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University of South Carolina

BOARD OF TRUSTEES

Finance and Infrastructure Committee

October 15, 2021

The Finance and Infrastructure Committee of the University of South Carolina Board of Trustees met at 9:42 a.m. on Friday, October 15, 2021 in the Floyd Boardroom of the Pastides Alumni Center and by Microsoft Teams.

Committee members present were Mr. Mack I. Whittle Jr., Chair; Mr. Alex English; Dr. C. Edward Floyd; Mr. Toney J. Lister; Ms. Rose Buyck Newton; Mr. Charles H. Williams; Dr. C. Dorn Smith III, Board Chair; and Mr. Thad H. Westbrook, Board Vice Chair. Mr. C. Dan Adams and Mr. J. Egerton Burroughs participated by Microsoft Teams.

Other Board members present were Mr. Brian C. Harlan, Mr. Richard A. Jones Jr., Mr. Miles Loadholt, Mr. Hubert F. Mobley, Ms. Emma W. Morris, Mr. Robin D. Roberts, and Mr. Eugene P. Warr Jr. Board members participating by Microsoft Teams video conference were Ms. Leah B. Moody and Mr. John C. von Lehe Jr.

Also present were USC Columbia Faculty Senate Chair Dr. Audrey Korsgaard and USC Columbia Student Government President Mr. Alex Harrell.

Others in attendance were Interim President Harris Pastides; Secretary Cameron Howell; Vice President for Human Resources Caroline Agardy; College of Retail and Sports Management Interim Dean David Cardenas; Executive Director of Strategic Planning Jack Claypoole; Interim Provost Stephen Cutler; Communications Manager Abe Danaher; Vice

President for Development Monica Delisa; Chief Audit Executive Pam Dunleavy; Palmetto College Chancellor Susan Elkins; Associate

Vice President of Finance and Budget Kelly Epting; President and Provost Faculty Fellow Stacy Fritz; Vice President of Facilities Planning, Design and Construction and University Architect Derek Gruner; USC Upstate Chancellor Bennie Harris; USC Aiken Chancellor Dan Heimmermann; Chief Executive Officer of the USC Alumni Association Wes Hickman; Interim Director of Academic Programs Trena Houp; Howie Houston with Elliott Davis; University Controller Mandy Kibler; Executive Director of Economic Engagement Bill Kirkland; Senior Deputy Athletics Director Chance Miller; USC Beaufort Chancellor Al Panu; General Counsel and Executive Director of Compliance Programs Terry Parham; Chief Operating Officer Jeff Perkins; Vice President for Student Affairs and Vice Provost Dennis Pruitt; Special Assistant to the President James Smith; University Treasurer and Associate Vice President and Chief of Staff for the Division of Administration and Finance Joe Sobieralski; Interim Vice President of Health and Well-Being and Chief Health Officer Jason Stacy; Assistant Vice President of Media and External Engagement Jeff Stensland; Athletics Director Ray Tanner; Vice President for Communications Larry Thomas; USC Aiken Provost and Executive Vice Chancellor of Academic Affairs Daren Timmons; Executive Vice President and Chief Financial Officer Ed Walton; Vice President for Diversity, Equity and Inclusion Julian Williams; and Board of Trustees support staff.

## OPEN SESSION

### I. Call to Order

Chair Whittle called the meeting to order, welcomed everyone, and asked Trustees in the room to introduce themselves. Secretary Howell confirmed Trustees attending by Microsoft Teams video conference.

Chair Whittle called on Mr. Jeff Stensland to introduce members of the media. Mr. Stensland introduced Jessica Holdman with the *Post and Courier* and stated Caleb Bozard with the *Daily Gamecock* was on the call-in line.

Chair Whittle stated notice of the meeting and agenda had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated to the Committee; and a quorum was present to conduct business.

## MOTION FOR EXECUTIVE SESSION

Chair Whittle advised there was a need for an Executive Session for the receipt of legal advice and for the discussion of gift naming opportunities. Ms. Newton made the motion to enter Executive Session, and Mr. Westbrook seconded the motion. A vote was taken, and the motion carried unanimously. Chair Whittle invited the following to remain: Trustees, Interim President Pastides, Secretary Howell, Dr. Korsgaard, Mr. Harrell, Chancellors, members of the President's Executive Council, and Board of Trustees support staff. Chair Whittle stated no action would be taken in Executive Session.

## EXECUTIVE SESSION

- Executive Session Removed

## RETURN TO OPEN SESSION

### II. Approval of Gift Naming Opportunities

Chair Whittle called for a motion to approve the four gift naming opportunities as presented in Executive Session and posted to the Board portal. Dr. Smith so moved, and Mr. Westbrook seconded the motion. A vote was taken, and the motion carried.

Chair Whittle stated the following gift naming opportunities were approved: the Harold White Athletics Village Courtyard, Joe Capobianco Court, Charles W. Joyner Reading Room in the South Caroliniana Library, and the G.B. Hodge, MD Perioperative Nursing Suite at USC Upstate in the Mary Black School of Nursing.

Chair Whittle advised these naming opportunities would be included in the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board later in the day.

### III. Introductory Comments by Executive Vice President/CFO

Chair Whittle called on Executive Vice President and Chief Financial Officer Ed Walton for introductory comments. Mr. Walton provided a brief overview of the upcoming reports.

### IV. Projects & Other Approvals

Chair Whittle called on University Architect Derek Gruner to present three projects and one preliminary land acquisition for approval.

#### A. Williams-Brice Stadium Elevator Addition Project

Mr. Gruner stated this \$2,400,000 project will be funded with athletic capital project funds and will add two elevators to facilitate pedestrian access and reduce congestion.

B. Williams-Brice Stadium Concourse Expansion Project

Mr. Gruner stated this two-part \$2,300,000 project will be funded with athletic capital project funds and will expand a portion of the concourse at the west side-main level.

C. High-Performance Computer Data Center Project

Mr. Gruner stated this two-part \$3,800,000 project will be funded with institutional funds and will upgrade structural, electrical, and mechanical infrastructure at an existing data room to accommodate new high-performance computing equipment.

D. Preliminary Land Acquisition

Mr. Gruner stated this preliminary land acquisition refers to a 15.3-acre area of land directly across from the site of the future Health Sciences Campus. A budget of \$15,000 for phase 1 approval will be funded with institutional funds.

Chair Whittle called for a motion to approve the three projects and one preliminary land acquisition as presented and posted to the Board portal. Dr. Smith so moved, and Dr. Floyd seconded the motion. A vote was taken, and the motion carried unanimously.

Chair Whittle stated these items were approved and would be included in the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board later in the day.

## V. FY21 Annual Comprehensive Financial Report (ACFR) Review

Chair Whittle called on University Controller Mandy Kibler to present information related to the FY21 annual comprehensive financial report, which was posted to the Board portal for review. Ms. Kibler stated the University had a solid financial position as of June 30, 2021, with \$3.3 billion in total assets, up from \$2.8 billion at June 30, 2020. Ms. Kibler stated total assets showed a 15.1% increase from the prior year, and total liabilities increased 17.3% for the same period. Ms. Kibler reviewed changes in operating reviews and expenses and stated the University holds strong cash and operational reserves. Ms. Kibler briefly reviewed future financial position challenges, including long-term COVID-19 impacts and continued dependence on tuition and fees.

Ms. Kibler stated the University's increase in cash and cash equivalents was mostly due to money from the federal COVID-19 relief fund, COVID-19 mitigation funds from the Southeastern Conference, and the University's issuing of the higher ed revenue bonds for the Campus Village project. Much of the increase in cash and cash equivalents is short-lived; Ms. Kibler stated she expects a normalization of these funds over the next year.

Chair Whittle stated the presentation and related documents as posted to the Board portal were received as information.

## VI. Debt Update & Approval of Bond Refundings

Chair Whittle called on Ms. Kibler to present a debt update. Ms. Kibler stated the University's outstanding debt as of June 30, 2021 was \$681.1 million; 91.9% of that is from the Columbia campus including the School of Medicine.

Ms. Kibler provided a review of the debt coverage ratio, stating the University was beginning to see upward movement and continues to be strong in this area. Ms. Kibler

stated more information pertaining to the debt update was available on the Board portal for review.

