

**DRAFT MINUTES**

COMMITTEE ON FINANCE AND FACILITIES

NOVEMBER 1, 2018

10:00 A.M.

S.C. COMMISSION ON HIGHER EDUCATION

1122 LADY STREET, SUITE 300

COLUMBIA, SC 29201

**Committee Members**

Commissioner Dianne Kuhl, Chair

Commissioner Paul Batson

Commissioner Linda Dolny

Commissioner Ken Kirkland

Mr. Graham Neff

Mr. Craig Parks

Mr. Kevin O'Connell

Ms. Carol Routh

Mr. Ray Switzer

Mr. Jeff Tallant

**Committee Members Not Present**

Commissioner Kim Phillips

**Other Commissioners**

Commissioner Jim Battle

**Staff**

Ms. Laura Belcher

Dr. Samuel Grubbs

Ms. Yolanda Myers

Ms. Katie Philpott

Mr. Georges Tippens

Mr. Bryce Wilson

**Guests**

Ms. Beth Bell

Dr. Ralph Byington

Ms. Jacqui DiMaggio

Mr. Steve Eigenbrot

Mr. Bryan Enter

Mr. Derek Gruner

Mr. Michael Hughes

Mr. Rick Kelly

Ms. Anna Lucas

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

**1. Call to Order**

Chair Kuhl called the meeting to order at 11:14 a.m.

**2. Approval of Minutes**

A motion was made (Kirkland), seconded (Batson), and carried to approve the minutes of the October 4, 2018 Finance and Facilities Committee meeting.

**3. Chair's Report**

Chair Kuhl expressed her appreciation for the work of the Committee and staff. She reiterated that the Commission's goal is to serve both institutions and S.C. citizens. She thanked the institutional representatives who have attended the last few meetings for the dialogue on

projects and planning. She reminded the Committee that CHE staff asked for an opinion from JBRC as to actions needed for closed projects with unspent funding. She explained that staff have not received a response yet.

Chair Kuhl provided a status update on the 2018-19 Comprehensive Project Improvement Plan (CPIP). Since the Governor specifically asked for CHE to categorize the projects submitted by the institutions by “want” versus “need,” she reported that CHE staff had completed a review and met with institutions about the process. She explained that the review along with a letter stating that the Committee did not believe the “want” versus “need” method was the best method by which to categorize the projects would be sent to JBRC and SFAA. Chair Kuhl also reiterated sentiments from the last Committee meeting that CPIP can be a useful tool and that the Committee and institutional representatives have the opportunity to work together over the next year in developing an evaluation tool.

#### **4. Interim Capital Projects**

The following agenda items were presented:

- A. Clemson University
  - i. Soccer Operations Complex Construction
    - Increase budget

Chair Kuhl introduced the item, and a motion was made (Batson) and seconded (Kirkland) to consider the item. The Committee on Finance and Facilities commended the University on financing the project with 50% gift and private donations. However, the Committee noted that Clemson University has \$137.8 million in outstanding Athletic Facilities Revenue Bonds, not \$0 as University officials stated in the A1 form. Members also asked questions about the scope of the project to determine whether the facility’s planned purpose is primarily related to athletics or whether it has a large recreational component, in addition to the demand of soccer for the University and in the region. Clemson’s Assistant Athletic Director noted that the project encompasses a “live, work, play” approach, in part to help recruitment of top-tier NCAA Soccer prospects, and that Clemson University’s soccer program is one of the fastest growing athletic programs at the institution, measured by annual percent change in revenues. After discussion, the Committee carried the motion to recommend the project as presented.

- B. Greenville Technical College
  - i. Bldg. 802 Roof Replacement and Building Air Conditioning
    - Establish Project

Chair Kuhl introduced the item. and a motion was made (Batson) and seconded (Dolny) to consider the item. The Waggoner Facility for Automotive & Diesel Technician Training is approximately 63 years old. The project will use appropriated funds from Greenville County for the maintenance and renovation of College’s physical facilities. The Committee indicated its support of maintenance-related projects and noted that replacing a 35-year old roof and providing air-conditioned space to students is a worthy project. After discussion, the Committee carried the motion to recommend the project as presented.

- C. Spartanburg Community College
  - i. Spartanburg Cherokee County Campus Land Acquisition
    - Increase Budget

Chair Kuhl introduced the item and a motion was made (Batson) and seconded (Kirkland) to consider the item. The Commission recommended approval of Phase I at its October 4, 2018 meeting and JBRC subsequently approved Phase I at its October 16, 2018 meeting. Phase II of this project is to complete the purchase after performing appropriate due diligence steps between JBRC approval and the Committee's November 1, 2018 meeting, including obtaining a land appraisal and environmental site assessment. The Committee asked about future plans for the property and whether any development could be cost-shared with other parties. In addition, the Committee questioned the estimated land value of \$80,000 per acre in the appraisal, noting that it matched to the penny the estimate Spartanburg Community College officials provided during Phase I of the project, before the College had contracted for an appraisal. The Committee also noted that the comparative land sales used in the appraisal required extensive adjustments by the appraiser to justify the \$80,000 per acre valuation of the subject property. After discussion, the Committee carried the motion to recommend the project as presented.

- D. USC Aiken
  - i USC Aiken Maintenance Building
    - Increase Budget

Chair Kuhl introduced the item. and a motion was made (Kirkland) and seconded (Dolny) to consider the item. USC-Aiken sought Commission recommendation to begin the construction phase of a new facility that would house its facilities and maintenance operations on the periphery of its campus, thereby allowing the University to repurpose the existing facility that houses these operations for its Scholars Academy and other academic programs. Committee members referenced the presentation on the Scholars Academy at the October 4, 2018 Full Board Meeting and how they believe that this is a valuable project. After discussion, the Committee carried the motion to recommend the project as presented.

- E. USC Columbia
  - i. Barnwell Exterior Renovation
    - Increase Budget

Chair Kuhl introduced the item. and a motion was made (Dolny) and seconded (Batson) to consider the item. USC-Columbia sought Commission recommendation to initiate Phase II of this project that will perform various maintenance on the exterior of the Barnwell College Building, a 58,600 square foot structure originally constructed in 1910. Exterior renovations last occurred in the 1970s. After discussion, the Committee carried the motion to recommend the project as presented.

