

University of South Carolina
BOARD OF TRUSTEES

Finance and Infrastructure Committee

March 17, 2022

The Finance and Infrastructure Committee of the University of South Carolina Board of Trustees met at 1:15 p.m. on Thursday, March 17, 2022 in the Business & Education Building Conference Center at USC Aiken and by Microsoft Teams.

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

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 of Human Resources Caroline Agardy; USC College of Nursing Dean Jeannette Andrews; Interim Vice President for Development Stacey Bradley; College of Social Work Interim Dean Teri Browne; Chief Executive Officer of the University Foundations Jason Caskey; Vice President for System Affairs Derham Cole; Interim Provost Stephen Cutler; Chief Audit Executive Pamela Dunleavy; Senior Associate Athletics Director, Development & Gamecock Club Steve Eigenbrot; Palmetto College Chancellor Susan Elkins; Associate Vice President of Finance and Budget Kelly Epting; University

Architect and Associate Vice President of Facilities Derek Gruner; USC Upstate Chancellor Bennie Harris; USC Aiken Chancellor Daniel Heimmermann; Chief Executive Officer, USC Alumni Association Wes Hickman; University Controller Mandy Kibler; Executive Director of Economic Engagement Bill Kirkland; Director of Government Relations Derrick Meggie; Senior Athletics Director Chance Miller; USC Beaufort Chancellor Al Panu; General Counsel and Executive Director of Compliance Programs Terry Parham; Director of Government Relations Craig Parks; Chief Operating Officer Jeff Perkins; Vice President for Student Affairs and Vice Provost Dennis Pruitt; University Treasurer, Associate Vice President and Chief of Staff for the Division of Administration and Finance Joe Sobieralski; Interim Vice President of Health and Well-Being Jason Stacy; Assistant Vice President of Media and External Engagement Jeff Stensland; Athletic Director Ray Tanner; Vice President for Communications Larry Thomas; Monte Vallerie with Aiden Park Group; Executive Vice President for Administration and Chief Financial Officer Ed Walton; IT Production Manager Matt Warthen; and Board of Trustees staff Cary Graham.

OPEN SESSION

I. Call to Order

Chair Whittle called the meeting to order, welcomed those in attendance, and asked everyone in the room to introduce themselves. Secretary Howell confirmed Trustees joining by Microsoft Teams. Chair Whittle called on Mr. Stensland to introduce members of the press. There were no members of the press present.

Chair Whittle 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; and a quorum was present to conduct business.

MOTION TO ENTER EXECUTIVE SESSION

Chair Whittle stated there was a need for an Executive Session to discuss proposed contractual matters pertaining to gift naming agreements, a proposed housing project, and a potential construction project for the Athletics Department. Dr. Smith made the motion to enter Executive Session, and Mr. English seconded the motion. A vote was taken, and the motion carried unanimously.

Chair Whittle stated no action would be taken in Executive Session and invited the following to remain: Trustees, Interim President Pastides, Secretary Howell, Dr. Korsgaard, Mr. Harrell, Dr. Cutler, Mr. Walton, Dr. Pruitt, Mr. Parham, Mr. Thomas, Ms. Bradley, Mr. Tanner, Mr. Caskey, Mr. Lambert, Mr. Sobieralski, Mr. Perkins, Mr. Gruner, and Board of Trustees staff. Chair Whittle asked those not invited to stay to please exit.

EXECUTIVE SESSION

- Executive Session Removed

RETURN TO OPEN SESSION

II. Approval of Gift Naming Opportunities

Chair Whittle stated five Athletics gift naming opportunities, one School of Medicine - Columbia gift naming opportunity, and four Palmetto College gift naming opportunities were presented in Executive Session without objection. Chair Whittle called for a motion to approve the gift naming opportunities as presented and posted on the Board portal. Mr. English made the motion, and Ms. Newton seconded the motion. A vote was taken, and the motion was approved.

Chair Whittle stated the gift naming opportunities would be included on the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board at the next scheduled meeting.

III. Planning Updates

Chair Whittle called on Mr. Walton for introductory comments. Mr. Walton briefed Trustees on work of the Division of Administration and Finance including onboarding the President-elect; project progress regarding the Health Sciences campus; drafting USC budgets; and relationship building among the University, Prisma, and Lexington Medical Center. He then introduced University Architect and Associate Vice President of Facilities Derek Gruner, Associate Vice President of Finance and Budget Kelly Epting, and Associate Vice President and University Controller Mandy Kibler to present related material.

