

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
HELD AT
270 Washington Street, S.W.
Atlanta, Georgia
May 25, 2004**

CALL TO ORDER

The Board of Regents of the University System of Georgia held a special meeting on Tuesday, May 25, 2004, in the Board Room, room 7007, 270 Washington Street, S.W., seventh floor. The Chair of the Board, Regent Joe Frank Harris, called the meeting to order at 12:00 p.m. Present on that day, in addition to Chair Harris, were Vice Chair Joel O. Wooten, Jr. and Regents Hugh A. Carter, Jr., Connie Cater, William H. Cleveland, Julie Hunt, W. Mansfield Jennings, Jr., James R. Jolly, Donald M. Leebern, Jr., Patrick S. Pittard, Doreen Stiles Poitevint, J. Timothy Shelnut, and Glenn S. White.

A buffet lunch was offered in room 7010, during which the results of the Board survey were discussed. The Regents agreed that the Secretary to the Board, Gail S. Weber, would draft a follow-up questionnaire for the Chair-Elect and the Chancellor to seek the direction the Board wishes to take in the coming year.

At 1:20 p.m., the Regents moved into the Board Room to continue the retreat. The Chancellor began a discussion of the University System of Georgia Guiding Principles for Cooperative Organizations (the "Guiding Principles"), stating that the desired outcome was to use these principles as a basis for writing a new memorandum of understanding pertaining to cooperative organizations.

The Senior Vice Chancellor for Support Services, Corlis Cummings, then led a discussion of the Guiding Principles with the Regents.

The Associate Vice Chancellor for Internal Audit, Ronald B. Stark, came into the meeting to talk about changes in national accounting standards.

Regarding Principle No. 3, the Regents said they believe at this juncture in the history of the University System, institutional presidents should be voting members of their respective foundations. The Regents wanted flexibility regarding other institutional representatives regarding decisions on voting versus nonvoting membership.

The Regents continued their discussion of the remaining 13 principles, their impact on cooperative organizations, their implementation, and other ramifications. Also in attendance for this discussion were the Senior Vice Chancellor for Academics and Fiscal Affairs, Daniel S. Papp; the Senior Policy Advisor, Robert E. Watts; and the Special Assistant to the Chancellor and Associate Vice Chancellor for Fiscal Affairs, Usha Ramachandran. At approximately 2:45 p.m., the Regents took a short break.

EXECUTIVE SESSION

At approximately 3:00 p.m., Chair Harris called for an Executive Session for the purpose of discussing a personnel and compensation issue at the University of Georgia (“UGA”). With motion properly made and variously seconded, the Regents who were present voted unanimously to go into Executive Session. Those Regents were as listed above. Also in attendance were Chancellor Thomas C. Meredith; the Secretary to the Board, Gail S. Weber; and the Senior Vice Chancellor for Support Services, Corlis Cummings. Representing UGA, President Michael F. Adams and the Executive Director of Legal Affairs, Stephen M. Shewmaker, were in attendance for part of the meeting. In accordance with H.B. 278, Section 3 (Amending O.C.G.A. § 50-14-4), an affidavit regarding this Executive Session is on file with the Chancellor’s Office.

At approximately 6:00 p.m., Chair Harris reconvened the Board meeting in its regular session and announced that no actions were taken in the Executive Session.

The Regents finished their discussion on the Guiding Principles, and with motion properly made, seconded, and unanimously approved, the Board adopted the Guiding Principles.

The Regents then took up the issue of presidential compensation and had a discussion about salary supplements for presidents. They discussed national and market data on presidential compensation. They further discussed the System’s historical practice of allowing cooperative organizations to supplement salary and recent problems associated with the University of Georgia Foundation, Inc.’s (the “UGA Foundation”) payment of supplements.

There was additional discussion of the UGA Foundation and the Guiding Principles. Some Regents expressed concerns about accreditation and academics at UGA. This discussion led to the Regents’ directing President Adams to give notice that UGA would terminate its memorandum of understanding with the UGA Foundation and no longer recognize it as a cooperative organization. The Regents further directed President Adams to send a letter to Lynda Courts, Chair of the UGA Foundation, saying that the Board had directed President Adams to send the letter beginning this process.

The Regents then discussed what would replace the UGA Foundation. They concluded that they needed to explore options regarding the establishment of a new foundation and that they should consider a 90-day reorganization period.

The Regents further discussed paying presidential salaries strictly with state dollars. The Board asked the Chancellor to bring a policy back to the Board in June 2004.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 6:40 p.m. on May 25, 2004.

s/ _____
Gail S. Weber
Secretary, Board of Regents
University System of Georgia

s/ _____
Joe Frank Harris
Chair, Board of Regents
University System of Georgia