- ii. Jones PSC Biology Labs Renovation I
      - Establish Project

Chair Kuhl introduced the item. and a motion was made (Kirkland) and seconded (Dolny) to consider the item. USC-Columbia sought Commission recommendation for Phase I establishment to renovate the first floor of the Jones Physical Sciences Center from chemistry labs to biology teaching labs. Finance and Facility Committee members inquired how this project relates to a previous one the Commission recommended related to Chemistry Labs. USC

staff noted that the University is currently in the construction phase of installing new chemistry labs in the previous Law School Building, which is expected to finish in December 2019; this project is a natural extension of that one. Committee members also asked about the projected impact that this project would have on students using the building during the renovation phase. University staff assured the Committee that construction would be localized to the first floor of the building and even though there will be asbestos remediation, students and faculty will still have use of the remaining space. After discussion, the Committee carried the motion to recommend the project as presented.

iii. Strom Thurmond Wellness Center Intramural Recreation Fields  
Synthetic Turf Installation  
– Establish Project

Chair Kuhl introduced the item. and a motion was made (Batson) and seconded (Dolny) to consider the item. USC-Columbia sought Commission recommendation to begin the Phase I process of replacing its recreation fields at the Strom Thurmond Wellness Center using synthetic turf rather than the existing natural turf. Finance and Facility Committee members asked whether the University has performed a life cycle cost or similar analysis that shows synthetic turf is more cost effective over the long term compared with natural turf. According to USC officials, they believe USC will actualize savings after seven years based on not needing to replace the natural turf on an annual basis. These cost savings do not include an estimated annual savings of \$66,000 in reduced maintenance costs, such as watering, fertilizing, and mowing. Finance and Facilities Committee members were also concerned about student safety. University officials responded that based on anecdotal testimonials, synthetic turf is safer because the playing field is more level. Finally, Committee members questioned whether the replacements were necessary, because 750 hours of use only equates to approximately 2 hours per day. USC Officials responded that there is peak demand for these fields during the academic year in the evening and that usage during these periods of peak demand contributes to the wear and tear. After discussion, the Committee carried the motion to recommend the project as presented.

iv. Williams Brice Stadium Renovations  
– Establish Project

Chair Kuhl introduced the item. and a motion was made (Batson) and seconded (Dolny) to consider the item USC-Columbia sought Commission recommendation to begin the Phase I process for a project that will create four premium seating areas at its collegiate football stadium. Finance and Facilities Committee members questioned whether USC has studied if there is demand for additional premium seating at the stadium and what is the dollar increase ticketholders will need to pay for these seats. USC staff noted that the University contracted a market study, which found demand, and that the per game price will increase between \$25 to \$45 per seat depending on which of the four renovated areas the seat holder will have access. Committee members also were concerned about the projected financing of this project, 100% Athletic Facilities Revenue Bond Debt, given the University's current outstanding Athletic Bond debt of \$178.2 million. Based on this initial submittal, the University projects it will have \$189.8 million in outstanding Athletic Bond debt by the completion date of the project, or 94.9% of its \$200.0 million bond capacity. As a result, Committee Members requested that USC develop a detailed contingency plan to provide the Committee and Commission that addresses what the University will do if it needs to fund an unforeseen project and does not have authority to issue additional bonds when USC staff seek the Commission's Phase II recommendation. In

addition, Committee members reminded USC staff that the Commission's recommended stance is that debt-financed projects have at least 50% funding from other sources. After discussion, the Committee carried the motion to recommend the project as presented.

#### **5. Other Business**

Chair Kuhl stated that Mr. Tippens was researching information on the staff approval process and will present consolidated information at a future meeting.

#### **6. Executive Session**

The Committee went immediately into Executive Session to discuss legal and personnel matters. No motion resulted from Executive Session. The meeting then resumed regular business.

There being no additional items before the Committee, the meeting was adjourned at 12:45 p.m.

South Carolina Commission on Higher Education

Finance and Facilities Meeting

November 1, 2018

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DIANNE KUHL: Are you doing introductions for us?

YOLANDA MYERS: Yes, ma'am.

DIANNE KUHL: Thank you, Yolanda.

YOLANDA MYERS: We have with us this morning from Clemson University Ms. Beth Bell, Graham Neff, Carol Routh; from University of South Carolina Mr. Rick Kelly, Mr. Kevin McConnell, Mr. Jeff Tallant, and Mr. Steve Eigenbrot; from Coastal Carolina University Mr. Ralph Byington; from University of South Carolina Aiken Mr. Bryan Enter; from Greenville Technical College Jacqui DiMaggio; from Spartanburg Community College Ray Switzer; from the Department of Administration Marcus Hughes; and from [UNCLEAR] Ms. Anna Lucas.

Do we have anyone on the conference call?

[No audible response]

YOLANDA MYERS: This meeting is being held in accordance with the Freedom of Information Act.

DIANNE KUHL: All right, has everybody had a chance to look at the minutes? Are there any changes or comments on the minutes?

[No audible response]

DIANNE KUHL: If not, may we have a motion to approve?

KENNETH KIRKLAND: So moved.

PAUL BATSON: Second.

DIANNE KUHL: All right, all in favor?

PAUL BATSON: Aye.

KENNETH KIRKLAND: Aye.

DIANNE KUHL: All right. Any opposition?

[No audible response]

DIANNE KUHL: Great, thank you.

On the Chair's Report I do have a couple of things to say. As everybody knows, this has been an interesting few weeks for the Commission. I'm sure that will be addressed further within our regular Commission meeting, but I want to thank all of our Finance Committee members for the excellent work that you have continued with and for our staff as well. We are going to continue on with business as usual and I think this Commission has spoken very clearly that our goal is to serve both our universities, our citizens, our students, our taxpayers, and everything that we do is with the good of this state in mind and nothing has changed in that. So we will continue on as we have.

And thank you to all of you who have come. I want to especially thank the members of our institutions who have been here the last couple of times because we've begun to have the type of dialogue that is exactly what I was hoping we would eventually get to, where we're starting to talk about what we can do when we're working together to make the system more productive and to make things function a little more easily.

To that point, I'd like to specifically address Carolina. The comments that we had during our last meeting where we were trying to figure out do you submit, do you not submit, how do we handle those certain funding requests, we have gone back and asked for additional clarification on that because if it's something that our institutions need to send in, obviously we want you to do that and we will certainly facilitate that. But if it's something that's unnecessary, we don't want anybody doing additional work, whether it's you or our staff.

So we have asked for that clarification. We have not received it, but as soon as we have any more answers we will get that to you and to the rest of our higher education family as well.

So the other thing that I'd like to bring up, in our last meeting we very specifically talked about CPIP and we had some great conversation with our institutions. And one of the decisions that we made were that we would not be going forward with a ranking or a systematic review of the



CPIP projects. We were just simply going to say we believe that needs-- rather than look at needs versus wants, that we wanted to address first maintenance and repairs and the things that were necessary to keep the state's assets, you know, at maximum value and to protect our students and then we would look at things that were core to mission and then we would look at ancillary and auxiliary.

Since that time we have been advised that, through the Department of Administration, the governor had specifically asked for a review of the projects in a want versus need. That being the case, we will have some conversation during our other business about the go-forward on that. Our staff, as most of you know, has already gone ahead and had-- They've gone ahead and done a cursory review. They've talked with each of the institutions and we do have a very, very broad want versus need classification. It will be going with a methodology statement that says this is subjective, this is-- and should in no way be taken to mean anything other than we took some broad swipes at it because you asked us to.

It will also go with a letter from the Finance Committee that says we recommended against doing this, we do not believe it's in the best interest of the institutions, we don't believe it's in the best interest of decision makers, here's why, here is what we are hoping to do in the future, which goes back largely to some of the conversation that we had last month. And I hope very much that we will be able to bring our institutions together as

we talked about because I know, you know, some of you even said we don't even know what they want us to do when we're putting this stuff together, are we supposed to be ranking this by our top priority, by the first thing that we can pay for, by, you know, what should be-- when we say this is our number one priority, what does that mean.

And we want to have a system where all of our institutions are singing not only out of the same hymnal, but in the same key so that when we're looking across the CPIP that it actually becomes a useful tool, and I think that working together over the next year and not waiting until the very last minute, we might be able to pull something like that together.

So that being the case, we will comply with the governor's wishes, we will send him what he wants, and we will also do it in such a way that follows the path that the Finance Committee set last time, and from what we have heard from most of you, that you guys weren't particularly keen about having that ranking system done either, but we will be expressing that when we send that documentation over.

That being the case, let's move right on into our interim capital projects; Clemson.

Georges, would you like to introduce this project?

GEORGES TIPPENS: Thank you Chair, Commissioner Kuhl, Vice Chair Kirkland, Commissioners.

We have eight projects for your review today. The first is Clemson University's Soccer Operations Complex. This is Phase II, so they are seeking to move ahead with the construction phase of the project. Phase I was recommended for approval by the Commission back in June.

It's an \$8 million project funded half with athletic donations and half with athletic facility revenue bonds. State law allows Clemson University to have at any time \$200 million in outstanding athletic revenue bonds. As of June 30th of this year they had outstanding \$137.8 million, so they do have additional capacity for that \$4 million in bonds they want to issue to fund this project.

PAUL BATSON: I didn't hear the numbers on the bonds.

GEORGES TIPPENS: So they have, as of June 30, 2018, \$137.8 million outstanding, which means they have around \$62.2 million of available debt for athletic facilities.

PAUL BATSON: Okay, thank you.

GEORGES TIPPENS: This project is to house the women's and men's collegiate soccer operations center.

DIANNE KUHL: Does anyone have any questions or comments for Clemson on this?

[No audible response]

DIANNE KUHL: I will point out that in the A1 there was a small error that Georges just corrected. In the A1 it does say that-- Or the one that we received at least,

it does say that Clemson has zero indebtedness on their athletic revenue bonds. That was an error, which Georges talked to them and they have given him the correct numbers, which, you know, he's now given us. But if you were reading through that documentation and wondering about that, that was just--

PAUL BATSON: I'd just like to ask. How would this complex affect Clemson in recruitment, affect Clemson in competition? Can you give me the quality discussion?

GRAHAM NEFF: Good morning. Graham Neff, Deputy Athletics Director at Clemson. We're excited about the project. It is, as listed, essentially an all-encompassing facility-- operations facility for both our men's and women's soccer program, which currently doesn't exist. Their locker room is in our general athletics building, along with their training room, along with our athletic strength and conditioning area, which is separate from the practice site, which is also separate from the game facility. So pulling all of those functions together at the practice site will essentially establish one facility that will allow the live, work, and play, so to speak, of both men's/women's program in one site. So that ability to have one operations complex for those soccer programs is a big, big sell from a recruitment standpoint.

PAUL BATSON: So it's at the Jervey Athletic Center?

GRAHAM NEFF: Those are where their existing offices and locker rooms are. So we will vacate Jervey and move-- the soccer programs will move to this new operations complex, just essentially down the hill from Jervey.

PAUL BATSON: Okay.

KENNETH KIRKLAND: Are you going to be doing any renovations or anything to the old Jervey facilities to make that space more useable for other functions?

GRAHAM NEFF: Yes, sir. The vacated areas-- We've done some renovations for-- to accommodate production and video areas for the upcoming ACC Network, which is coming online this upcoming August of '19. We'll have some additional control rooms to bid out. Those will be impact projects, equipment type purchases, but we will look to backfill those vacated office areas strategically of course.

DIANNE KUHL: Will the ACC-- Will they be assisting with the cost on that?

GRAHAM NEFF: The cost for those up-fits is born by each member institution. The revenue that is generated does come back by way of our annual conference distribution. So not directly from an upfront cost standpoint, but indirectly by way of future proceeds from annual distribution.

