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University of South Carolina

BOARD OF TRUSTEES

Intercollegiate Athletics Committee

June 8, 2007

The Intercollegiate Athletics Committee of the University of South Carolina Board of Trustees met on Friday, June 8, 2007, at 10:30 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Othniel H. Wienges, Jr., Chairman; Mr. Arthur S. Bahnmuller; Mr. Mark W. Buyck, Jr.; Mr. Samuel R. Foster II; Mr. Toney J. Lister; Mr. Michael J. Mungo; Mr. M. Wayne Staton; Mr. Herbert C. Adams, Board Chairman; and Mr. Miles Loadholt, Board Vice Chairman. Mr. William C. Hubbard was absent. Other Trustees present were: Mr. William L. Bethea, Jr.; Mr. John W. Fields; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr. The faculty Senate representative, Dr. Gene Reeder was also present.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President for Research and Health Sciences Harris Pastides; 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 University Advancement Brad Choate; Vice President for Human Resources Jane M. Jameson; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice Provost and Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Vice Provost for Faculty Development Christine Curtis; Associate Provost for Budget and Operations William T. Moore; Legal Counsel Walter (Terry) H. Parham; Associate Vice President of Finance and Personnel, Division of Student Affairs, Stacey Bradley; Chancellor of USC Aiken Thomas L. Hallman; Vice Chancellor for Business Affairs, USC Upstate, Robert Connelly; Dean of the College of Arts and Sciences Mary Anne Fitzpatrick; Dean of the School of Music Tayloe Harding; Assistant Treasurer Susan D. Hanna; Budget Director Leslie Brunelli; Director of the Department of Internal Audit Alton McCoy; Director of Athletics Eric Hyman; Chief Financial Officer, Department of Athletics, Jeff Tallant; University Foundations Chief Financial Officer Russell H. Meekins; Director of Governmental and Community Relations Shirley Mills; Director of Government Affairs and Legislative Liaison Johnny D. Gregory; Controller Patrick M. Lardner; Associate Director of Governmental Affairs and Legislative Liaison Casey

Martin; Chair, Department of Theatre and Dance, Jim Hunter; President of USC Lettermen's Association William (Bill) Boyte; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; Board staff members Terri Saxon, Vera Stone, Karen Tweedy; and members of the press.

Chairman Wienges called the meeting to order and invited those present to introduce themselves. Mr. McKinney introduced members of the media who were in attendance. Chairman Wienges stated that notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated to members of the Committee; and a quorum was present to conduct business.

I. Athletics Director's Report: Chairman Wienges called on Mr. Hyman who stated that he would begin his report by reading the following letter of gratitude from a student-athlete who recently graduated from USC.

To the Staff and Coaches of the University of South Carolina,

I want to take a few moments to thank and applaud you for the efforts you, the Staff and Coaches, undertake on a daily basis so that this program may succeed.

I have been a part of this program in some form or fashion for five years now and during those five years, I have acquired almost all of the skills necessary to succeed. Succeed not just out on the field of competition but more importantly in the field of life, and I can say that with a great deal of pride in my heart.

I came to the University with the hopes of continuing my athletic career beyond high school, something I was told I would never do, but I did. I came to the University out of high school thinking I would never get into any school let alone one that competed at this high a level, but I did that too. I have now graduated from the University, once again something that seemed so insurmountable that some people never thought I would, but I am now a Graduate. I did this all while overcoming my own short comings and the situations which life places before you and at times seem as though will break your back if you try and carry them all at once.

For once in my life, I am proud of what I have done. I am not speaking about just athletics or academics; I am talking about the process as a whole. I am a product of what is termed "special education" meaning I have diagnosed learning disabilities which impact the way I live, learn, and compete. Over my lifetime of schooling I have had to do things differently in order to succeed because of these disabilities. Whether it is special classes or extra work before and after class to make sure I was capable of completing assignments and other tasks required for success in all aspects of life. I am so happy to have found a place that allowed me to go about my necessary processes to arrive at this destination at which I currently reside.

I was able to accomplish all this and more while competing in the best Track and Field Conference in the country against the best athletes in the world and along side some of the best in the world. This is an opportunity I would have never been able to even dream about if it were not for the coaches and staff of this Track and Field team. You saw something in me that you thought would be worth developing in the hopes for the pay off somewhere down the road. The results may not have been what were expected thus far but I can assure you all I have not been dissuaded from my goals as an athlete or as person. I work each and everyday towards the goals and aspirations that I have set in front of myself in hopes that in the future they will no longer just be goals and aspirations but they will be accomplishments and achievements.