A. Health Sciences Campus

Mr. Gruner stated project offers have been shortlisted for the Health Sciences campus and the request for proposals (RFP) have been issued. He provided a timeline of recent and upcoming project activity.

B. Campus Village

Mr. Gruner stated this project remains on time and on budget. Twenty-three percent of the project cost has been expended to date, and \$8 million is in contingency. Mr. Gruner then showed a brief video highlighting work at the Campus Village site thus far.

C. LeConte College Maintenance Renovation

Mr. Gruner stated the façade repair and painting portion of this project is nearly complete and the roof replacement is underway. The project is slated to be completed for re-occupancy in the fall of 2022.

D. Jones PSC Biology Lab Renovation

Mr. Gruner stated this project will add four biology teaching labs, a study

space, classroom, and restrooms. It is slated for completion for occupancy in the fall of 2022.

E. South Caroliniana Library Renovation

Mr. Gruner stated this project will be completed in August of 2022. The ceiling plaster repair is ongoing; construction will be complete in May. Exhibit cases will be installed in June and July and a grand reopening is planned for September.

F. “Remarkable Three” Sculpture

Mr. Gruner discussed the Campus Art Advisory Committee’s work on the “Remarkable Three” sculpture. He reviewed the Committee’s work and next steps, and discussed sculpture location criteria. He then showed photos of the two locations most likely for placement: the Osborne courtyard adjacent to the Horseshoe and nearby Gibbes Green.

G. Science and Technology Buildings Awards

Mr. Gruner reviewed awards the University has received for the Science and Technology Building, including the American Institute of Architects (AIA) South Carolina Merit Award, the AIA Columbia Honor Award, and an award from Historic Columbia.

Chair Whittle stated these updates were received as information.

IV. Five-Year Capital Plan Update

Mr. Gruner provided an update on the five-year capital improvement plan, the framework used to track when projects go to the Board for approval. The plan captures all capital projects that exceed \$250,000. The plan includes all capital projects for student services, athletics, parking, transportation, and other auxiliaries.

Chair Whittle stated this update was received as information.

V. Comprehensive Permanent Improvement Plan Update

Mr. Gruner reviewed the comprehensive permanent improvement plan (CPIP), which is submitted each year to the Commission on Higher Education and the Department of Administration by June 30. The CPIP includes all projects with budgets over \$1,000,000 and all property acquisitions. Mr. Gruner stated the 2022 CPIP was on the Board portal for review, and will be presented to the Board for approval action at the Committee meeting in June.

Chair Whittle stated this update was received as information.

VI. Project Approvals

Mr. Gruner presented a series of projects for approvals. There were more than twenty total projects; in the interest of time, Mr. Gruner requested consolidating actions items into four groups: 1) phase 1 project approvals; 2) phase 2 project approvals; 3) large projects final approvals; and 4) small projects final approvals.

A. Phase 1 Project Approval: Swearingen Infrastructure Replacement Renovation

Mr. Gruner presented information on the Swearingen infrastructure replacement renovation. This project would replace the HVAC infrastructure; install a sprinkler system in the building; and evaluate lighting, fire alarms, and ceilings for possible replacement. The budget of \$135,000 is to be funded with institutional capital project funds.

Chair Whittle called for a motion to recommend full Board approval of the phase 1 of the Swearingen building as presented and posted to the Board portal. Dr. Smith so moved; Mr. Westbrook seconded the motion. A vote was taken, and the motion was approved.

Chair Whittle stated this item would be included on the Finance and

Infrastructure Committee's written consent agenda for consideration by the full Board at the next scheduled meeting.

B. Phase 2 Project Approval: Thornwell College Maintenance Renovation

Mr. Gruner reviewed information pertaining phase 2 of the Thornwell College maintenance renovation project. This project would gut and reconfigure the residential portion of Thornwell, converting apartments to suites, which will add student beds. A primary entry point would also be added, and mechanical and electrical infrastructure would be updated. This \$12,590,000 project would be funded with housing maintenance reserve.