KENNETH KIRKLAND: Is there any internal estimates what that renovation or up-fit cost for the old facilities would cost?

GRAHAM NEFF: Specifically as it relates to the ACC Network, we've spent in about three or four different phases, so to speak, of projects about \$3 million. We would anticipate an additional couple million over the subsequent years. No necessarily deadline to do on that. We are network capable, so to speak, at this point, but as we continue to grow our production facilities and studio areas we will in an appropriate manner continue to build those out.

PAUL BATSON: Just a couple more things. We've had discussions before about revenue generation in your programs over there at Clemson, which I appreciated very much. How's the revenue generation by the soccer program? I know that's an increasingly popular sport, so where does it rank in the scheme of other programs?

GRAHAM NEFF: It's a great question. We are very bullish on the revenue opportunity for soccer. We don't ticket for women's soccer, so there is no necessarily direct ticket generation for women's soccer. But for the men's soccer program we do and that's just predicated on demand essentially. By way of magnitude, we generate about \$85,000 a year on ticket sales for the men's soccer program.

By way of trajectory or percentage increase, that is probably, over the last five years, the highest percent increase of ticket revenue generation, even compared to football. About five years ago we sold about \$20,000 to \$30,000 worth of ticket revenue from men's soccer, and now it's double-

almost triple-fold. And so that trajectory has been really encouraging from a revenue standpoint, and certainly our program has had a lot of success; we played in the National Championship match two seasons ago. So very successful and historically successful programs and our marketing and therefore ticket revenue generation efforts are continuing to point in that direction.

PAUL BATSON: Is soccer a sport that is going to continue that kind of growth? Do you anticipate say 10 to 15 years down the road that soccer is going to be becoming a much more intensive sport or are we pretty much where we are?

GRAHAM NEFF: Great question. I think the-- again, the trajectory arrow is very-- is pointing north in that regard and how we're investing in both of our programs at Clemson and then certainly regionally, you know, within in our state and within the southeast region there continues to be good momentum. MLS franchises have started in Atlanta, potentially Nashville I know. So regionally it's continuing to grow a lot of interest and footprint within our high school systems here in the state as well.

So how we're recruiting locally and regionally and how we're resourcing our coaching staffs, our facilities in this case, and that support function for those programs, we are bullish on that trajectory for a revenue generation, but also just interest in those sports to continue to grow.

DIANNE KUHL: So it would be accurate, based on what you're saying, to say that soccer is the fastest growing athletic revenue source at Clemson right now?

GRAHAM NEFF: By way of percentage, yes, ma'am, I think that's fair. Again, the magnitude is probably not significant. We generate many, many more millions in football, of course, and other sports, but just by way of growth, I think that's fair.

And a lot of this revenue generation conversation has been focused primarily on ticket sales. There is a lot of donor interest to it, and certainly with our cash funding portion of this project we have had a lot of donor interest and former letter-winner interest, have some naming gifts that have been committed towards this project. So that philanthropic opportunity specific with the soccer programs is also very strong.

DIANNE KUHL: What's the current square footage of the facility you have now versus where you're hoping to go?

GRAHAM NEFF: Again, it's a little bifurcated, but this 13,000 square foot proposed facility would be in aggregate certainly larger. To put an estimate on it, it's probably in the 6,000 to 9,000 square foot range of their existing offices and team meeting rooms and video rooms, and now combining those into one facility and then certainly this growth factor is part of the strategy.

DIANNE KUHL: And what you're looking to do with this facility is-- I mean, obviously the football facility was far-- that was a football players live here when they're



not in their dorms. This facility is more of an athletic functional as opposed to a social building. This is going to be where they have training, where they have locker rooms, where they have things that are specifically related to the sport and reviewing their game takes, things like that as opposed to also a recreational facility for the team members like the football facility offered. Is that correct?

GRAHAM NEFF: Sure. I wouldn't totally--

DIANNE KUHL: No bowling alley?

GRAHAM NEFF: --distinct those. No, ma'am, no bowling alley. Those type of, you know, elements of the recreation that are in our football facility won't necessarily be that robust in the soccer facility, but it will be where they are very much aligned and where we are taking our cues from the success of the football operations complex is, to your point, the everything in one place; from a training, from a strength standpoint, sports medicine, coaches' offices. There is some recreational space, backpack, you know, gathering, social space. Not to the magnitude perhaps that you're suggesting, but that type of all-encompassing programming for this-- for both the soccer programs is the essence of this project.

DIANNE KUHL: Has there been any consideration-- And I think I know the answer to this. But when you look at-- I mean, obviously football is the preeminent sport on Clemson's campus, but when you look at some of the other sports --

tennis, soccer, baseball, some of them that might not be quite as large, but that certainly bring value to the institution -- have you all considered the possibility of doing a single building that allows for all of-- I mean, sort of a cost saving opportunity where you can have segments of the buildings for each of the different sports? And if not, what's your reasoning behind that?

GRAHAM NEFF: Right. Yes, ma'am, a couple things. We have found-- First of all, we are very proud, over the past five or six years, of our facility planning and there's certainly been a lot of dialogue with this group and others as far as what that financial plan looks like, but then also the need based plan that we comprehensively touched all of our 19 athletic programs, including starting a new one in softball, that we'll start to break ground on that stadium facility here next month.

So that type of touch point for all of our programs has been important from a recruitment standpoint, but then also just the growth and development of those student athletes. To that end, we've actually gone more of a per-location type facility growth -- football being an example, this project being one, the softball stadium that is coming online -- that instead of one combined facility, multifunctional of having more of the offices and functions on location, so to speak, such that that type of environment with the student athletes and coaches-- the live, work, play concept to have it onsite there at their training facility. We've seen a lot of success with that.

So instead of creating a combined multisport facility, we've actually been-- are pursuing a little bit more fragmentation. Maybe it doesn't sound great, but the strategy of that type of team/culture environment has shown some success.

DIANNE KUHL: Do you find-- And forgive my curiosity on this. But do you find that those successes also translate academically?

