

THE CITADEL BOARD OF VISITORS
TELECONFERENCE MEETING
1 JUNE 2010
MINUTES

The Citadel Board of Visitors conducted a teleconference meeting at 1300 hours on Tuesday, 1 June 2010, to review and approve the issuance of athletic facilities refunding bonds; to discuss The Citadel Transformation Agenda; and to conduct an executive session on contractual and personnel matters.

The following members were present: Colonel Douglas A. Snyder, Chair; Colonel Glenn D. Addison, Vice Chair; Colonel William E. Jenkinson III; Colonel Allison Dean Love; Colonel William G. Kastner; Colonel W. Thomas McQueeney; Colonel Fred L. Price, Jr.; Colonel James M. McQuilla and Lieutenant General W. Michael Steele. Member-elect Captain Dylan W. Goff participated. Also in attendance were senior members of The Citadel staff and retired employee, Mr. Ralph Earhart.

Members absent: Colonel Claude W. Burns III; Lieutenant Colonel Ben W. Legare, Jr.; Major General Stanhope Spears; and member emeritus, Colonel Leonard C. Fulghum.

The meeting followed the agenda at enclosure 1.

Mr. Mark Brandenburg, General Counsel, stated that the meeting was in compliance with the Freedom of Information Act in that notice had been posted 24 hours in advance in Bond Hall and local media sources were notified at the same time by fax means.

A quorum was present.

Chair Snyder called on Mr. Earhart to brief the Board on the details of The Citadel stadium bond restructure proposal due to his extensive knowledge and work on the issue while employed at the college. Mr. Earhart articulated the following rationale for restructuring the debt:

- Extend the life of the 2007 issue an additional ten (10) years
 - to better match the debt to the life of the asset.
 - to decrease the annual debt service amount due to a changed business plan and generate funds to athletics now, rather than in ten years.
- Business plan for the 2007 skybox and club area build out has changed:
 - initial plan, which anticipated aggressive prices, was developed before the recession.
 - initial plan anticipated using all skybox rentals club seat sales to pay all debt service and operating costs and then being free and clear of debt after ten years – at which time all skybox and club seat sales income above operating costs would go to support athletics operations.

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- Changed business plan will reflect the lower sale prices of club seats due to market conditions, with improved percentage of seat sales.
 - With reduced debt service, even with lower prices for club seats, surpluses will be generated to support stadium operations and, very important in today's economy, to support athletic operations.
- Requirements to implement change:
 - Citadel Board of Visitors approves the new Series resolution detailed as follows:
 - The resolution authorizes the issuance of athletic facilities revenue bonds in the aggregate principal amount of not exceeding \$ 4,000,000 to refund the Series 2006 and the Series 2007 bonds, and in Article 9 it also amends the Bond Resolution to pledge the monies received by The Citadel from skybox leases, club seat sales, and the rental of the club seat concourse area at Johnson Hagood Stadium as additional security for the athletic facilities revenue bonds issued pursuant to the Bond Resolution.
 - Joint Bond Review Board and Budget and Control Board approval required.
 - A restructured private placement for no more than 13.6 million issues in the fall of 2010.
- Special notes:
 - No additional student fees are required. In fact, student fee commitment for the 2006 issue (about \$190,000 per year) will decrease slightly.
 - Skybox and club area build out funded by 2007 issue will be funded within restructured issue by skybox and club seat sales and club area rentals.
 - With the restructured issue, anticipating a conservative club seat sales amount, stadium operations will be covered and an annual amount ranging from \$47,000 to over \$200,999 should be generated to support athletic operations over the twenty-year life of the debt.

Chair Snyder thanked Mr. Earhart for his comprehensive briefing of the issue and asked for questions and comment from Board members.

Colonel McQueeney made the following motion, seconded by Colonel Kastner:

MOTION

“That the Board of Visitors approves the provided Series Resolution providing for the issuance and sale of one or more series of athletic facilities refunding revenue bonds of The Citadel in the aggregate principal amount of not exceeding fourteen million dollars (\$14,000,000) and other matters relating thereto, including the amendment of the bond resolution to provide for additional security for the bonds issued there under.”

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Following a detailed discussion period, and before calling the vote, all members were in agreement that the college administration would review with The Citadel Foundation before executing provisions of the resolution.

The motion passed unanimously.

Chair Snyder invited Colonel Trez to bring the Board up to date on the Transformation Agenda.

Colonel Trez highlighted the nine major agenda points and stated a more detailed briefing which would be presented at the June annual meeting of the Board.

The nine agenda items addressed:

- Refining the president's employment contract, currently being developed by outside counsel.
- Designing a joint Citadel and Citadel Foundation ad-hoc Steering Committee.
- Creating a new Vice President position of Chief Operating Officer.
- Developing and refining details and make up of the first \$5 million ask from The Citadel Foundation.
- Developing a Memorandum of Understanding between The Citadel and The Citadel Foundation.
- Framing a "Governance Model" between The Citadel Foundation and the college.
- Refine and publish The Citadel Business Model. The new Chief Operating Officer will be responsible for its development.
- Design and publish a new college organization chart.
- Create a campaign to raise funds to finance future partnerships.

Following discussion of the nine major agenda items, Chair Snyder called for a motion to go into executive session to discuss contractual/personnel matters.

Motion made by Colonel Love and seconded by Colonel Jenkinson, unanimously carried.

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Motion to come out of executive session made by Colonel Love and seconded by Colonel Kastner, unanimously carried.

There being no further business, a motion to adjourn was made by Colonel McQuilla and seconded by Colonel Price. Motion passed unanimously.

Meeting adjourned at 1345 hours.

Respectfully submitted,

Myron C. Harrington
Colonel, USMC (Retired)
Secretary to the Board of Visitors