Chair Whittle called for a motion to recommend full Board approval of phase 2 of the Thornwell College project as presented and posted to the Board portal. Mr. Adams so moved; Mr. English seconded the motion. A vote was taken, and the motion was approved.

Chair Whittle stated this item would be included on the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board at the next scheduled meeting.

C. Large Projects – Full Approval

Mr. Gruner provided a summary of ten large projects:

1. Jones PSC Second Floor Research Lab Suite Upfit

This project will gut and reconfigure the south wing to create research lab space to accommodate multiple collaborative researchers. It will also replace the mechanical and electrical distributing systems and will continue the effort to eradicate asbestos from the building. The project budget of \$4,900,000 will be funded with institutional capital project funds (ICPF).

2. Maxcy College Bathroom Maintenance Renovation

This project will repair wood floor deterioration and replace plumbing pipes, bathroom finishes, and fixtures as needed. The project budget of \$4,850,000 will be funded with housing maintenance reserve funds (HMRF).

3. War Memorial Renovation

This project will address numerous maintenance concerns associated with exterior walls, steel windows, and system replacements for mechanical, plumbing, and electrical infrastructure. An egress stair, sprinkler system, elevator, and restrooms will be added to the building. The project budget of \$4,500,000 will be funded with ICPF.

4. Wardlaw College Exterior Maintenance Renovation

This project will replace non-historic windows and complete repair work to the building's exterior. The project budget of \$4,400,000 will be funded with ICPF.

5. Blatt PE Center Roof Replacement

This project will remove and replace the roof system, and will include replacing and increasing the thickness of rigid insulation to increase energy efficiency. The project budget of \$2,600,000 will be funded with ICPF.

6. 300 Main Street Roof Replacement

This project will remove and replace the roof system, and includes replacing and increasing the thickness of rigid insulation to increase energy efficiency. The project budget of \$1,850,000 will be funded with ICPF.

7. Thornwell Annex Maintenance Renovation

This project will include the installation of a new fire sprinkler system and

new main air handlers and will address strengthening and leveling the floor structure as needed. The project budget of \$1,650,000 will be funded with ICPF.

8. Columbia Hall Envelope Maintenance Renovation

This project will further investigate serious cracking of the brick veneer and will prescribe and make repairs. The project also includes a substantial contingency for discovery of unknown conditions. The project budget of \$1,300,000 will be funded with HMRF.

9. McClintock / Wade Hampton Roof Replacements

This project will remove and replace the roof systems to include flashing and improved rigid insulation for energy efficiency. The project budget of \$1,275,000 will be funded with HMRF.

10. Williams-Brice Stadium Waterproofing

This project will continue recurring waterproofing maintenance. The work will include minor concrete surface repairs and replacement of caulk and expansion joint materials as needed. The project budget of \$1,050,000 will be funded with Athletic Operating Funds.

Chair Whittle called for a motion to recommend full Board approval of the large projects – as presented and posted to the Board portal. Mr. English so moved; Mr. Adams seconded the motion. A vote was taken, and the motion was approved.

Chair Whittle stated this item would be included on the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board at the next scheduled meeting.

D. Small Project Approvals

Chair Whittle stated eleven small project approvals were listed on the agenda and supporting materials were posted to the Board portal. The budgets of these projects each total under one million dollars.

1. Booker T. Washington Renovation – 2020 NPS Grant
2. Auditorium Renovation at Science and Technology Building
3. 1800 Gervais Street Envelope Maintenance Renovation
4. Elevator Maintenance and Upgrades FY23
5. 1206 Flora Street Second Floor Upfit
6. Baruch Institute Hobcaw Marine Lab Envelope Renovation
7. SCIAA Archival Facility Relocation/Upfit
8. College Street Right of Way Preliminary Acquisition
9. 1114 Pickens Street Preliminary Acquisition
10. USC Aiken Pacer Commons Flooring Replacement
11. USC Aiken Courtyard Renovation

Chair Whittle called for questions for Mr. Gruner; there were none.

Chair Whittle called for a motion to recommend full Board approval of the small projects as listed on that day's agenda and posted to the Board portal. Dr. Smith made the motion, and Mr. Westbrook seconded the motion. A vote was taken, and the motion was approved.

Chair Whittle stated this item would be included on the Finance and Infrastructure Committee's written consent agenda for consideration by the full Board at the next scheduled meeting.