GRAHAM NEFF: Very much so. And so that's one of the other elements that in order to manage the time efficiency for the student athletes-- We do have an athletic/academic area actually at our football stadium, which was the backfield space from when we built our football operations complex. So that type of one-function unit has been very successful, but we have found that the ability for those academic advisors and tutors to be able to also meet on location where that live, work, play of the student athletes is happening that there's been some good time efficiencies found with that as well.

DIANNE KUHL: And one other question for you. How will this help you with Title 9? Will it do anything?

GRAHAM NEFF: Yeah. It's certainly-- Both men's and women's soccer programs and the scholarships supported to them are fully funded, and so the fact that this is a joint facility that is equal exactly, so to speak, for both the men's

program and the women's program just will continue that effort from a Title 9 compliance standpoint.

DIANNE KUHL: Thank you.

LINDA DOLNY: First of all, I apologize. I am four months into this process. I'm just now learning the language. You may not even be the appropriate person to ask the question of--

GRAHAM NEFF: I can sure try.

LINDA DOLNY: --but I'm going to ask it anyway.

GRAHAM NEFF: Yes, ma'am.

LINDA DOLNY: I notice on this that this project is identified as priority six of six on the 2018 CPIP. Have the other five been funded?

GRAHAM NEFF: Great question. I don't have the CPIP in front of me, but I do know it is a combination of certainly athletic initiatives and then a lot of our institutional initiatives; academics, housing, auxiliary. So I'm not sure, but I do know given that it's a Year One or a Year Two project that those are the full focus of Clemson from a funding standpoint.

LINDA DOLNY: Okay. So no answer to that one, and I understand why.

GRAHAM NEFF: Sure.

LINDA DOLNY: Okay? I understand why.

GRAHAM NEFF: I understand your question.

LINDA DOLNY: And I think this question is for you, Dianne. Where would this project appear on this recently identified list of needs versus wants for the governor? Would this be considered a need or would it be considered a want?

DIANNE KUHL: I don't think this would--

LINDA DOLNY: Or does it even material?

DIANNE KUHL: This one would not have been rated because it already has a project number assigned to it--

LINDA DOLNY: Thank you.

DIANNE KUHL: --because this is Phase II.

LINDA DOLNY: Got you. Thank you. Thank you so much.

DIANNE KUHL: No offense. We just didn't rate anything that was already in the works.

LINDA DOLNY: Okay.

DIANNE KUHL: Any other comments or questions?

PAUL BATSON: I'll move to approve.

DIANNE KUHL: Great job, Graham.

KENNETH KIRKLAND: Second.

LINDA DOLNY: Second.

DIANNE KUHL: And I will point out also, as we are getting ready to vote on this, that Clemson did bring this project to us with 50 percent donor funds, so nice job guys.

All right, so we have a motion and a second on the table. All in favor of recommending the project as presented?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: All right, thank you very much.

Greenville Technical College.

GEORGES TIPPENS: So next up is Building 802 Roof Replacement and Building Air Conditioning. This is to-- The college is seeking to move forward with Phase I in their AE of this project at a cost of two and a half percent of the total estimate of the project at \$114,775. It's mainly a maintenance project and a renovation, so they're seeking conditioning of the lab space where students work on automobiles, which will also entail having to replace the roof and also weatherize some of the windows indoors and the exterior of the building.

DIANNE KUHL: Okay. Commissioner Batson, is there anything you'd like to--

PAUL BATSON: This is a repairs and maintenance project and it's sorely needed to be done. This is a very old building and we've dodged a bullet on that for quite a while.

Jacqui, would you add anything to that?

JACQUI DiMAGGIO: This building houses our Honda training and we agreed with Honda when we took over that program that we would condition the space. It is a 63-year-old building, but it is structurally sound. It's a brick building. We looked at the possibility of demolishing it and building a new building and it was significantly more expensive. We know we'll have cost savings, energy savings as part of this project so we think it's very solid project.

DIANNE KUHL: Any other questions or comments?

PAUL BATSON: I move to approve.

LINDA DOLNY: Second.

DIANNE KUHL: Second? All right, all in favor of recommending the project as presented?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: All right, thank you. Thanks for being here.

JACQUI DiMAGGIO: Thank you. If you'll excuse me.

KENNETH KIRKLAND: Drive safe.

DIANNE KUHL: Drive safely.

JACQUI DiMAGGIO: Thanks.

DIANNE KUHL: Spartanburg Community College.

GEORGES TIPPENS: Yeah, so this is-- The community college is seeking approval of Phase II of this project. Phase I was recommended for approval by the Commission last month and approved by JBRC last month. Phase II is the acquisition of the land for \$297,000 or around \$80,000 per acre.

DIANNE KUHL: And I will note that we have fast-tracked this project for Spartanburg Community College because of their need to get this taken care of before the end of the year for tax purposes.

So anybody have any thought, comments or questions on this project?

PAUL BATSON: Madam Chair, I would-- We have Ray Switzer with us here from Spartanburg Community College. I'd invite any comment that Ray has on the project [UNCLEAR].

DIANNE KUHL: Sure.

RAY SWITZER: Yes, I'd entertain any questions that you might have. You know, we did-- We are required to have an MAI certified appraisal of the property, which we had done, you know, after our approval last month. We've also had a Phase I environmental site assessment performed with no findings



associated with the property, so we're ready to proceed ahead with it if you so agree.

PAUL BATSON: And so this is going to provide access? It's going to provide another way to access the property?

RAY SWITZER: Yes, it is. Right now we just have a small access, you know, from Highway 11 into our campus, which is our main entrance to the campus. We wanted to acquire this property when we first acquired the campus site, but it wasn't available at that time. It is now. They approached us earlier this year, so our commission was quick to say that we wanted to acquire this piece of property, which would provide us additional development and access onto that campus from Highway 11.

PAUL BATSON: Do you remember when the commission approved that? Was it just recently?

RAY SWITZER: It was in June.

PAUL BATSON: In June? Okay.

RAY SWITZER: Yes, sir.

DIANNE KUHL: All right, let's-- Looking at-- If I recall from looking at the map that you all provided, you've got the campus, you know, split by the highway and then you've got this little parcel of lane sort of in the middle of the campus and

then you've got residential sort of around the overall campus. Is that correct?

RAY SWITZER: There is some residential development on one side of the campus. There's some commercial development on the other side, on the backside of the campus with the YMCA and some apartment facilities. We do have the Freightliner service center, which is on the Highway 11 side. They have requested additional property within our campus, which really doesn't help us any. So this would give us an opportunity to further do that development in consideration for Freightliner's service center.

DIANNE KUHL: I think you all mentioned in a previous meeting that should that development occur that Freightliner would be assisting with the cost on that.

RAY SWITZER: Yes, ma'am. We anticipate-- And actually, we probably-- We expect them to cost-share in that.

DIANNE KUHL: Okay. And one other question I'd ask you. This is, as I understand it-- And believe me, I get the situation. They've got the land, you want the land, you're going to pay for it. I mean, that's just the way it works. But this is a little above the cost in the area and the appraisal looks to have-- Explain to us how the appraisal wound out to be to the penny what's you guys came in with.

RAY SWITZER: Well, the owners-- You know, they were asking for \$300,000 for the property. So we contracted with an MAI certified appraiser who's familiar with properties in that county and, you know, he did his work, came back with what he felt like was, you know, an acceptable, you know, dollar value for the property.

Now, keep in mind that we're less than a quarter of a mile from Business 85, which presently is being expanded. Also keep in mind that this is a main corridor into the city of Gaffney, which has their main restaurant row, if you will, which is right there, so property values are increasing pretty quickly along that corridor. So that was the value that the appraiser came up with, you know, looking at other properties in the area close by.

DIANNE KUHL: Georges, is there anything that you-- anything we're missing here or anything else we need to address?

GEORGES TIPPENS: My other thing I would mention is that in the write-up we didn't have at the time the environmental site assessment, but we did receive that from the college. We can provide it to you all.

DIANNE KUHL: All right, are there any additional questions or comments?

PAUL BATSON: I'll move to approve this project, Madam Chair.

DIANNE KUHL: All right.

KENNETH KIRKLAND: Second.

DIANNE KUHL: Second.

PAUL BATSON: And I'd also like to say, Madam Chair, thank you for fast-pacing this through. It did help the community college.

RAY SWITZER: Thank you.

DIANNE KUHL: All right, we have a motion and a second. All those in favor of advancing this project as recommended?

[Multiple speakers, "Aye"]

DIANNE KUHL: Or as presented. Sorry about that. Any opposition?

[No audible response]

DIANNE KUHL: Motion passes. Thank you.

All right, our next project USC Aiken.

GEORGES TIPPENS: Yeah, so the university is seeking to move forward with Phase II or the construction phase of this project. The Commission previously recommended approval back in March. This would be constructing a new facility for the university's maintenance staff on the edge of campus. The idea behind it is to kind of get that out of the central core of the campus and repurpose the existing building for the university's Scholar's Academy, which during the full meeting last month we had a great discussion about.

DIANNE KUHL: All right, does anybody have any questions or comments on this project? I mean, this is one we're pretty familiar with.

No questions or comments? All right.

KENNETH KIRKLAND: I'll move to approve.

LINDA DOLNY: Second.

DIANNE KUHL: Second. All right, we have a motion and a second. All in favor of approving the project as presented-- recommending it?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: That was easy.

Okay. Rick, you all don't mind if we don't make you come talk on every single one, do you?

RICK KELLY: We've got our fingers crossed for the next three right now.

[Laughter]

RICK KELLY: Sorry, four.

DIANNE KUHL: Too late.

[Laughter]

DIANNE KUHL: Okay, Columbia campus, the Barnwell exterior.

GEORGES TIPPENS: So the university is seeking to move forward with Phase II of this project. This is a maintenance project. Phase I was approved back in February.

There's just a lot of different maintenance related issues to the exterior of the building. Funding is with institutional capital projects funds, which are an accumulation of excess student fee collections.

DIANNE KUHL: Okay, are there any questions or comments on this project?

Commissioner Batson?

PAUL BATSON: Say again, Georges, the funding source. It's all capital funds?

GEORGES TIPPENS: The title of it is institutional capital project funds and so those are used to fund debt service and the remainder can then be used to fund capital projects for the university.

DIANNE KUHL: Part tuition and fees?

GEORGES TIPPENS: [UNCLEAR].

RICK KELLY: This would be for maintenance.

DIANNE KUHL: You good, Paul?

PAUL BATSON: I'm good, yes.

DIANNE KUHL: Okay.

Any other comments or questions?

[No audible response]

DIANNE KUHL: All right, may we have a motion?

LINDA DOLNY: So moved.

DIANNE KUHL: To?

LINDA DOLNY: To approve.

DIANNE KUHL: Okay, thank you.

PAUL BATSON: Second.

DIANNE KUHL: All right, we have a motion to recommend the project as presented. All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: The motion passes.

Next we have the Jones Biology Labs.

GEORGES TIPPENS: So the university is seeking to establish—they are looking to establish Phase I of this project. The total project cost is going to be six and a half million dollars all said and done. This is using the same funding source as we described in the last project.

Basically, the university wants to renovate this space from outdated chemistry labs and make it more modern labs for biology. They have expected growth in that program. It'll also include some teaching labs, some office space, and have a maintenance component of renovating the HVAC for the building.

DIANNE KUHL: Is this the same-- I know a little while back we had another science building where you were moving part of the building and freeing up some of the space so that you could these types of things. Is this the same building?

RICK KELLY: No, ma'am--

DIANNE KUHL: Okay.

RICK KELLY: --but it is right across the street. It's the old law school if you'll recall that--

DIANNE KUHL: Okay.

RICK KELLY: You allowed us about a year or so ago to repurpose that old law school partially with chemistry labs. I think it was 14 chemistry labs.

DIANNE KUHL: That's what it was.

