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University of South Carolina
BOARD OF TRUSTEES

Executive and Governance Committee
Called Meeting

May 9, 2019

The Executive and Governance Committee of the University of South Carolina Board of Trustees convened in a called meeting at 10:00 a.m. on Thursday, May 9, 2019, by telephone conference hosted from Room 206-B of the Osborne Administration Building.

Participating in person was Mr. John C. von Lehe Jr., Chairman, with the following participating by telephone: Mr. Hubert F. Mobley, Vice Chairman; Dr. C. Edward Floyd; Mr. Toney J. Lister; Mr. Miles Loadholt; and Mr. Eugene P. Warr Jr.

Other Board members participating by telephone were: Mr. C. Dan Adams; Mr. J. Egerton Burroughs; Mr. Robert F. Dozier Jr.; Mr. William C. Hubbard; Mr. Richard A. Jones Jr.; Ms. Rose Buyck Newton; Dr. C. Dorn Smith III; and Mr. Mack I. Whittle Jr.

USC Columbia Faculty Senate Chairman Marco Valtorta and USC Student Government President Luke Rankin attended the meeting in person.

Others attending the meeting in person were: Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Athletics Director Ray Tanner; Vice President for Human Resources Carolina Agardy; Interim Chief Communications Officer Sally McKay; Chief Audit Executive Pam Doran; Chief Financial Officer, Athletics Department, Jeff Tallant; Director of Facilities Planning and Programming and University Architect Derek S. Gruner; Director of Government Relations Craig H. Parks; Director of Capital Budgets and Financing Charlie FitzSimons; Mr. Mike Seezens, University bond counsel representing the firm of Burr Forman McNair; and Board staff member Debra Allen.

I. Call to Order

Chairman von Lehe called the meeting to order and stated 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. Secretary Heath called the roll to confirm those participating by telephone and that a quorum was present to conduct business.

Ms. McKay introduced the following news media representatives: Hale McGranahan with The Big Spur and Collyn Taylor with Gamecock Central.

II. Athletic Facility Revenue Bond Resolution for Williams-Brice Stadium Renovation

Chairman von Lehe called on Mr. Walton who said on April 29 Trustees approved a \$22.5 million project to improve Williams-Brice Stadium, with \$21 million of the amount coming from athletics revenue bonds and \$1.5 million from private funds. He said he was seeking approval of the bond resolution giving authority to borrow the money for these renovations. The resolution amount is \$22 million, which provides the \$21 million for the project while allowing for the issuance cost and other associated expenses.

Current Athletics debt is \$178.2 million. There will be a \$4.5 million principal payment later in May, after which Mr. Walton said, when this borrowing is applied, the total Athletics debt will be \$195,700,000. The current Athletics debt service payments are \$12.7 million per year. This will increase that service amount by \$1.3 million, bringing it to \$14 million per year.

Preliminarily, the bonds are planned for 30 years. Current rates are under 4% for 30 years, he said. Plans are to bring the bonds to market in the Spring 2020 unless there is a major change in interest rates that would dictate issuing the bonds sooner. Structure of the debt also will be reviewed to identify ways in which the debt can be paid off more quickly or the amount of the annual debt service reduced.

Chairman von Lehe called for any questions and Trustee Burroughs said he would vote for the bond resolution because “the Athletics Department was the most transparent and easily understood.” However, he added, he would be unable to vote for any others until the new budget model was in place.

Chairman von Lehe called on Mr. Tanner who said donors and fans are very excited by a project to improve space conditions for more than 8,000 patrons. The return on investment is projected to be about \$1 million in the first year, he said, requesting Trustees’ support of the bond resolution. Trustee Whittle reminded board members there was only \$25 to \$26 million in remaining availability before the debt ceiling would be reached for Athletics borrowing. He went on to note the University was next to last in the SEC in terms of what has been spent on the football stadium.

Mr. Tanner responded to Vice Chairman Mobley’s question about reserves, noting that Athletics had \$16 million in reserve plus over \$6 million in debt service reserve to address any unexpected issues. Addressing Mr. Whittle’s comments on the lack of funding for the football stadium, Trustee Floyd asked that information be provided illustrating the Board’s decisions to spend funds in other areas of Athletics. Mr. Tanner indicated he would prepare a chart detailing such expenditures over the past several years.

Chairman von Lehe called for a motion to recommend approval by the full Board of the \$22 million Athletic Facility Bond Resolution. Mr. Lister so moved, and Dr. Floyd seconded the motion. The vote was taken, and the motion was approved.

III. Adjournment

There being no other matters on the agenda, Chairman von Lehe adjourned the meeting at 10:14 a.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary