

**The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at <mailto:trustees@sc.edu>. Electronic or other copies of original minutes are not official Board of Trustees' documents.**

University of South Carolina

BOARD OF TRUSTEES

Intercollegiate Athletics Committee

May 28, 2007

The Intercollegiate Athletics Committee of the University of South Carolina Board of Trustees met on Monday, May 28, 2007, at 10:00 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. William C. Hubbard; Mr. Michael J. Mungo; Mr. Herbert C. Adams, Board Chairman; and Mr. Miles Loadholt, Board Vice Chairman. Members absent were Mr. Toney J. Lister and Mr. M. Wayne Staton. Other Trustees present were: Mr. William L. Bethea, Jr.; Mr. James Bradley; Mr. John W. Fields; Dr. C. Edward Floyd; Mr. William W. Jones, Jr.; and Mr. Mack I. Whittle, Jr.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Advancement Brad Choate; Legal Counsel Walter (Terry) H. Parham; Director of Athletics Eric C. Hyman; Associate Vice President for Development Michelle D. Dodenhoff; Executive Director of the Gamecock Club and Associate Athletics Director for Development Chris Wyrick; University Legislative Liaison John D. Gregory; Director of the Office of University Communications, Division of University Advancement, Russ McKinney, Jr.; Board staff members Terri Saxon, Vera Stone and Karen Tweedy; and members of the media.

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. Gamecock Club Five-Year Plan: Chairman Wienges called on Mr. Hyman who stated that the Athletics Department had tried to be extremely inclusive and transparent. The Special Committee on Athletics (SCOA) was formed to be an advisory committee to the Athletics Department and/or the Intercollegiate Athletics Committee and/or the Gamecock Club.

SCOA had five voting members: Sam Foster, Chair of the Committee; William Hubbard, a Board member; Ted Girardeau, Chairman of the Executive Committee of the Gamecock Board; Chip Comer, President of the Board of Directors of the Gamecock Club; and Herb Sharp, current Gamecock Club member and former Executive Director of the Gamecock Club. Mr. Herbert Adams and others were also non-voting members of this committee.

With the Board's goal of having the Athletics Department as a top 25 program in Division 1A Athletics, the SCOA had made a 5-year recommendation to increase Gamecock Club dues. SCOA's recommendation was unanimously approved and forwarded to the Gamecock Club Board for their input and recommendation. The Gamecock Club Executive Committee reviewed SCOA's plan, considered possible adjustments to the plan, and ultimately approved this version of the plan along with the full Gamecock Club Board.

The Gamecock Club Board forwarded this plan to the Intercollegiate Athletics Committee of the Board of Trustees.

There were only three dissenting votes on the Gamecock Club Board: two felt the increases were not enough and one Board member did not get the information ahead of time, and, therefore, felt he did not have enough time to study it.

Mr. Hyman noted that since 1966, not counting the addition of the Golden Spurs level, dues had been raised one time which was in 1989. As everyone was aware, over the same period of time, the cost of just about everything had increased dramatically. For example, in 1967, a Super Bowl commercial was \$24,000; in 2007, it was \$2.5 million, an increase of 10,000 percent.

The dues increase will assist the Athletics Department with many things, but predominantly the challenge was new facilities.

"We are asking for your approval of the dues increase and I will ask Secretary Stepp to read the motion as proposed."

Secretary Stepp read the following proposed motion: to adopt the Gamecock Club membership dues schedule for the years 2008 - 2012 as recommended as approved by the Gamecock Club Board of Directors and as shown on the chart distributed with the agenda materials for this meeting entitled "Proposed Gamecock Club Dues Increases."

Mr. Hubbard moved approval of the motion as read. Mr. Bahnmuller seconded the motion.

In response to Mr. Mungo's question regarding the manner in which the additional money will be used, Mr. Hyman advised that a significant percentage will be dedicated to athletics facilities. He further indicated that a long range master plan had revealed \$194 million of facility challenges before them.

President Sorensen commented that prior to the formal meeting, Mr. Mungo had asked Mr. Kelly to determine the total this increase would generate and the bond amount it would support; Mr. Kelly had indicated a figure of \$12.4 million.