RICK KELLY: And this was the second phase. Now that we got the other place ready to handle the chemistry labs we want to use this one and put our biology labs in this building here. Plus, I mean, all these labs need to be renovated and modernized. We were struggling with our laboratory space and you gave us the opportunity to begin the process.

KENNETH KIRKLAND: Derek, what kind of timetable are you on to get these renovations completed?

DEREK GRUNER: Our objective, sir, is to get them completed by the fall of 2021. We would start the project in the summer of '20. We have to be able to move the



chemistry program out of Jones over to the new renovated building, which we anticipate to be January of '20. So this is really the second phase of our lab master plan to follow-up right behind the opening of the new chemistry labs.

KENNETH KIRKLAND: Will the building be utilized while the renovations are ongoing or will it be vacant?

DEREK GRUNER: It'll be utilized. Jones is a large building. Eight stories of upgrades of other zones that aren't affected by this construction [UNCLEAR].

RICK KELLY: Ken, this is about a 200,000 square foot facility.

KENNETH KIRKLAND: Yeah.

RICK KELLY: So it houses a lot of-- It has, like he said, eight floors and a lot of different departments.

KENNETH KIRKLAND: And just with the scope of the work, I just was unsure if you were going to be required--

DIANNE KUHL: There we go.

KENNETH KIRKLAND: --to move everybody else out of that particular facility while it was being renovated.

DEREK GRUNER: We'll be able to contain the renovation to just about half of that floor without impacting the other floors.

KENNETH KIRKLAND: Good. Thank you.

PAUL BATSON: Can I ask one other question? I remember us discussing the moving of the chemistry labs--

DEREK GRUNER: Yes, sir.

PAUL BATSON: --and I didn't quite catch the answer. Has that been completed, the chemistry lab?

DEREK GRUNER: No, it's underway and the completion date should be December of 2019, so it'll be finished in about a year.

PAUL BATSON: In about a year?

RICK KELLY: Remember now, Paul, this is Phase I of this project.

PAUL BATSON: Right.

RICK KELLY: So we've got all the work to go through for the design and cost estimate and then we got to come back to all of the approval processes to get to Phase II. So actually, this might be considered pretty good scheduling, trying to keep one thing falling right in behind the other.

PAUL BATSON: [UNCLEAR]

DEREK GRUNER: Yes, they did nicely.

PAUL BATSON: But that's something-- That's what you do.

DIANNE KUHL: I got one more question for you. Given the age of this building and since you are planning to keep the majority of it occupied and functional while you're doing this, based on your previous experience in renovation of

buildings of this age, do you expect there to be any problems with asbestos?

DEREK GRUNER: Yes, there is. In fact, I think it's about-- a little over \$400,000 of what we think the ultimate budget's going to be is removal of asbestos.

DIANNE KUHL: And with the ventilation system in that building and everything else, will you be able to shut that off from the rest of the building to protect the folks that are--

DEREK GRUNER: Yes, we will. We'll actually be abating the basement and the first floor because when you're doing work on the first floor it'll shake loose the asbestos that's above the ceiling in the basement.

DIANNE KUHL: Mm-hmm.

DEREK GRUNER: So we're going to be doing both of those floors and we'll be able to isolate those from the rest of the building.

RICK KELLY: Quite honestly, Derek could probably tell you some horror stories where we've had asbestos problems in that building. Every time you get a leaking lab on any one of the floors you end up having to-- And we've had a number of them, so a lot of that building has been abated; not down in the lower levels, but up above. So a lot of experience in shutting off portions of the building from the HVAC system because we've been doing that over the last years.

DIANNE KUHL: Okay, thank you.

RICK KELLY: Thank you.

LINDA DOLNY: Another naïve question for you, okay? So you're educating me. I notice on two of these proposals that you are saying that the funds are in the same place.

RICK KELLY: Yes, ma'am.

LINDA DOLNY: When you submit these proposals to us is there an accounting of-- Okay, we said the funds are here for this project, now the funds are here. What's left of the funds? How do you guys account for that?

RICK KELLY: You know, it takes one step back and you can help me if you feel necessary here, Georges. You have debt service. You borrow money.

LINDA DOLNY: Right.

RICK KELLY: And then you have-- You collect revenues from fees to pay debt service. When you have what we call excess debt service, when you have more revenue than you have--

LINDA DOLNY: Right.

RICK KELLY: --debt service, okay, you can use that money. It's regulated. It's very strictly regulated to do this type of work. So the accounting process simply rolls the money from the annual debt service payment over into a separate account, which we call ICPF.

LINDA DOLNY: Right, right.

RICK KELLY: And then from the ICPF-- Once you approve a project for us then we take that money out of that and we set up a separate project and we put that money over there. So we have a running balance of how much we owe in each of those--

LINDA DOLNY: That's my question.

RICK KELLY: Yes, ma'am.

LINDA DOLNY: You do have-- You do maintain that.

RICK KELLY: Yeah. I'm sorry. I didn't mean to go into too much detail.

LINDA DOLNY: No, that's fine. That's fine. I'd rather get-- At this point I'd certainly rather get more than less.

RICK KELLY: Good. We categorize the accounts and then we categorize the projects on top of that.

DIANNE KUHL: All right, are there any additional questions or comments on this project?

[No audible response]

DIANNE KUHL: May we have a motion?

KENNETH KIRKLAND: So moved.

LINDA DOLNY: Second.

DIANNE KUHL: To?

KENNETH KIRKLAND: To approve--

DIANNE KUHL: To recommend?

KENNETH KIRKLAND: --the project as presented.

DIANNE KUHL: All right, so we have a motion to recommend the project as presented with a second. All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Is there any opposition?

[No audible response]

DIANNE KUHL: All right, that one's approved.

Now we are going to the Strom Thurmond Field.

GEORGES TIPPENS: USC Columbia is looking to renovate some of their recreational fields at the Strom Thurmond, which is their wellness center. This is seeking a recommendation for Phase I to move ahead with the project. The total cost is projected to be \$1.85 million. Speaking with the university, they believe they will recoup their costs in around seven years.