I write this letter with the deepest feelings of gratitude and pride that I have been given the opportunity to be able to take with me the ability for the rest of my life to call myself a Gamecock.

I wish you all the best in your aspirations of continued success.

Mr. Hyman stated that this was why he did his job. He said, "Sometimes we get caught up in the glitz and glitter and the neon lights but the main thing is our young people and that is why we are in this job. The Athletics Department is trying to make a difference in these young people's lives. Sometimes we lose focus, but we are trying to develop tomorrow's leaders today." Mr. Hyman stated that student athletes were given an exit interview and were asked about their experience at the University. It was important to find out what kind of experience they have had at USC.

Mr. Hyman gave the following highlights of activities in the Athletics Department.

He stated that Mr. Harold White, Academic Program Coordinator, who had worked in the Athletics Department for 36 years would be retiring. Under his leadership, the student athletes' GPA was the highest ever in the history of the University. Mr. Hyman stated that he had mixed emotions and hated to see Mr. White leave but supported his decision to move on to other endeavors. He stated that he was very appreciative of the service Mr. White had provided to the University.

Mr. Hyman stated that the athletics teams had performed well. The golf team finished 11<sup>th</sup> in the country and they had no seniors; the track teams would finish very well; the women's golf and tennis teams had competed in the NCAA. The Athletics Department's goal was to battle for championships and to be a nationally prominent program.

In accordance with the Master Plan, Mr. Hyman stated that at the end of football season, the department would begin construction of a new Sports Medicine training room. This was one of his top priorities and he hoped the project would be completed in three to four months.

Regarding the Academic Enrichment Center, the Department had hired an Architect who was working with the department to develop program statements and a building design. The expected date of completion was Fall 2009 and the Center would be the heart of the Athletics Department.

In addition, the Athletics Department was working with the Medical School on the Sports Medicine facility planned for the Athletics "Horseshoe." The North End Zone Stands project was still in the conceptual stage; however, he estimated that there would be 6,000 to 8,000 additional seats which would include suites and club seating. This project would be presented to the Buildings and Grounds Committee and to the full Board in the future with the hope of receiving support.

Chairman Wienges stated that the Athletic Director's Report would be received as information.

II. Department of Athletics FY 2007-2008 Budget: Mr. Hyman gave a brief overview of the FY 2007-2008 departmental budgets.

He reported that the Southeastern Conference Revenue Budget had increased by \$300,000 to \$9,800,000 to reflect an anticipated increased share distributed by the conference to member institutions. The USC Athletics Program would receive the largest share of broadcast revenue distributed by the Southeastern Conference primarily because USC played on Thursday nights and was able to generate \$500,000 to \$600,000 in that way.

Mr. Hyman stated that a breakdown of revenues reflected that 72 percent was generated from football, 16 percent was generated by basketball and 12 percent from other sources.

Mr. Hyman stated that team travel was expected to increase by 13 percent (\$396,632) over last fiscal year due to higher fuel prices, increased travel distance for football and air travel for two baseball trips. He stated that the department did zero-based budgeting last year; therefore, the department would have a better feel for this type of budgeting in FY2007-2008.

Finally, Mr. Hyman stated that in the future the Athletics department would begin working with the Gamecock Club on their budget prior to the June 28<sup>th</sup> Board meeting.

Mr. Hyman called of Mr. Jeff Talent, to give a more detailed presentation of the departmental budget.

Mr. Tallant stated that the department had begun FY2006-2007 with a \$3.35 million fund balance. The projections for this year was \$1.6 million revenues exceeding expenditures; therefore, the department would show in a couple of months a fund balance of about \$5 million.

The Athletics Department projected departmental revenues of \$55,020,062, an increase of 14 percent (\$6,870,318) from budgeted revenues for FY2006-2007. Revenue from admissions (ticket sales) was increasing 14 percent primarily due to an overall ticket price increase for home football games and anticipated increased revenue from the new baseball stadium.

Budgeted non-arena operational expenditures were projected to rise by 9 percent for a total expenditure of \$47,201,103. Architectural and Engineering (A&E) Master Plan fees were approximately \$800,000.

Mr. Adams made an inquiry regarding amortizing debt service. Mr. Tallant responded that the Administration was following the debt service schedule and that amortizing debt service was done through bond fees and basketball admissions fees.