Mr. Adams noted that the proposed 5-year plan would increase dues from approximately \$14 million to approximately \$21 million (an overall annual \$6 million increase during the timeframe). He further stated that it would require \$15 million per year for 20 years (with a debt of \$200 million) to service those bonds. Mr. Adams explained that one of the objectives the SCOA had sought to fulfill was to determine the most appropriate balance between dues and the potential ticket license fees to service the \$200 million debt. However, it was observed that the various projects would not "come on line" at the same time; therefore, the debt service total would not escalate to that amount immediately.

Mr. Hubbard remarked that of persuasive importance to the SCOA was the fact that since 1966, one adjustment to the Gamecock Club dues structure had been levied in 1989; over that course of time, inflation was approximately 70 percent. Committee consideration had been given to the possibility of doubling the proposed amount in anticipation of continued inflation at that rate during the 5-year period. Ultimately, the SCOA had settled on a 50 percent increase - an increase which will be less than the inflation rate. "We are simply trying to recover part of what was lost through inflation."

Mr. Foster commented that Mr. Hyman was in the process of determining a priority list of projects; it was anticipated that he will identify other financial sources for certain projects in addition to the dues increase.

Mr. Adams pointed out that an increasing expense to the Gamecock Club was the cost of tuition for athletes; with each approved tuition increment, the Gamecock Club's obligation increased accordingly. Therefore, a portion of the dues increase will be used to fulfill that primary obligation.

Responding to Mr. Buyck's inquiry regarding the amount of revenue to be generated as a result of the ticket price increase, Mr. Hyman quoted a figure of approximately \$2 million; for the parking increase, the figure was approximately \$400,000 - \$500,000.

Dr. Floyd suggested the establishment of an endowment with the extra money; he hoped that the various athletics facilities will be built in a timely and appropriate manner; Mr. Hyman agreed with this recommendation and hoped to develop a "safety net" in the budget to draw upon if needed in the future.

Mr. Mungo asked what percentage of the yearly Athletics Department budget addressed salary increases. Mr. Kelly responded that, in the past, excess revenue had absorbed the increases; that figure easily totaled nearly \$2 million annually.

Therefore, with a current yearly base budget of approximately \$50 million, 5 percent was dedicated to salary increases.

Mr. Buyck inquired about a public relations plan for introducing these proposed increases to the public. Mr. Hyman explained that a personal letter will be sent to Gamecock Club constituents the next day detailing the rationale. Included in the letter will be the fact (as mentioned earlier) that dues had only been increased one time since 1966. Mr. Wyrick also noted that the Athletics Department had conducted 17 fall and 16 spring townhall meetings; it was estimated that approximately 9,000 of the 14,000 Gamecock Club members had attended. During the open forum, they were advised that "a dues increase was forthcoming." As soon as formal approval was given to the increases, Gamecock members had been assured that they would be notified. And, further, Mr. Hyman advised that he had presented this information via PowerPoint followed by a "questions and answers" period during various luncheon meetings; he will continue this activity during the summer.

Mr. Mungo believed that a salient point to include was the fact that a substantial portion of the increase would be used for athletics facilities.

Mr. Bradley asked whether a determination had been made about the loss of members which may occur as a result of the increases. Mr. Wyrick responded that during the initial phase of this procedure, several institutions across the country were visited; their statistics revealed that the highest "drop out" percentage rate as a result of dues increases was approximately 9 percent; the lowest percentage was 2.5 percent.

Mr. Buyck inquired about additional ticket price and seat tax increases. Mr. Hyman commented that the philosophy for a 2008 ticket price increase was presented to and approved by the Intercollegiate Athletics Committee on March 13, 2007 with full Board approval rendered on April 20, 2007. Other potential increases will be analyzed, evaluated carefully and presented for Board consideration as appropriate in the future.

The vote was taken, and the motion carried.

II. Adjournment: There being no other matters to come before the Committee, Chairman Wienges declared the meeting adjourned at 10:30 a.m.

Respectfully submitted,

Thomas L. Stepp  
Secretary