VII. Current Year Budget Update

Chair Whittle called on Associate Vice President for Finance and Budget Kelly

Epting to present a current year budget update. Ms. Epting began by stating the State provided the University with tuition mitigation, which enabled USC to take care of mandates including increases to health care, retirement, and cost-of-living adjustments. This allowed the University to maintain the FY2020 tuition rates. Ms. Epting briefly discussed enrollment trends and reviewed budget models for academic units, support units, and auxiliary units, all of which were posted to the Board portal for review. Ms. Epting referred the Board to a new 21-page document on the portal that compares last year's budget with this year's budget for each USC academic college. The document also provides a history of the budget model.

Chair Whittle stated the update was received as information.

VIII. FY23 Preliminary Budget Update/Administrative Cost Planning

Ms. Epting reviewed the current status of the FY23 budget and stated more updates would be provided in the future after pending legislative budgetary action. Ms. Epting stated the University utilizes a budget model governance structure and reviewed some of the Committees that make up the structure. She then highlighted one in particular – the Support Unit Allocation Committee (SUAC). The purpose of SUAC is to review initiatives from support units, determine which budgets should be increased, and make recommendations. For FY2023, SUAC received 86 initiative requests that total \$86.2 million. Ms. Epting reviewed the budget model as it relates to SUAC's work and provided an example of an initiative request in detail.

Chair Whittle stated the update was received as information.

IX. Capital Finance & Debt Update

Chair Whittle called on Associate Vice President and University Controller Mandy Kibler to provide introductory comments on the next portion of the meeting. Ms. Kibler provided brief highlights pertaining to capital finance, starting with the Campus Village

project. Ms. Kibler stated Campus Village was the University's largest issuance at \$210 million with a historic low 2.75% financing yield. Ms. Kibler then stated another capital finance highlight is that all three University credits were funding and issuing at one time. This led to a total debt service cash flow savings of \$19 million. Ms. Kibler stated there were historically low financing yields across all three University credits: 2.14% for higher education (HE) bonds; 2.16% for special HE bonds (Darla Moore School of Business); and 3.06% for athletic facilities.

Ms. Kibler introduced Mr. Christoph Muelbert and Mr. Brian Frankel, representatives from Barclays, who then presented a debt update. Mr. Muelbert stated that, while the financial markets were significantly volatile, interest rates remained historically low through the year, although they are expected to rise in the near-term. He reviewed data showing long-term taxable and tax-exempt rates, stating that during the previous summer, the University locked in low-cost and long-term capital for the Campus Village project, with financing from higher education revenue bonds. More recently, USC took advantage of the favorable rate environment to capture significant savings by refinancing outstanding debt.

Mr. Frankel reviewed information pertaining to the higher education sector and stated USC's strong credit ratings were affirmed by Moody's and Fitch. As one of the stronger credits in the sector, the University is well-positioned for the future. Mr. Frankel then reviewed USC's debt profile, specifically the debt service structure. The University's debt balance increased in FY2021 with the financing of the Campus Village project. Given the University's disciplined repayment schedule, outstanding debt will steadily decline over time. Chair Whittle stated the update was received as information.

X. Calendar Matrix Review

Chair Whittle stated information related to the Finance and Infrastructure

Committee's calendar was placed on the Board portal for review.

XI. Other Matters

Chair Whittle called for any other matters to come before the Committee. USC Columbia Student Government President Alex Harrell gave a brief presentation on the need for an increase in academic advisors. Mr. Harrell reviewed data provided by the University advising catalog, including the current structure of the advising system. Mr. Harrell stated USC currently has 34 undergraduate advisors serving 1,100 students. This does not meet the ideal ratio of 300 students to one academic advisor, which would help ensure both student and advisor success. To attain this, Mr. Harrell proposed allocating \$645,000 in recurring funds to the University advising center budget, which would allow for the hiring of 12 to 13 full-time undergraduate academic advisors. Mr. Whittle suggested that Dr. Pruitt and Mr. Walton review the budget for funding availability and report findings at an upcoming meeting.

Secretary Howell reviewed USC Aiken Investiture logistics for that evening and the following day.

XII. Adjournment

There being no other matters to be considered by the Committee, Chair Whittle declared the meeting adjourned at 4:10 p.m.

Respectfully submitted,

Cameron Howell
Secretary