

DRAFT MINUTES
COMMITTEE ON FINANCE AND FACILITIES
OCTOBER 5, 2017
9:00 A.M.

MAIN CONFERENCE ROOM
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Commissioner Dianne Kuhl, Chair
Commissioner Paul Batson
Commissioner Ken Kirkland
Commissioner Kim Phillips

Guests Present

Commissioner Terrye Seckinger
Ms. Beth Bell
Ms. Leslie Brunelli
Dr. Connie Book
Col. Cardon Crawford
Mr. Glenn Easterby
Mr. Derek Gruner
Ms. Katherine Haltwinger
Mr. Michael Hughes
Mr. Rick Kelly

Ms. Jane Johansen
Mr. Greg LaPointe
Mr. Ward Logan
Mr. John McArthur
Mr. Greg Moore
Mr. Rein Mungo
Ms. Carol Routh
Mr. Scott Verzyel
Mr. Greg Weigle
Ms. Helen Zeigler

Staff Present

Ms. Carrie Eberly
Ms. Yolanda Myers
Mr. Morgan O'Donnell

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

1. Call to Order

Commissioner Kuhl called the meeting to order at 9:20 a.m. Ms. Myers introduced guests in attendance.

2. Approval of Minutes

Amendments to the September 7th minutes were noted on page 9 to change the word seceded to acceded, and speaker titles on page 5 were changed from Tim Hofferth to Paul Batson.

A motion was made (Phillips), seconded (Batson), and carried to approve the minutes as amended of the September 7, 2017 Finance and Facilities Committee meeting.

3. Chair's Report

4. Interim Capital Projects

The following agenda items were discussed:

A. The Citadel

**Academic Building Replacement (Capers Hall)
– Revise Scope and Increase Phase I Budget**

A motion was made (Kirkland), seconded (Phillips) and carried to recommend the project as presented.

B. Medical University of South Carolina

**1. Basic Science Building 7th Floor Biorepository & Histology Lab Renovations
– Establish Construction Budget**

A motion was made (Batson), seconded (Phillips) and carried to recommend the project as presented.

**2. Clinical Sciences Building Cooling Towers Replacement
– Establish Construction Budget**

A motion was made (Phillips), seconded (Batson) and carried to recommend the project as presented.

**3. Clinical Sciences Building 8th Floor Northwest Side Renovation
– Establish Construction Budget**

A motion was made (Batson), seconded (Phillips) and carried to recommend the project as presented.

**4. Thurmond Gazes Building 6th Floor Alcohol Research Center Renovations
– Establish Construction Budget**

A motion was made (Kirkland), seconded (Batson) and carried to recommend the project as presented.

**5. Basic Science Building Exterior Envelope Repairs
– Establish Project**

A motion was made (Phillips), seconded (Batson) and carried to recommend the project as presented.

**6. Storm Eye Institute Chiller Replacement
– Establish Project**

A motion was made (Phillips), seconded (Batson) and carried to recommend the project as presented.

C. Coastal Carolina University

**1. Ingle Residence Hall Renovation
– Establish Construction Budget**

A motion was made (Kuhl), seconded (Kirkland) and carried to recommend the project with the condition that Coastal's housing office commit to assist displaced students in finding comparable local housing.

**2. Williams Brice Renovation and Repair
– Establish Project**

A motion was made (Kirkland), seconded (Phillips) and carried to recommend the project as presented.

Please refer to the attached transcription for additional information on the discussion of each project.

5. Lease Approval

A. University of South Carolina - Campus Village Housing Development

A motion was made (Kuhl), seconded (Phillips), and carried to forward the proposal to the full Commission with the recommendation that the project be considered separate from the consent agenda, and forwarded to the Department of Administration with no recommendation. Please refer to the attached transcription for further information.

6. Other Business

The following items were presented as information. No action was taken.

- A. List of Capital Projects & Leases Processed by Staff for September 2017
- B. Other Business

Ms. Eberly presented the projects processed by staff during the month of September as information, and shared details on Lander University's Montessori Education Building Construction project and Clemson University's lease. Please refer to the attached transcription for further information.

In Other Business, a discussion on the 2017 CPIP was held.

A motion was made (Phillips), seconded (Kirkland), and carried to adjourn the meeting at 11:45 a.m.

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DIANNE KUHL: All right. Thank you very much.

We have had a very busy month this past month. As you can see, we have ten projects on our agenda today. We're going to get through these as quickly as we possibly can. And our first project is The Citadel.

Carrie, would you like to introduce this project?

CARRIE EBERLY: The Citadel is requesting the Committee consider an increase to the Phase I budget and a change in scope for their Academic Building Replacement Project, and this building is currently known as Capers Hall. This increase will increase the budget \$517,128.73, which will bring the revised total budget up to \$767,128.73.

The source of funds for this project currently is the Capital Improvement Fee, which has accumulated over the past couple of years and it will be covering the entire portion of Phase I. The Citadel has been working diligently over at least the last couple of years and especially in the last six months or so in realigning its project for this project and it has resulted in the total budget increase of \$51 million.

So we do have some representatives here today that are willing to answer any additional questions.

DIANNE KUHL: As we begin this I'd like to just let everyone know that Commissioner Kirkland and I had a very positive meeting with Colonel Crawford and Dr. Book to talk about this program, and to talk about The Citadel's plans for moving forward with Capital Projects. And one of the things that we were delighted to see is that they are moving away from deferred maintenance and into planned maintenance, which is exactly where we think our universities should be heading. So we're very happy to see that coming up on the table.

And I'll go ahead and tell you a couple of the questions that I asked, because you know how I am. It's like: Well, why do you need to spend more money?

And the reasoning behind that, as they began to develop this project, the initial plan was to do a renovation and they got in there with the contractors and discovered that there were some seismic issues with the building. Of course, it's not ADA compliant. There were several other things, and the bottom line is it was going to be cheaper to tear the building down and build something that was compliant and safe rather than to try to renovate this building and bring it up to the safety standards that they needed. By doing the new building they're also

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going to be able to increase their square footage by about 30,000 square feet and they'll be putting their new-- The SCIF, the secured--

CARDON CRAWFORD: Secret Compartmentalized Information Room.

DIANNE KUHL: Secret Compartmentalized Information Room, yes. They're going to be putting that in there, so-- I want to come see that. I think that's going to be fun. But they probably won't let me in because I don't have clearance. But--

[Laughter]

DIANNE KUHL: Connie, would you like to--

CONNIE BOOK: Well, you've done a very nice job, Commissioner Kuhl, of explaining it. We did bring a visual just so that you could see this, and today we're asking for a revision to the Phase I funding so that we can commence with schematic designs. That will allow us to have greater fidelity on the total cost of the building before we come to you for Phase II. We worked with an engineering firm and Commissioner Kuhl is correct that the previous design did not-- If we had gone in with our renovation to bring to seismic code, that building, which was opened in 1951, it would've been-- The cost analysis shows that building anew is going to allow us to be ADA compliant. It's going to bring energy efficiency, so it's more cost effective to establish a new building.

DIANNE KUHL: Any questions from the table? Kim?

KIM PHILLIPS: That was mine. Why not-- You answered my question. Why not remodel, but that answers it so good job.

DIANNE KUHL: And you're going to be doing this in a multi-stage--

CONNIE BOOK: That's correct. On the drawing you can see we'll-- So that we can-- This is our main academic building, so it's-- majority of our courses are taught in it. This wing that's shaded will be torn down. That's where the faculty offices are. We will be putting them in cubicle kind of environment in some open spaces that we have for the duration of the construction project.

So once we demolish that we can begin construction. This-- The older building will stay in use. Once we complete the building we'll demolish that and have moved in. So that's the plan working with the Phase I design. This is the concept that we agreed upon.

DIANNE KUHL: And the SCIF-- Colonel Crawford, you were talking to us about that not only being an asset for the university, but also becoming a potential

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revenue source for the university. That's one of the new elements to this building design, right?

CONNIE BOOK: That's correct. There currently is no academic SCIF in operation in South Carolina. This is a secure compartment where sensitive security documents are reviewed by military, by Department of Defense contractors. We have a foundation that has agreed to fund that SCIF. It's \$1 million, but it does generate revenue through grants and we have a lot of DOD. South Carolina's been very successful in securing Department of Defense grants, and so they'll be able to use people with appropriate security clearances so Commissioner Kuhl may not come into the building.

[Laughter]

CONNIE BOOK: But people with those clearances will be able to review documents in that building.

PAUL BATSON: I know we're not looking at Phase II just yet, but if we go down the road-- I saw the numbers here. What, \$52 million--

CONNIE BOOK: That is correct.

PAUL BATSON: --for the-- for the total project?

CONNIE BOOK: For the institutional one.

PAUL BATSON: And all of that would be-- You're looking at bonds for that, for the whole amount. How does that compare to what it would cost to do the renovation? I know that that's been sort of heavily analyzed.

CONNIE BOOK: So the differential on the seismic-- and I'll turn it-- is \$7.5 million to answer your question so. But I'll turn it over to--

GLENN EASTERBY: Yes, sir. That's exactly right. It was between \$7 and \$8 million to upgrade the previous building to seismic and the original cost to the College for the project was roughly \$44 million. Now we're at \$51 so, you know, that's a lot.

PAUL BATSON: Thank you.

DIANNE KUHL: Does anybody else have any questions at this point?

KEN KIRKLAND: How many more students will it allow you to accommodate from a headcount standpoint in that particular building?

GLENN EASTERBY: Dr. Cook, you want to comment on that?

CONNIE BOOK: Sure. So the building does go to 104,000 square feet. We currently have fixed cadets. So our core size during the day is fixed to cadets - 2,356. But we have had significant growth in veteran students. South

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Carolina's a veteran-friendly state and we've seen that number. So veteran students can join the cadets during the day. That will increase our capacity of the building.

So when we look at this building and we consider the daytime classes as one separate component and then the evening classes we're projecting about 30% more use in this building by the-- through the evening and the graduate programs.

PAUL BATSON: So going forward we are-- you are looking at growth in enrollment?

CONNIE BOOK: That is correct. We've done several studies that show South Carolina in a growth model, particularly our-- The Citadel's model -- is in a growth position. We've looked out ten years, at birth rates, at military families, and are confident that we-- like we have the past two years have had record enrollments at the college.

Also, the military is on an uptick and so they are offering more ROTC scholarships and there is-- All four branches are building force right now, so.

PAUL BATSON: Okay.

DIANNE KUHL: So I know you separate the core cadets and the graduate students. But if you have a veteran that say is coming in to get their baccalaureate, you're saying that they could be in the day program with the core of cadets, but would not actually be part of the core of cadets?

CONNIE BOOK: That is correct.

DIANNE KUHL: So that's your opportunity to increase your enrollment?

CONNIE BOOK: Yes, during the day. And then the veterans-- Many of our veterans have families, and so they work during the day and they come to our evening programs. And so, we have evening programs in intelligence and cybersecurity and engineering. We've added nursing last year. And those are very popular with veterans.

DIANNE KUHL: So you'll actually be extending the use of this building beyond just the traditional daytime hours then?

CONNIE BOOK: Yes, absolutely.

DIANNE KUHL: Excellent. Excellent. Okay. Anybody else?

KEN KIRKLAND: And this is just a point, a comment, is it certainly looks like that the Capers is taken care of, doing the renovation-- or doing the replacement. And are there any other facilities on campus-- I know you're landlocked. Are there any more facilities on campus that are

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going to require major touches in the next several years, several-- What else is out there on the horizon?

CONNIE BOOK: That's a very good question. We do have other projects. We had a donor on a boat center that you previously dealt with. From an academic perspective, there's two other projects on the horizon. One is engineering and we've had significant growth in mechanical engineering. We supply the state-- Our evening programs-- That-- The building they're in is also in need of renovation, as well as from a growth perspective. We see engineering on the horizon and have started to plan a 2024 plan that includes that. That's the only other ground up academic, so from ground up.

But our science facilities are in-- also in need of renovation. They appear on our CPIP and we have a plan for-- with-- We're working with a donor now for internal renovation of science-- the science facilities. So those are things that are on the horizon for The Citadel.

We have some athletic facilities. We tore down our east side stands, they had lived their usefulness, and so that's something else that we're strategically planning for. So we are-- And now that we do have a planned asset management program underway, I anticipate the college to continue to prosper and have need of additional renovation and new facilities down the road.

DIANNE KUHL: So looking-- We looked at some of your numbers and your institutional debt is pretty much paid off at this point.

CONNIE BOOK: Yes.

DIANNE KUHL: That's very impressive. You have outstanding revenue bonds of around \$27 million. So where do Stevens Barracks fit into this?

CONNIE BOOK: We do have a plan for Stevens Barracks--

DIANNE KUHL: You knew I was going to ask that question.

CONNIE BOOK: --and I'm happy to report that one of our athletic bonds does expire next year, which will free up an additional \$300,000 in annual debt payment.

I'll turn it over to Ward Logan, our controller, to answer on the plans for Stevens.

WARD LOGAN: Absolutely. Thank you for asking that. The Citadel does still have revenue bonds, as well as athletic facility bonds. We were very excited when we made our last payment on those state institution bonds last November. We were able to have our financials without those this year.

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We have about \$9.8 million in revenue bonds. We have about \$11 million in athletic facility bonds for a total principal of about \$21 million.

Much like our planning for Capers that we have done over the past couple of years, we're starting to plan for Stevens over the past couple of years so that we can try to set aside money out of the barracks' operating accounts so that we can fund a future Stevens Barracks.

And we have been setting aside money for that planned usage. Our revenue bonds, we have provided some information to you all about the declining debt that we have had over the past few years. Our bond coverage ratios are excellent in revenue bonds and we have-- are well within our capacity for debt within revenue bonds.

CONNIE BOOK: Our Capers seeking fund, as Carrie was explaining, we started that 2011 and put money in the pot. We've been doing that for Stevens Barracks. The balance on that is a little over \$8 million right now. So we're making-- We're creating a proactive plan to bring that when we're ready, and we anticipate-- That has also been on our CPIP. We have done considerable maintenance in that building to make sure that it's safe and that it's got useful life. Our plan is a 2024 plan also on Stevens so-- and we continue to save for Stevens.

DIANNE KUHL: Will that be a renovation or a teardown and rebuild?

CONNIE BOOK: It's going to need to probably be a teardown. That's what we're planning right now is a teardown and rebuild. Everybody's like yes, absolutely. It has to be a teardown and rebuild. We all-- You know, the military's very minimalistic. If you ever go in there, it is a very minimalistic environment, but it's safe and we added new-- We did some new features to our bathrooms, to our stairwells.

Next year I think it's windows are planning to be replaced and-- So it's safe for the cadets. They actually have a nice community spirit. It bonds them to live in Stevens Barracks.

[Laughter]

CONNIE BOOK: So-- But we are proactively planning on that as well.

DIANNE KUHL: And one more thing for the benefit of our other Commissioners, would you talk about the changes that you've made in designation of those student fees and funding and how you sort of moved some of that around?

CONNIE BOOK: Yes, happy to do that. Because of state statute referring to a specific fee line in order to secure a bond, we had structured our fees

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differently. And so, we went through a process where we renamed our fees and restructured them to be consistent with the other-- the CHE100 reporting form. So this exercise has been very good for the college to get historical naming and we just had some things that were inconsistent with how other colleges were managing it.

So we took that practice up last year, and so I'll ask Ward Logan just to briefly highlight that.

WARD LOGAN: We did use it as an opportunity to look at the lines that were being charged and what was in those lines. Since we had not used any state institution bonds in a number of years, we looked at where we were putting money into our budget lines and we had to move some out of our existing E&G into the institutional debt line to prepare for the debt service that we need to have there.

It's provided us the opportunity to have good, clear, consistent CHE100 reports that match what the other institutions have listed at.

DIANNE KUHL: But moving--

WARD LOGAN: Within--

DIANNE KUHL: --moving what you're-- changing what you're calling it has not affected the bottom line to the students. Is that accurate?

WARD LOGAN: That is correct. That is correct. We have seen an increase of 3.25% last year--

DIANNE KUHL: Mm-hmm.

WARD LOGAN: --but that was for a number of other things that were going on at the college at the time as well. So, it did go up, but we did reallocate within that 3.25%.

DIANNE KUHL: Thank you.

Carrie, do you have anything?

CARRIE EBERLY: Those were the topics.

DIANNE KUHL: Okay. Anybody else have any questions or comments?

All right. I will take a motion to approve the project.

KEN KIRKLAND: Motion made.

KIM PHILLIPS: Second.

DIANNE KUHL: All right. We have a motion and a second. All those in favor of approving the Phase I change in funding for The Citadel Capers Hall project?

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[Multiple speakers, "Aye"]

DIANNE KUHL: And I see no opposed, so congratulations.

CONNIE BOOK: Thank you.

DIANNE KUHL: Thank you very much.

CONNIE BOOK: Thank you.

DIANNE KUHL: I will tell you I was talking to Colonel Crawford the other day and he told me-- he said, "Ma'am, any day that nobody's shooting at me is a good day." I'm like, "Well--

[Laughter]

DIANNE KUHL: --you haven't been to a Commission meeting yet."

CARDON CRAWFORD: [UNCLEAR] nobody's shooting at you.

[Laughter]

DIANNE KUHL: I hope you still feel that way after today.

CARDON CRAWFORD: Yes, ma'am, absolutely.

DIANNE KUHL: Okay.

CARDON CRAWFORD: [UNCLEAR] every day.

[Laughter]

DIANNE KUHL: Okay, Medical University of South Carolina is going to be very busy in the coming months.

Carrie, you want to introduce the first one? Basic Sciences Building.

CARRIE EBERLY: The Committee is asked to consider MUSC's request to establish the construction budget and proceed with Phase II of the Basic Science Building's 7th floor Biorepository & Histology Lab renovations. This request increases the total budget to \$1.5 million, which if you guys remember from June 2017 when we reviewed Phase I, that was the internal estimate. So there's been no change to the budget since Phase I was approved.

In addition, the source of funds has stayed the same as the College of Medicine clinical revenue and this is revenue that's transferred to the college-- or to the university's departments on a reimbursement basis for their expenses and commitments.

So Mr. Weigle is here today if anyone has any additional questions on this renovation project.

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DIANNE KUHL: Okay. Does anybody have any questions, comments? Anything that you feel we need to know before we move to a vote?

GREG WEIGLE: I would just say that the benefit of this is us trying to bring together research missions that are getting separate labs [UNCLEAR], trying to be more efficient about the use of facilities, so we are happy to be increasing campus productivity space for this project.

DIANNE KUHL: Thank you. All right, seeing no additional questions, may I have a motion?

PAUL BATSON: So moved.

DIANNE KUHL: What are you moving for?

PAUL BATSON: I'm sorry?

DIANNE KUHL: Are you moving to approve?

PAUL BATSON: Yes.

DIANNE KUHL: Okay.

PAUL BATSON: Move to Approve

KIM PHILLIPS: Second.

DIANNE KUHL: Thank you. All right, all in favor?
[Multiple speakers, "Aye"]

DIANNE KUHL: All right. Clinical Science Facilities Building Cooling Towers Replacement.

CARRIE EBERLY: The Committee is asked to consider MUSC's request to establish the construction budget and proceed with Phase II of their Clinical Sciences Building Cooling Towers Replacement. This request increases the total budget to \$1,850,000. And again, this was the estimated cost presented at Phase I in June 2017. The schematic design comments have been received from the Office of the State Engineer with no issues pending on this project.
And once again, this is a project that will replace the cooling towers in this building and it does directly address backlogged deferred maintenance.

DIANNE KUHL: Okay. Any questions, comments?

PAUL BATSON: All this-- All of this is coming out of institutional money. Is that right?

CARRIE EBERLY: Correct. The source of funding for this project--

DIANNE KUHL: Yes.

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CARRIE EBERLY: --is the institution's deferred maintenance--

DIANNE KUHL: Deferred maintenance.

CARRIE EBERLY: --account, which is money set aside every year. Recently it's been about \$4 million every year. So they set aside those funds at the beginning of each fiscal year in entirety for the deferred maintenance projects.

DIANNE KUHL: And the previous project is being paid for out of clinical revenue. Any questions? May we have a motion?

KIM PHILLIPS: Move to approve.

PAUL BATSON: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: That was easy. All right, North Side-- Northwest Side Renovation.

CARRIE EBERLY: So again, the Committee is asked to consider MUSC's request to establish their construction budget and proceed with Phase II for the Clinical Sciences Building-- excuse me, their Clinical Sciences Building 8th Floor Northwest Side Renovation. This request increases the total budget to \$1.4 million, which again, was the estimated cost presented at Phase I in June 2017. The source of funds for this project is consistent with Phase I as well, and it is the clinical revenue for the College of Medicine.

Does anyone have any questions about this project?

PAUL BATSON: There's a lot of moving around down at MUSC here with all of these projects. All of this is going on in the next year or so? All of this is going on in the next year or so?

GREG WEIGLE: Yes. Yes, all of the projects that are you are approving today are to establish construction budgets will be moving into construction administration. All on different schedules but [UNCLEAR].

KEN KIRKLAND: How long will some of these take to complete? Is there any projection?

GREG WEIGLE: We don't have an exact schedule yet. That'll come with the development of the construction documents. This project, I can tell you, will take a while because our issue is our faculty. Most of them are involved in the clinical research and academic mission. So we're growing and our density is increasing so this is to increase our density. So we can't just take down the whole floor. We've had to do it in phases.

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So this particular project is going to take a while, but these other projects like the lab that you just approved is vacant. We can get in there and start and that'll have a much shorter duration.

Hope I answered your question.

KEN KIRKLAND:

You did. You did.

PAUL BATSON:

And I have a-- just a question because I don't know what it is. Medical clinical revenue, what is that?

GREG WEIGLE:

Yeah. So as I said, our faculty that are employed by the university provide clinical services and teaching in the residency program. So they're reimbursed by the [UNCLEAR] service. And so that's the revenue to the college. That revenue stream that they're identifying is the source to pay for this particular project.

PAUL BATSON:

It's from services rendered by--

GREG WEIGLE:

Services rendered to the clinical operation. The clinical mission, if you will.

PAUL BATSON:

All right, thank you.

DIANNE KUHL:

Any additional questions? All right.

PAUL BATSON:

I'll move that we approve the project.

DIANNE KUHL:

Okay.

KIM PHILLIPS:

Second.

DIANNE KUHL:

Second? All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL:

All righty then. Thurmond Gazes Building.

CARRIE EBERLY:

The Committee is asked to consider MUSC's request to establish a construction budget and proceed with Phase II of the Thurmond Gazes 6th Floor Alcohol Research Center Renovations. This request increases the total project budget to \$2.3 million, which again, was the internal estimated budget presented with Phase I. And again, the source of funds is the medical-- College of Medicine's clinical revenue.

And I will just note that this is space that's partially demolished lab space as it's currently available for ARC to move into. The ARC is currently at a different location that serves clinical psychology aspects, and so this will allow the ARC lab area to kind of move back into an appropriate space so that the ARC isn't interfering with the psychology

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side of it which [UNCLEAR] going on with different patients. So it kind of [UNCLEAR] back into an appropriate space.

DIANNE KUHL: Okay, any questions, comments? All right. Do we have a motion to approve?

KEN KIRKLAND: So moved.

DIANNE KUHL: Second?

PAUL BATSON: Second.

DIANNE KUHL: You guys want to flip for that one?

[Laughter]

KIM PHILLIPS: He can have it.

DIANNE KUHL: Okay. All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Okay, Basic Science Building Exterior Envelope.

CARRIE EBERLY: So the Committee is asked to consider MUSC's request to establish a project to repair the exterior envelope of the Basic Science Building. The current budget requested is \$105,000 for Phase I. The overall internal budget is expected to be \$7 million.

Just some background on this building, heavy rainstorms over the past couple of years with the different hurricanes and tropical storms that we've had have had an impact, have shown that this building needs some-- needs some areas addressed in order to protect the internal investments that they've made with renovations. So this is just-- This will address the needed repairs of the envelope on the exterior side.

DIANNE KUHL: I've got a question on that. Are you-- Did you actually have storm damage to the level of having exterior damage or are you just having some envelope failure?

GREG WEIGLE: No, these are not internal-- Well, we had some internal damage because of the rain [UNCLEAR]. It's not damage to the exterior of the building. The major problem is this building -- I'll show you a picture -- it has-- was built in the 70s and it's one of those that has many narrow windows. There's over 1,000 windows in the building. It's a seven-story building. And over the years as the building envelope has deteriorated we just get a lot of water from wind-blown-- from the storms coming in around all those little narrow windows and then it seeps down the walls, wets floors.

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In 2015 we had Joaquin in October, last year Matthew, and so after Matthew last year we began reprioritizing this and with Irma recently we had some similar experiences.

DIANNE KUHL: Are you going to go back with the same types of windows or are you going to try to--

GREG WEIGLE: Yes, we're going to keep the windows. We're not redoing the exterior--

DIANNE KUHL: Okay.

GREG WEIGLE: --[UNCLEAR] so we will be doing some replacing of the windows and we'll be doing roof work.

DIANNE KUHL: Yeah, I saw that.

GREG WEIGLE: Roof work is a little expensive because it's a research building and being in a flood plain all of our equipment is on the roof. So it's not an easy thing to deal with. So between the number of windows and everything that's on the roof, that's what makes this a more expensive project than you would probably normally see with this kind of renovation.

DIANNE KUHL: I got one more question for you on this one. I want to make it worth your while to come here--

GREG WEIGLE: Yeah.

DIANNE KUHL: --you know?

[Laughter]

DIANNE KUHL: Dealing—You've got-- I noticed the basic science building has popped up several times in here and I know you're doing some moving around and remodeling around here. Will these repairs-- How-- Are you going to do this first and then do the moving around or how will it affect the use of the building?

GREG WEIGLE: It's concurrent events. This project's probably going to take two years to complete and implement. Would be my guess. I don't have the schedule yet, but that's going to be my guess based on experience. So some of these other things that are going to be happening inside the building are just going to be concurrent issues.

DIANNE KUHL: So--

GREG WEIGLE: Not in succession.

DIANNE KUHL: Dealing with window replacement and things like that won't compromise these new labs?

GREG WEIGLE: No, it won't.

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DIANNE KUHL: Okay.

GREG WEIGLE: We'll be able to deal with that.

DIANNE KUHL: Thank you. Anybody else? All right, if there are no other questions, may we have a motion?

KIM PHILLIPS: Motion to approve.

PAUL BATSON: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: All right, Storm Eye Institute.

CARRIE EBERLY: The last project for the Medical University of South Carolina is the Storm Eye Institute Chiller Replacement. The Committee is asked to consider Phase I to establish a project at \$37,500. The overall budget is projected to be \$2.5 MILLION. The funds for this project will be provided for-- with the investment fund deferred maintenance account. All of the funds for this project have been committed as part of the \$4 million allocation in 2017 budget year.

DIANNE KUHL: Okay. And this one I noted that you're replacing two chillers; one of them has already failed and the other one's operating at 50% capacity?

GREG WEIGLE: Yes, ma'am. A little bit to explain how are we doing that. The building is adjacent to the hospital, so we're actually borrowing some chilled water from the hospital.

DIANNE KUHL: Wow.

GREG WEIGLE: The issue that we had is the age of the hospital. When we renovate areas in the hospital-- We had to bring them up to current code, which usually requires more air exchanges and different pressure relationships. So we're losing our ability in the hospital to feed this building. So we've just got to now finally get in and address this building as its own system. So we've got to stop borrowing the water if you will.

[Laughter]

DIANNE KUHL: All right. Any additional questions? All right, may we have a motion?

KIM PHILLIPS: So moved.

PAUL BATSON: Second.

DIANNE KUHL: All right, all in favor?

[Multiple speakers, "Aye"]

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- DIANNE KUHL: All right. Thank you very much for being here.
- GREG WEIGLE: Thank you. Appreciate your support.
- DIANNE KUHL: And I will note, if you guys looked at this, many of these-- the source of funds came from clinical revenue and you've also got about three or four of them that are listed as addressing deferred maintenance needs. So that will improve some of the concerns that we had raised previously when looking at a couple of MUSC's projects.
- So Coastal Carolina, you all are next.
- Carrie, Ingle Residence Hall. Wow, we're moving.
- CARRIE EBERLY: The Committee is asked to consider Coastal Carolina University's request to establish the construction budget and proceed with Phase II design for the Ingle Residence Hall renovation. This request will bring the total budget to \$3.8 million, which is the original projected cost for this project. The source of funds for this project is housing revenue since it is an auxiliary building. This project will convert the current HVAC system from a two-pipe to a four-pipe system and do some additional upgrades to the systems in order to update them to current building codes.
- DIANNE KUHL: Okay. Questions, comments on this one?
- All right, I've got one for you. I notice in here that it says that the university has pledged to not raise housing rates for the next five years?
- JANE JOHANSEN: That's correct. We have an agreement with Senator Leatherman to hold our housing rates steady for five years.
- DIANNE KUHL: Can we get a copy of that?
- JANE JOHANSEN: Sure. I can send you the letter.
- DIANNE KUHL: Okay. All right, is there any-- Is that just something that you guys have promised to do or is there a penalty in there if you do raise the rates or?
- JANE JOHANSEN: No known penalties. I think it's-- We agreed to it when we got permission for our soccer stadium arrangement. I'll be happy to share that with you.
- DIANNE KUHL: And that was-- What year did that go into effect?
- JANE JOHANSEN: This semester is the first semester. It started this year.

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- DIANNE KUHL: Okay. I have another question. I think I know what you're talking about, but in both of your projects you talk about improving safety with mass notification. Could you explain that, please?
- JANE JOHANSEN: Right. We have-- I actually just met with the Chief of Police yesterday. We're doing mass notification in buildings where we're going to have speaker systems and cameras installed to increase our safety in all of our buildings, and then this one is going to include that as well some updated fire safety to bring us up to code.
- DIANNE KUHL: Okay. And this says that-- one of the notes I made that this particular residence hall you have 400 students in there. You're considering releasing second-year students from the mandatory housing requirement during the renovation?
- JANE JOHANSEN: Right. We're going to have to close down this building during renovation. So we have a two-year residency requirement at Coastal Carolina, and so we're going to try to absorb most of those students in some of our other buildings. We recently had four new housing buildings put in service in the last two years and we will offer for those sophomore students that are in good standing an opportunity to go rent on the private market during this time.
- DIANNE KUHL: Okay. And do you have a contingency plan in place for students that might not be able to find--
- JANE JOHANSEN: Well, we have--
- DIANNE KUHL: --market housing?
- JANE JOHANSEN: We have a lot of housing. We're running at pretty high occupancy levels, but we also have a lot of private purveyors around the university that have built up as well that would help relieve some of the stress.
- DIANNE KUHL: Is it cost effective for the students?
- JANE JOHANSEN: It'll be probably-- We'll have to study some of the rents around there. From what I've seen on rents around there, it's probably pretty comparable.
- DIANNE KUHL: Okay.
- JANE JOHANSEN: I don't expect a large increase in cost of attendance.
- DIANNE KUHL: Okay. All right.
- KEN KIRKLAND: Just as a note, are you going to manage that process for the students through the university or are you going to turn the students loose and

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say get your own private housing? How is that going to be administered?

JANE JOHANSEN: Well, that's a good question. I don't have a direct answer. I've been there two and a half months, so I haven't--

KEN KIRKLAND: Right.

JANE JOHANSEN: --met everybody there.

KEN KIRKLAND: Right.

JANE JOHANSEN: I can get back to you on that, but we typically-- From what I've seen at Coastal, they take care of their students very well. So I suspect we will have a housing office giving references to the surrounding-- but the students know where they-- a lot of that surrounding housing is.

KEN KIRKLAND: All right. It'd be nice to know that. Certainly there's going to be students coming from out of state, from other areas--

JANE JOHANSEN: Sure.

KEN KIRKLAND: --that may not be familiar with the particular area surrounding--

JANE JOHANSEN: Right.

KEN KIRKLAND: --the university. It would-- It would certainly be nice not to turn them loose to the free market and just say here you go. It'd be-- I'd like to know that--

JANE JOHANSEN: Okay.

KEN KIRKLAND: --how are you going to hold their hand through the process and at least get them in the right place.

JANE JOHANSEN: Sure. Absolutely--

KEN KIRKLAND: It'd be-- It'd be nice to know.

JANE JOHANSEN: Yeah, I can certainly drop you all a note on that.

KEN KIRKLAND: Good deal, thank you.

JANE JOHANSEN: I'm happy to agree to that. I'm pretty sure we would not do that. We treat our students very well there.

DIANNE KUHL: I would almost want to make-- Since this is Phase II, I would almost want to make that--

KIM PHILLIPS: Yeah, that's--

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- DIANNE KUHL: --a contingency requirement because that is something that concerns me just a little bit. You're planning on-- When are you planning on starting construction?
- JANE JOHANSEN: This has a construction start date of May of '18. This--
- REIN MUNGO: My name's Rein Mungo from Coastal Carolina University. We're going to have just a couple things with this. If we can make it work without our electrical engineer contractor, we can try to work this project to where we can actually get started earlier. If we can do that, we may have a possibility we may not have to close the dorms down. That's one thing we're going to work with them on. So that will help us with the revenue.
- If we can make that happen, we're going to try to get our Phase II squared away to where we can bid the project out earlier in 2018. After we start a lot of the work, maybe in March and maybe have things back online by August. So we're going to try to work with that with the-- with the contractor and see what we can do.
- DIANNE KUHL: And you think you can do that with students in the building with this type of renovation?
- REIN MUNGO: The students will be out of the building. A lot of it we may can do on the outside of the building as far as the mechanical rooms and stuff, which would not endanger the students in any way, shape or form, and just changing the pipes and the system would actually run through May through August.
- If we can make that work, hopefully the recommendation is will be from our mechanical engineer contracting firm.
- DIANNE KUHL: Okay, thank you.
- PAUL BATSON: Just from an informational standpoint, Madam Chair, how many students -- Carrie, maybe you know -- how many students are housed--
- DIANNE KUHL: Four hundred.
- MALE SPEAKER: --at Coastal?
- JANE JOHANSEN: It's actually--
- MALE SPEAKER: It's a total of 400?
- DIANNE KUHL: In that building.
- MALE SPEAKER: It's just-- It's just that one building? Okay.
- JANE JOHANSEN: [UNCLEAR]

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CARRIE EBERLY: I have a quick clarification question if you don't mind. You mentioned that the university is going to release second-year students during this process. Will they then be-- Will the second-year students then be required to live in campus housing or is this a total process change where students that are in housing will have the option to live off campus moving forward from now on?

JANE JOHANSEN: No. It'll just be an exception.

CARRIE EBERLY: So this is just for a limited time period?

JANE JOHANSEN: That's correct.

CARRIE EBERLY: Okay.

DIANNE KUHL: Now, that raises another-- That's a good question, Carrie, because if you release these students-- Let's say that you-- that it is going to be a period of time, say a semester, during their second year--

JANE JOHANSEN: Uh-huh.

DIANNE KUHL: --are you going to require them to come back on campus for the second semester?

JANE JOHANSEN: Well, most leases are for a year.

DIANNE KUHL: Exactly.

JANE JOHANSEN: We wouldn't do that.

DIANNE KUHL: So you would release them for the duration of-- Basically, if they go off campus-- if these kids go off campus during their second year, they can do whatever they want to?

JANE JOHANSEN: Yeah, because after the second year we don't have--

DIANNE KUHL: Right.

JANE JOHANSEN: --an on campus requirement.

DIANNE KUHL: But you would not call them back in?

JANE JOHANSEN: No.

DIANNE KUHL: Okay.

CARRIE EBERLY: So essentially, the students that are freshmen this year would get a pass next year and then the freshmen that come in next year would get a-- be required to live on campus again?

JANE JOHANSEN: Just a portion of them because this is one of many, many residence buildings we have. So some of them will [UNCLEAR] our sophomores in

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good standing with good GPAs will be offered the opportunity to live off campus.

DIANNE KUHL: When will you make that determination and start putting that opportunity in the hands of the students?

JANE JOHANSEN: I would think next semester we would start getting a-- Because we're going to start this in the summer-- the spring after this academic year so we would have to know before they have to sign up for rooms for next year.

DIANNE KUHL: And so, they have time to secure housing before that?

JANE JOHANSEN: Absolutely. Yeah, we're going to-- we're going to make sure they're taken care of, the timing works for them, and we'll-- If we have to adjust things on campus to make sure it works for them, we will.

DIANNE KUHL: And just my personal preference, I think Ken raised a very valid concern and for me having the housing office assist these students to find free market housing--

JANE JOHANSEN: That's [UNCLEAR].

DIANNE KUHL: --that's within their price range, that's in a safe area-- Because you get an out of state student they may not know--

JANE JOHANSEN: Right.

DIANNE KUHL: --which areas they should and shouldn't be looking for housing in. Having the housing office involved in that, that's an absolute must.

JANE JOHANSEN: Yeah.

DIANNE KUHL: That's a deal-breaker for me.

JANE JOHANSEN: Yeah, they absolutely will.

KIM PHILLIPS: And my-- Ken asked-- That was one of my questions. One was about if they signed a lease, were they going to have to come back so that's good. But also, I would like-- I don't know how you do this. I hate for that kid coming in to have to pay more to live off campus--

JANE JOHANSEN: Mm-mm.

KIM PHILLIPS: --and I would bet they will. Maybe I'm wrong about that, but if we could help with that somehow.

JANE JOHANSEN: Yeah, we can look at that. Although, I'm not sure what the private market prices are for apartments around there. I'd have to check on that. But again, this would be a-- We set this up as a volunteer, if you want to. Some of the second-year students would prefer to live off

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campus and so we've certainly started it off as a volunteer type program and then we're hoping to be able to accommodate all the others.

KIM PHILLIPS: Well, that's good. So you're giving everybody just a choice now?

JANE JOHANSEN: Right. But we're going to-- The people we're going to give the choice to are high-performing sophomores. We're not going to-- We still want to keep our freshman first-years on campus in our dorms.

KEN KIRKLAND: And then once the 400 spots are filled for off-campus living, then you'll immediately cut that off and everybody else will be required to stay on campus and continue the current format?

JANE JOHANSEN: Right. Because we still--

KEN KIRKLAND: It's just to take care of those 400--

JANE JOHANSEN: Yeah.

KEN KIRKLAND: --beds?

JANE JOHANSEN: It's just--

KEN KIRKLAND: Four hundred students.

JANE JOHANSEN: --400 beds, yeah.

DIANNE KUHL: Do you have a contingency plan if you don't have 400 students who volunteer?

JANE JOHANSEN: I would guess then at that point we'd have to look at our high-performing sophomores and see what we can do or what the rationale was for not opting out to go to private. And if it's financial, we will have to address that.

DIANNE KUHL: So the answer to that is not right now?

JANE JOHANSEN: Yeah. I think-- I think we don't have anything beyond that.

DIANNE KUHL: Okay. Based on your experience with-- Well, do you have upperclassmen that are-- like, juniors and seniors that choose to live on campus?

JANE JOHANSEN: We do have some. Particularly our international students will do that.

DIANNE KUHL: But not most of them?

JANE JOHANSEN: I don't have the statistics on that. I'd have to get those for you.

DIANNE KUHL: Yeah, I'm not asking for exact numbers. I'm just looking for the trend. So the general trend at Coastal with housing is that students want to move off campus when they have that opportunity?

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JANE JOHANSEN: I think when they get into their junior and senior year there's a strong need/want to--

DIANNE KUHL: Okay.

JANE JOHANSEN: --live off campus and be more independent--

DIANNE KUHL: Okay.

JANE JOHANSEN: --for a lot of different reasons.

DIANNE KUHL: Okay. All right.

JANE JOHANSEN: Okay, thank you.

DIANNE KUHL: Thank you. Anybody else?

All right. I'm going to actually make the motion on this, if you will allow me, that we approve this project contingent on the condition that the housing office commit to help these students who will be displaced to find local off-campus housing.

KIM PHILLIPS: I agree with that.

KEN KIRKLAND: Comparable off-campus housing as to what they were otherwise receiving.

DIANNE KUHL: Okay.

KIM PHILLIPS: And I guess the other thing that comes to mind, you've signed your kid up to come down here, you've got them on campus, they don't have a car, and they have to stay two miles away. What happens then?

JANE JOHANSEN: Well, again, I mean, we're looking for volunteers. So we'll see how many we get. We've never done this before, so we don't know if we'll have more volunteers than we want or less volunteers than we want.

KIM PHILLIPS: Right.

JANE JOHANSEN: And so-- But we will be happy to take that contingency that the housing office help.

KEN KIRKLAND: And that raises an additional point--

DIANNE KUHL: Parking

KEN KIRKLAND: --and I didn't even think about this. If it's a situation where you do have that student that doesn't have transportation--

JANE JOHANSEN: Uh-huh.

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KEN KIRKLAND: --does the university have any opportunity to provide such transportation for those kids that otherwise would normally be living on campus anyway?

JANE JOHANSEN: Well, we have--

KEN KIRKLAND: Is--

JANE JOHANSEN: --a shuttle service. It doesn't go out to all of these places, but if we have a concentration of students, we could certainly look at expanding that.

KEN KIRKLAND: That might--

JANE JOHANSEN: --to particular private housing area.

KEN KIRKLAND: And I just wondered if that might be a need, especially--

JANE JOHANSEN: Sure.

KEN KIRKLAND: --for an out of state student that does not have transportation. All of a sudden that creates another speedbump in the process.

JANE JOHANSEN: Right.

KEN KIRKLAND: So that would be-- That's something to consider.

JANE JOHANSEN: Yes, thank you. You're right.

DIANNE KUHL: Well, going back to Kim's point, do you have-- do you have 400 additional parking spaces on your campus?

JANE JOHANSEN: Parking is tight on campus, as it is on most campuses, and we would be looking at-- We have offsite, across the highways, sufficient overflow parking off 544 and on the other side of 501.

DIANNE KUHL: And how do the students get across those highways?

JANE JOHANSEN: Shuttle.

DIANNE KUHL: Okay.

JANE JOHANSEN: We have shuttle buses that run between those parking areas, if they choose to take it. Some choose to walk there.

DIANNE KUHL: That's terrifying. Okay.

KEN KIRKLAND: Back to your motion.

DIANNE KUHL: Carrie, did you by any chance write that down or do we need to restate it?

CARRIE EBERLY: I wrote parts of it down.

[Laughter]

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DIANNE KUHL: You're no help. All right. Okay, I will move that we accept this project with the condition-- or that we recommend this project with the condition that Coastal's housing office commit to assist displaced students in finding comparable local housing.

That get everything?

KIM PHILLIPS: Yeah, I would agree with that.

KEN KIRKLAND: Second.

DIANNE KUHL: Okay. All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Okay, that one's down. Williams Brice Renovation and Repair.

CARRIE EBERLY: The Committee is asked to consider Coastal Carolina University's request to establish a project to renovate and repair existing systems within their Williams Brice Building. The request for Phase I is \$37,500 and right now the total projected cost is estimated to be \$2.5 million dollars. The source of funds is E&G Renovation and Plant Expansion funds.

The building has undergone multiple design changes in recent years and made equipment difficult to access and repair so this project will include the demolition of the existing coil system and installation of a new chilled and hot water system, including air handlers, VAV

boxes, boilers, piping, electrical, and different controls. And with doing this the ceiling will be demolished and replaced.

Does anyone have any questions about this project?

DIANNE KUHL: Anybody else want to start?

KIM PHILLIPS: Lead on.

[Laughter]

DIANNE KUHL: Okay. I'm-- Having gone back and looked at some of the data that we have for Coastal, I'm a little concerned about your revenue and expense figures. Can you tell me what your current outstanding debt is?

JANE JOHANSEN: Yes. It's about \$248 million.

DIANNE KUHL: And that's both institutional and revenue?

JANE JOHANSEN: Yes.

DIANNE KUHL: Okay. And talk to me about the deferred maintenance plan on your campus.

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JANE JOHANSEN: Yeah, we have-- Unlike a lot of campuses, we don't have a lot of deferred maintenance. We have what we call planned maintenance where we build up reserves to take care of these kind of things; the HVAC repairs and other larger projects. And so, we've built up reserves both in the housing area and the general area to take care of this HVAC repair in Williams Brice.

So our-- It's what we call planned maintenance versus deferred maintenance and that applies to pretty much all of the college campus.

DIANNE KUHL: And you currently charge \$150 a semester in student fees for this E&G--

JANE JOHANSEN: For the E&G piece, yes, ma'am.

DIANNE KUHL: You've got a \$7.2 million balance; \$2.9 of that's previously committed. Okay, so that leaves you-- If you get this, that's going to leave you with about, what, \$1.8, \$1.9 remaining in that fund?

JANE JOHANSEN: Yes. We will-- We have plans to-- You know, each year we have that \$150 coming in and we have, you know, plans as it builds up where we use it for other deferred maintenance projects that come to light.

DIANNE KUHL: And how has that fee changed over the past few years? Has it been pretty flat?

JANE JOHANSEN: It's been flat for, I think, the last five to seven years. So it hasn't gone up at all. It's been enough to do what we've needed to do, and so we feel confident that the fee is sufficient at this time to handle-- A lot of our campus is new, so our average age of plant is low compared to other institutions across South Carolina because of the newness of the buildings. And so, we don't have as much deferred maintenance mounting up on us year to year.

DIANNE KUHL: In reading-- And I actually read all this stuff that you guys--

JANE JOHANSEN: Good.

DIANNE KUHL: --send us.

JANE JOHANSEN: I'm glad you do.

[Laughter]

DIANNE KUHL: Just so you know. I told Citadel-- I said, "You know, we don't just ask you to do paperwork for entertainment value." But in reading through some of this-- I like the way that you put it, that this building had a lot of changes that possibly weren't thought through as well as they could have been and as they fix this, modify that, modify that, and now you've got a bit of a mess that you're having to deal with.

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That's my paraphrase.

JANE JOHANSEN: Yeah. I'm not familiar with that per se, but we do need-- the HVAC system needs to be improved in that building--

DIANNE KUHL: Where is this--

JANE JOHANSEN: --as well as put in that mass notification system. When we go in to renovate we try to bring it up.

DIANNE KUHL: There it is. "The building has undergone multiple design changes making equipment difficult to access and repair..."

JANE JOHANSEN: Right.

DIANNE KUHL: --which is a nicer way of putting it than I did.

[Laughter]

JANE JOHANSEN: [UNCLEAR]

DIANNE KUHL: So-- I used to work in commercial building management so--

JANE JOHANSEN: Okay, you got it.

DIANNE KUHL: --I understand this--

JANE JOHANSEN: Yeah, you got--

DIANNE KUHL: --very well. So basically, what you're trying to do is to clean all that up--

JANE JOHANSEN: Right.

DIANNE KUHL: --and then you're going to change the piping system for more efficiency--

JANE JOHANSEN: Right.

DIANNE KUHL: --and, hopefully, lower cost.

JANE JOHANSEN: Right.

DIANNE KUHL: You're doing a total HVAC replacement for this building, right?

JANE JOHANSEN: That's correct.

DIANNE KUHL: Okay. And then all the new lighting, the drop ceilings. I'm assuming that the-- a lot of your work will be above the drop ceiling and that's why you're doing the drop ceilings?

JANE JOHANSEN: I'd have to ask Rein that. He's on the phone. He's our facilities manager and project manager, whether they'll be going up in the ceilings. So can we get Rein on the phone?

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REIN MUNGO: Yeah. What you're talking about with HVAC is [UNCLEAR] as far as building management. It's the old fan coil units. That's what we're getting rid of. That's what we're having to kind of worked around for the last several years and modified [UNCLEAR] pipes and things of that nature.

The ceilings in the hallways will be taken out because all the work will be done above the ceiling, like you were talking about. The piping will be run around the perimeters of the building and then we'll put the VAV boxes in-- the variable air volume boxes in each of the rooms and stuff. So that's why everything's above the ceiling area. Then we'll put the ceiling back in place.

DIANNE KUHL: Okay. Okay, thank you.

REIN MUNGO: Thank you.

DIANNE KUHL: Anybody else have any questions? And this is a Phase I project so--

JANE JOHANSEN: That's right.

MALE SPEAKER: [UNCLEAR]

DIANNE KUHL: And I will give you fair warning that when you come back with Phase II--

JANE JOHANSEN: Mm-hmm.

DIANNE KUHL: --I'm going to want to financial statements-- current financial statements.

JANE JOHANSEN: Oh, absolutely. I have them here with me if you would like me to leave a copy for you.

DIANNE KUHL: Wow.

JANE JOHANSEN: It's our draft CAFR if you'd like that.

DIANNE KUHL: Awesome.

JANE JOHANSEN: I'd be happy to get a copy for you and give them to you today.

KEN KIRKLAND: Yes.

DIANNE KUHL: That would be fantastic.

JANE JOHANSEN: Okay.

DIANNE KUHL: Thank you. Yeah, because that's-- Some of the numbers, if I'm looking at them correctly, assuming that we-- I think everything we got we got from you all, so. But some of the numbers, looking at them last night, just made me a little concerned--

JANE JOHANSEN: Okay.

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DIANNE KUHL: --for the fiscal health, but--

JANE JOHANSEN: I have to tell you these are drafts. They haven't been approved by the board, so.

DIANNE KUHL: Yeah.

JANE JOHANSEN: Yeah, they're a draft form.

DIANNE KUHL: Okay.

JANE JOHANSEN: But I can certainly give them to you.

DIANNE KUHL: Thank you very much.

All right, anybody have any additional questions or comments? All right, do we have a motion?

KEN KIRKLAND: Motion to approve.

KIM PHILLIPS: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: All right, thank you very much for being with us.

JANE JOHANSEN: Thank you.

DIANNE KUHL: Okay. Last but not least, University of South Carolina Campus Village Housing Project.

Carrie?

CARRIE EBERLY: So the Committee is asked to consider the University of South Carolina's request to consider a proposal to redevelop and expand housing options for students at the Columbia campus. The university has been working with the developer, EdR, to produce a contract that will provide a total of 3,750 beds of which 1,213 existing beds will be replaced, and an additional 2,537 beds will be created as on-campus housing options in different phases by the year 2024.

The project, which is a lease agreement, will address \$165 million in deferred maintenance needs of the existing campus facilities, and the Campus Village project is valued at approximately \$460 million.

DIANNE KUHL: Okay. Would you guys care to make a statement or comment?

RICK KELLY: Just that we are prepared to any questions you may have. We thank you for the time last week-- last meeting to make the presentation. We feel like this is a very positive move, not only for the university, but it may be a model that can be used by other institutions at different

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times. But, anyways, we stand ready to answer any questions you may have, Madam Chair.

DIANNE KUHL:

Okay. I'm going to make a statement on this project. We had a wonderful presentation at our last Finance Committee meeting from University of South Carolina and their partners in this particular endeavor. It's very interesting, but I think we can all agree that this is very complex. There are a lot of moving pieces in here. We're being asked to look at leases, but the leases are only one component of this whole deal, and without understanding all of the moving parts there's no way that we can fully understand the impact on these leases and whether or not this is something that we should or could approve.

We've never been asked to review a project quite like this. This is a public/private partnership. It's innovative. It's interesting. I personally would love to get down and dig through it because-- if for no other reason than the educational opportunity because I think this would be a fascinating study in a creative funding model.

Whether or not it's good for the state, good for the taxpayers, good for the students, I can't answer that because I don't have enough information. And unfortunately, I don't believe personally that the CHE has the resources at this time, I don't believe that we have the capacity at this time to thoroughly review and vet this project to the degree that our stakeholders deserve.

That being said, my personal suggestion-- We-- You know, and I have to say, we have some information we got yesterday. Most of us have had this documentation for less than two weeks. It came to the Commission five weeks ago, six weeks ago. This was a project that we didn't measure by pages. We measured it by inches. I mean, that's how big it was. There's a lot of information in there. Even if we did have the resources, there's not a chance that we could do this in 30 days. Just can't do it.

These are the kinds of projects that when the universities bring them to us we need to be in on this before the universities need a decision. You can't bring something this complex to us and say, "Well, we need it for the next JBRC meeting. You can do that, right?" because we're going to start saying, "No, we can't do it in that time period." We can't. We just can't. We're not going to because it's not fair to our stakeholders and it's not fair to you as universities. You deserve better than that. If we're going to review one of your projects, we need to do it right.

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That being said, the law, the way it is currently written, we are required to send these projects to JBRC. We are asked to do that with a positive or a negative recommendation or something else. We don't have to give a positive or a negative recommendation. My suggestion to this Committee would be that we forward this-- we send this forward to the Commission and we ask that we be allowed to send this to JBRC with neither a positive nor a negative recommendation. We send it with no recommendation and we have President Schilz craft a letter explaining why we are not sending a recommendation and also attaching a list of broad topics that if we were going to get into this, here are some of the areas we'd probably hit. Things like how will it affect cost of attendance, those types of-- Not specific questions, but broad areas so that hopefully someone else might be able to get into this.

The other thing that I think we need to do is we need to go ahead and begin some conversation with the state. This won't be the last one of these that we see. I think we need to begin some conversation with the state on how do we work to identify the necessary resources to do this kind of vetting. Do we need somebody on staff 24/7 for this? We do not. But we do need to go ahead and identify a resource and determine how we're going to use that resource, whether it's from us, whether it's from another agency, whether it's headed by JBRC. We need to start the dialogue on developing a plan so that when we have another project like this that comes through we can offer the due diligence that it deserves and we can provide the vetting that we've been asked to do.

That being said, comments?

PAUL BATSON: Madam Chair, I think your comments are wise. I looked at all that stuff and it just boggled my mind to start with. Now, you all got the stuff on the computer. I've got it here the old-fashion way.

[Laughter]

PAUL BATSON: So--

DIANNE KUHL: I told you, inches.

PAUL BATSON: --I'm glad that we don't-- I'm glad we haven't killed all the trees out there for this. But I agree that this is a very complex project, difficult to get our arms around. I do like-- I like the idea of us sending it over to JBRC and not holding anything up here because they deserve a shot. If they can work their way through the analytical process, then more power to them.

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But I really like your idea also of bringing-- that maybe we can have somebody on future projects like this, maybe a financial or a building expert, that may be able to at least consult us and do some of the heavy lifting for us. That would be very helpful, but I like your recommendations.

DIANNE KUHL: Thank you.

KEN KIRKLAND: As a note to add, it's-- it is certainly a creative way to look at doing some financing. The way of the future for some bigger projects, quite possibly. I guess I'd just simplify it to say it's still almost a half a billion-dollar project and somebody is going to pay the freight some way, shape, form or fashion; students, USC, through a lease, taxpayers. Some way, shape, form or fashion somebody's got to repay a half a billion dollars.

So for me it would be a comfort and an understanding to get our arms around all of the financial pieces in the-- in the repayment piece that come together. It's not just as simple as USC paying a lease and if the kids don't show up -- and again, I'm paraphrasing -- if the kids don't show up and there's vacant space, somebody still has to pay the dollars.

So how-- And my limited scope of what I can see is that with those kinds of dollars flying around, we've just got to understand what's the preferred way, what's the backup plan, what's the third backup plan to have this money repaid.

So it's just a-- it's just a little more than I can digest in-- Basically, it's been 13 days that I've had this piece. So it's a little bit quick from a turnaround standpoint. So I agree with Dianne. I think-- I don't want to hold the project up. There's a lot of moving parts. A lot of things have already been set in motion, and a lot of this is good, but I feel like we need to at least move it to a situation without a recommendation. I do agree with that.

DIANNE KUHL: Thank you. Kim?

KIM PHILLIPS: You said it very nicely. It's too much for me. I'll just say I-- we've had it a short amount of time, but even a long amount of time, this is not my expertise. I would need some direction and help. Not against it at all. I like creative new looking at things. I think it'll probably work, but-- And I don't want to hold it up, but I can't say go on with it either in an approval. So I think if what you said is a motion, I'll second it if we're-- You know?

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DIANNE KUHL: Well, can we then, when we get into the full Commission meeting, pull this off the consent agenda so we can deal with it separately?

KIM PHILLIPS: Certainly.

DIANNE KUHL: And then, for Carrie's benefit we'll put this in a motion form that we will forward this to the Commission with the recommendation that we send it to JBRC without recommendation, but with a letter from President Schilz explaining our position and offering some positive-- some possible areas where they might want to pay a little of attention and also opening the door for discussion about how we address these things in the future.

PAUL BATSON: That's your motion?

DIANNE KUHL: You get all that? More or less?

CARRIE EBERLY: The recorder did.

[Laughter]

DIANNE KUHL: That is.

KIM PHILLIPS: Second then.

DIANNE KUHL: Okay. All right, all in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Okay. All right. Congratulations, I think.

[Laughter]

KIM PHILLIPS: Now that-- Now that you own us, is that okay?

RICK KELLY: I was going to say.

[Laughter]

DIANNE KUHL: I do hope that you-- that-- assuming that you do get approval from JBRC and SFAA, I do hope that you will come back periodically and update us and keep us informed on how this is moving forward because it's a fascinating model.

I hope it's going to be very successful. I hope it's going to be very beneficial to your students. I hope that it's going to somehow contribute to lowering the cost of attendance in making the collegiate experience more affordable for students. I'm not convinced of that yet, but I'm hopeful that—

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Since you told me that, you know, the costs are going to go down every year I'm just happier and happier about that. But they're not going to let you come back to any more meetings.

But seriously, I think it is a very interesting path to take towards fulfilling this particular need and I hope that you will come back and share what you're learning as you're doing it because--

KIM PHILLIPS: That'll help us because there'll be another one.

DIANNE KUHL: Mm-hmm.

KIM PHILLIPS: So we can be more prepared for the next one so. Good luck with it.

DIANNE KUHL: And your experiences could also help another university.

RICK KELLY: Well, we certainly will and I thank you for not holding the project up for us. It is-- I don't think-- All the things that you said, Madam Chair, that you hope happens, I don't think there's a one of us on this team or any of the people that were here last time or the president of the university or the board of trustees would say to you that if we didn't believe that was the case, we wouldn't have been here. I promise you we take our role very seriously and you know that. We're very passionate about what we do, but we thank you for your willingness to work with us on this one. It's a big project, but it's a very needed project at the University.

Thank you again.

DIANNE KUHL: Thank you for being here.

RICK KELLY: And we will keep you posted on how things are going, absolutely.

DIANNE KUHL: Thank you guys.

Okay, Carrie, you want to talk-- We actually have time to do other business. Unheard of. Do you want to talk a little bit about the Capital Projects?

CARRIE EBERLY: So this month we've presented a list of Capital Projects that were processed at the staff level during the month of September.

And I would just like to point out there's one closed project that's on this list for Lander University. They had originally received funding for a Montessori education building construction project. They've actually received approval in Proviso 18.1 of this year's Appropriation Act that allows them to close out this project and redirect their \$1,750,000 to campus renovations and repairs for projects right now. Since that project was never officially started, no expenditures, so they were able

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to move the entire balance that they were appropriated out of state funds into renovation and repairs for the campus. So I would note that.

And then, I also would note that this is one of the months where we had a lease that we approved at the staff level and this is for the Center for Risk Engineering and Systems Analytics at Clemson University. This program has grown greatly in the past couple of years and so this new lease will provide additional space for the program, and the entire term of the lease is under a million dollars, which is our staff approval threshold.

DIANNE KUHL: Okay.

CARRIE EBERLY: Does anyone have any additional questions about this-- projects we approved at the staff level this month?

DIANNE KUHL: No? Okay.

All right, since we have a little bit of extra time, let's talk about CPIP.

[End of transcription]