingent upon Clemson University having approval of the site plan, including zoning and use of the property.

Action: Mr. McTeer made a motion to offer the Myrtle Beach property for sale in accordance with the terms proposed by Dr. Thompson, Dr. Britton seconded, and the vote of approval was unanimous.

Item 10. Reports from Faculty and Student Leaders

Statement: Chairman Hendrix welcomed the Faculty and Student leaders present, and he invited them to share their quarterly reports with the Board.

A. Faculty Senate Report

Statement: Faculty Senate President Webb Smathers thanked Chairman Hendrix for his welcome and presented his written report (Attachment 7). Dr. Smathers highlighted several items, and he offered to answer questions from the Trustees. Chairman Hendrix thanked Dr. Smathers for his service and his good report.

B. Undergraduate Student Government Report

Statement: Student Body President Adam Hammond shared his written report (Attachment 8), highlighting plans for the coming academic year and his extraordinary experience with the Leadershape Program this summer. Mr. Hammond concluded his report by offering to answer questions from the Trustees. After answering several questions, Mr. Hammond introduced his fellow leaders of Student Government, Katy Bayless, Todd Robertson, and Mike Stadnisky. Chairman Hendrix thanked Mr. Hammond for his report.

C. Graduate Student Government Report

Statement: Graduate Student Government President Stuart Wyeth updated the Board on plans and priorities for the coming year, highlighting the tremendous opportunity to reinvigorate graduate education when a new Graduate School Dean arrives on campus this Fall. Mr. Hammond concluded his report by offering to answer questions from the Trustees. Chairman Hendrix thanked Mr. Wyeth for his report.

Item 11. Institutional Advancement Committee

Statement: Chairman Hendrix called on J.J. Britton to present the report of the Institutional Advancement Committee.

A. Memorandum of Understanding between Clemson University and the Clemson University Foundation

Statement: J.J. Britton reported that he recently attended the Clemson University Foundation's Board meeting, and he updated the Trustees on Foundation decisions regarding asset class reallocations (Attachment 9). Following the overview of asset allocation, Dr. Britton advised that the Board needed to reaffirm the agreement by which the University loaned its endowment funds to the Foundation for investment (Attachment 10). The agreement was amended in 2003 to preserve the intent of the original agreement, which was to ensure the University earns a positive return on the funds loaned to the Foundation. The 2003 amendment prohibited the University from requesting a return of the loaned funds at any time the return is less than zero. The benefit of the new language was that the Foundation will not have any risk of paying back the money when returns are negative, so Foundation assets will not have to be tied up as insurance against this contingent liability. Both parties to the agreement are pleased with the current language, so the Administration and the Foundation seek the Board's reaffirmation of the agreement as it is currently written. The Trustees expressed satisfaction with the performance of the Clemson University Foundation, and the consensus was that no changes were needed to the existing Memorandum of Understanding. Dr. Britton advised that the agreement would automatically renew for another twelve months.

Dr. Britton concluded by highlighting the preliminary year-end reports relating to alumni participation (Attachment 11) and fundraising (Attachment 12), and he thanked the Advancement staff for their hard work during the past year.

Item 12. Other Business

Statement: Chairman Hendrix asked if there was any other business to come before the Board.

A. Employee Bonus Plan

Statement: John Kelly reminded the Board that the General Assembly recently enacted new legislation granting regulatory relief to research universities, and he noted that one component of the regulatory relief was greater flexibility in employee bonus programs. Ben Anderson provided an overview of the authority granted by the legislature, noting that each university's governing board must adopt a policy to take advantage of the new legislation. Dr. Kelly proposed a new policy, as follows.

Pursuant to South Carolina Code Section 59-101-710, the Clemson University Board of Trustees does hereby establish the following bonus plan for Clemson University employees:

Lump sum bonuses may be given to recruit and reward faculty and staff members. All bonuses must be approved by the President. In general, bonuses are not to exceed 10% of the annual or 9 month salary, as applicable. Bonuses may be awarded to advance the University's vision of becoming a top twenty public university. Employees are eligible for one bonus each fiscal year. Only federal and non-state appropriated sources of revenue may be used to fund these bonuses. Documentation must be maintained to show that the use of federal funds for this purpose is in compliance with federal law. A bonus is not part of the employee's base salary and is not earnable compensation for purposes of employee and employer contributions to the respective retirement systems.

Action: Mr. McCraw made a motion to authorize the President to develop employee bonus plans in accordance with the policy as proposed, Mr. McTeer seconded, and the vote of approval was unanimous.

B. Resolution Commending the South Carolina General Assembly

Action: Tom Lynch shared his desire to have the Board commend members of the legislature for their support during this year's budget deliberations, and he made a motion to adopt a resolution expressing the Board's thanks to the General Assembly. Mrs. McAbee seconded the motion, and the vote of approval was unanimous. Chairman Hendrix asked Thornton Kirby and Angie Leidinger to draft the resolution, and the Trustees agreed it should be sent to all members of the General Assembly.

C. President's Report

Statement: President Barker discussed his quarterly report card measuring progress against the University's goals (Attachment 13). Among other highlights, President Barker noted that Clemson has achieved its goal of having two faculty win recognition by

national academies. He also noted gains in the areas of academics, campus life, and student performance.

Item 13. Retreat

Statement: Chairman Hendrix noted that the business session of the Board meeting was concluded. Beginning after lunch and for the next day and a half during its Annual Retreat, the Board would be hearing various reports concerning the University.

Respectfully submitted,

J. Thornton Kirby
Executive Secretary to the
Board of Trustees