Mr. Mungo stated that a policy had been made that the University would set aside a minimum of \$5 million in reserve in the Gamecock Club for emergencies. Mr. Tallant responded that there was approximately \$3.35 million and he anticipated that amount being at \$5 million next year with an even higher fund balance in the future.

Mr. Tallant stated that Other Revenues had increased by 55 percent (\$2,125,200) primarily due to a new apparel agreement with Under Armour (\$600,000) and anticipated football parking revenues \$1.3 million.

The Athletics Department would transfer \$186,000 to the University Band; make a \$54,000 annual contribution to Student Affairs/Student Government and transfer \$162,000 to the College of Education for various sports. The department would also transfer approximately \$1.6 million toward debt service, of which \$700,000 would come from the SEC revenue to cover the short-term debt on the Colonial Center.

Mr. Tallant stated that the department would have some additional expenses associated with parking because of extra services for handicapped patrons and upgrades to game day services for parking areas. Mr. Tallant stated that he expected approximately \$500,000 in excess revenue from parking and that the excess would be transferred to the purchase of the Farmers Market.

Mr. Tallant stated that Total Revenues from Departmental Operation for FY 2007-2008 were expected to be around \$55,020,062 and Total Expenditures from Departmental Operations would be \$47,201,103, a 9 percent increase from last fiscal year.

Mr. Tallant reported that Total Salaries and Benefits were approximately \$15.9 million. This figure reflected an increase of 10 percent over last fiscal year primarily due to increased costs of fringe benefit amounts, retirement contributions and the three percent state approved raise for employees.

Grants-in-Aid expenses had increased by 2 percent (\$129,262) over FY2006-2007 and would cover anticipated increases in tuition and fees, the net of an additional five percent out-of-state scholarship waiver, room and board costs, and a reallocation of out-of-state grants. During FY2007-2008, the Athletics Department would fund approximately \$8.3 million in grants-in-aid expenditures.

Team travel was estimated to be \$3,409,173, a 13 percent increase over last fiscal year. This increase was due primarily to higher fuel prices, increased travel distance for football and air travel for two baseball trips.

Game Services had increased by \$45,061 and was estimated at \$2,765,125. This figure reflected a 26 percent increase over FY2006-2007 due to costs associated with the opening of the new baseball stadium, improvements to the game day experience at Williams Brice Stadium, security, and parking operations.

Other Services amounted to \$950,065, a four percent increase (\$45,061) over FY2006-2007. The increase was due to increasing medical, surgical, and hospital costs for student-athletes and additional costs associated with grounds and repairs. In addition, supplies, uniforms, and equipment would increase 7 percent (\$102,877) due to increased prices of awards, ticket supplies, and medical supplies.

General and Administrative expenses increased 16 percent (\$1,575,398). Included in these expenses was a \$650,000 payment to the University for Indirect Cost Recovery and \$2.3 million for media rights and apparel money paid directly to coaches per contract. Also included were utilities and janitorial costs associated with the new baseball stadium and increased printing costs.

Mr. Mungo asked if employees in the Athletics Department received a higher percentage increase in salary than the state-approved three percent raise. Mr. Tallant responded that employees would receive the state's 3 percent increase and if there was any additional percentage it would be based on merit.

Mr. Hyman stated that there were some classified employees who would get their automatic three percent and there were some employees who were unclassified and their percentage would be based on merit.

Mr. Hyman stated that the Athletics Department had worked very closely with Mr. Kelly and his staff who assisted them in the development of the budget.

Mr. Mungo stated that he had a private conversation with Mr. Kelly regarding the amount of money owed on BANS and bonds for athletics facilities. He asked Mr. Kelly to share the information with the committee.

Mr. Kelly stated that as of June 30, 2006, there were two BANS that related to Athletics; one note was \$3.295 million and the second note was \$3.56 million. In the BAN category, there were approximately \$6.795 million that represented two BANS. Two payments would occur this year to lower those BAN amounts. He stated that the department was on schedule to pay off the BANS. Mr. Kelly stated that as of June 30, 2006, the long-term stadium debt was \$19,925,000; one of the BANS was on the Arena and the other was on football.

Mr. Hyman stated he would include this information as part of his report next year.

Chairman Wienges called for a motion to recommend the Athletics Department's proposed budget to the Executive Committee for inclusion in the University's FY 2008 budget. Mr. Foster so moved. Mr. Bahnmuller seconded the motion. The vote was taken and the motion carried.

There being no further matters to come before the Committee, Chairman Wienges declared the meeting adjourned at 11:00 a.m.

Respectfully submitted,

Thomas L. Stepp  
Secretary