Ms. Kibler presented three opportunities for tax exempt refunding and provided information for each: higher education revenue bonds refunding, special higher education revenue bonds refunding, and athletic facilities revenue bonds refunding. Ms. Kibler stated if the refundings are approved they would be scheduled for late January and would close in February.

Chair Whittle called for a motion to approve the bond funding requests as presented and posted to the Board portal. Ms. Newton made the motion, and Mr. Williams seconded the motion. A vote was taken, and the motion carried unanimously.

Chair Whittle stated this item was approved and would be included in the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board later in the day.

VII. Federal Pandemic Funding (CARES/HEERF) & Employee Retention Credit Update

Chair Whittle called on Ms. Kibler to present an update on the coronavirus aid, relief and economic security/higher education emergency relief funding and employee retention credit. Ms. Kibler stated there are three main COVID relief fund sources. The University has been awarded over \$240 million in relief funds. Ms. Kibler stated the funds have strict guidelines and are subject to uniform guidance.

Mr. Kibler reviewed the terms of the employee retention credit program and stated the University was reviewing its potential eligibility.

Chair Whittle stated the update as presented and posted to the Board portal was received as information.

## VIII. FY 21 Year-End Budget Review

Chair Whittle called on Associate Vice President for Finance & Budget Kelly Epting to present the fiscal year 2021 year-end budget review. Ms. Epting first reviewed the budget-to-actual variance, noting unusual activity within the current year was due to COVID. Ms. Epting reviewed data for each USC System institution. Ms. Epting then reviewed data for USC Columbia, highlighting academic units, auxiliary units, and support units. She concluded her presentation with a review of reserve funds.

Chair Whittle stated the update as presented and posted to the Board portal was received as information.

## IX. FY22 Budget Fall Review

Chair Whittle called on Ms. Epting to present the fiscal year 2022 budget. Ms. Epting stated the Fall enrollment implications she would review were not unique to USC, but trending nationally due to COVID. Ms. Epting stated the University saw a significant increase in freshmen, with 11% more applications than last year. Other trends included an increase in graduates, retention issues with non-resident continuing students, and an increase in graduate program enrollment.

Ms. Epting noted the Fall term yielded \$3.5 million less than anticipated, but stated contributions to fund balances, cost containment strategies, and the possibility of additional COVID funding will help the University avoid adjusting the existing budget.

Chair Whittle stated the update as presented and posted to the Board portal was received as information.

## X. Approval of Fee Revision Request

Chair Whittle called on Ms. Epting to present a fee revision request for approval on behalf of the USC School of Law. Ms. Epting stated the School of Law is requesting



approval to lower its non-resident tuition rate to be competitive with peer institutions and other Southeastern Conference law schools. Ms. Epting reviewed the current and proposed cost and provided a brief summary of impact.

Chair Whittle called for a motion to approve the fee revision request for the USC School of Law as presented and posted to the Board portal. Dr. Smith so moved, and Mr. Westbrook seconded the motion. A vote was taken, and the motion carried unanimously.

Chair Whittle stated the USC School of Law fee revision request was approved and would be included in the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board later in the day.

XI. Educational Foundation/Endowment Update

Chair Whittle stated an update related to the Educational Foundation endowment was placed in the Board portal, and that the President and CEO of University Foundations Jason Caskey was available to respond to any questions. There were none.

Chair Whittle stated the update as posted to the Board portal was received as information.

XII. Administrative and Institutional Cost Benchmarking

Chair Whittle stated an update related to administrative and institutional cost benchmarking was posted to the Board portal, and that University Treasurer and Associate Vice President and Chief of Staff for Administration and Finance Joe Sobieralski was available to respond to any questions. There were none.

Chair Whittle stated the update as posted to the Board portal was received as information.

XIII. Other Matters

A. Chair Comments

Chair Whittle stated the FIC calendar and Matrix were posted to the Board portal for reference and review.

B. Other

Chair Whittle called for questions pertaining to any matters discussed. There were none.

IX. Adjournment

There being no other matters to come before the Committee, Chair Whittle declared the meeting adjourned at 11:28 a.m.

Respectfully submitted,

Cameron Howell  
Secretary