There's a higher initial cost of installing this artificial turf compared with natural sod, but natural sod needs to be replaced annually and also has a higher annual maintenance component, having to mow the laws of course. Even though this is a higher cost project, the university believes in around seven years it will break even doing a life-cycle cost estimate.

PAUL BATSON: A question on that. How is that break even analysis constructed?

GEORGES TIPPENS: You should talk to the university about how they did that analysis.

RICK KELLY: We know the annual cost associated with replacing the sod and we'd have to do that every year and we know that the life expectancy of the synthetic sod is guaranteed for ten years. So we can take those two numbers and subtract and that's how we really come up with the break-even point on that. After seven years we will recoup the money that we've used to pay for the synthetic turf. So for the next three to four years we should be home free in our cost analysis.

PAUL BATSON: So you're looking-- If we've got a ten-year life on this synthetic--

RICK KELLY: Yes, sir.

PAUL BATSON: --then three years are essentially free.

RICK KELLY: Yes, sir.

PAUL BATSON: Within that ten years are you going to be coming back to replace that synthetic?

RICK KELLY: Well, we hope it'll actually be longer than that. We have a guarantee. I mean, you know, Paul, it's kind of like roofs on your house. They guarantee them for a certain period of time and sometimes you can get longer than that out of it.

PAUL BATSON: What if there were a flaw in the synthetic turf? I'm just asking. Do you have a guarantee--

RICK KELLY: They guarantee--

PAUL BATSON: --that they will come back and make it right?

RICK KELLY: Yes, sir.

DEREK GRUNER: They're generally ten-year warranties [UNCLEAR]. And to affirm what Rick was saying, 15 years is what-- really the expected life. Even though the warranty's ten, we expect to get at least 15 out of it. Maybe even 20, but 15 we feel confident about.

PAUL BATSON: So you've got a high probability of really having a positive fiscal result from this project.

RICK KELLY: And we're not on the leading edge of this. I mean, we're not out front on this. They're doing this all over the country now, so it has at many of the universities. We pretty much have a good history on this one.

DIANNE KUHL: Don't go anywhere. I got about three questions for you. The first one, let's talk about the projected cost savings. So you have in here that you are anticipating roughly \$66,000 a year in cost savings from maintenance and then you're also anticipating cost savings in the actual product itself in the lifespan. So from a financial standpoint this should be something that ultimately saves the institution money.



RICK KELLY: Big dollars.

DIANNE KUHL: Okay.

RICK KELLY: I mean, obviously, Madam Chair, you don't have to cut this grass. You don't have to water it, fertilizer. So there's a lot of that maintenance-- We've taken maintenance stuff that you do every year, besides the grass just wearing out, that you won't have those cost associated with it.

DIANNE KUHL: You got to spray paint it green for parents' weekend though.

So looking at-- Obviously, cost savings, you know, that makes me happy.

Looking at it though, you're saying that this field has an annual usage of 750 hours. Is that accurate?

DEREK GRUNER: Yeah. Some days get used much more heavily, but if you look at it on an average, it's four to five hours of use per day by the students.

DIANNE KUHL: Okay. If you're looking at 750 hours, that's a little over two hours a day and my-- I mean, you got 365 days a year and I'm sitting here going okay, obviously cost savings is a good thing, but if the intramural field is being used in such an incredibly limited capacity, can you justify maintaining these intramural fields? Can you justify keeping them for that level of expense versus this minimal amount of usage? How do you respond to that?

RICK KELLY: Well, I mean, there's two things that first came to mind. I wasn't quite sure where you were going with your question, but you remember there's the summer months here where we don't have quite the population on campus as we do otherwise and then there's some pretty large breaks in there like Christmastime and that.

DEREK GRUNER: The winter months.

RICK KELLY: Huh?

DEREK GRUNER: The winter months. When it's cold you don't see as much.

RICK KELLY: You don't see as much. Now, what you will see though, Dianne, is that the fields really won't be utilized that much during the middle of the day. Kids are in class, they're studying, they're doing those kind of things, but in the evening hours that's where they really start getting onto the bandwagon. You know, you thought about other-- You thought about multipurpose use fields, like we thought about one time-- In fact, we probably had this one time when I was there where we used the band field for that as well. The problem is sometimes it's scheduling, but most of the time it's wear and tear on the field. The bands are looking for a football field that is in pretty good shape that will keep, like most of the stadiums for the football to play on and yet these fields get a lot of wear and tear on them and so the using a combination of type thing. So you have to have separate fields. You have to have it for scheduling and then you have so many different events and

yes, there will be different fraternities and sororities and intramural sports that are using these fields.

So I think the answer from our perspective is yes, ma'am, it does-- it is a wise investment to have individually assigned fields and to have that many of them or at least enough of them so that you can run them for the hours that they need to be run; usually about 5:00 o'clock in the afternoon until 10:00 or 11:00 in the evenings.

DIANNE KUHL: Okay, one other question. Going to synthetic turf, have you considered the safety aspects for the students because obviously these kids that are playing football are not going to be wearing the same level of protection that our athletes--

RICK KELLY: You know-- And maybe Derek wants to chime in on this as well. One of the things I was thinking about was it hasn't been that many years ago when the football fields starting going to synthetic turf and then you started worrying about cleats and twisted ankles and all that kind of stuff. First of all, I think the priority has improved over the last two or three decades so that you got a much better project, a much more realistic type project now. You have a pad under that gives you more flexibility, more cushion and things like that.

And secondly, probably as much as anything, is what I was explaining to Paul a minute ago. They're doing this all over the country now. So they're

not having this rash of accidents or injuries associated with the collegiate students using these fields and stuff. So we don't see that as a tremendous problem.

DEREK GRUNER: If I could piggyback that, I had to become a little bit of an expert on synthetic turf in the last few months. A lot of the older turfs used a rubber particulate. It was actually ground up tires and that was what was underneath the green surface that you would see and there has been some commentary about when a student gets tackled and lands and maybe breathes in some of that dust; is it bad for your health.

I don't think there's ever been anything proven, but it doesn't matter here because what has now evolved is more organic fills like cork and husks and various products that are not the rubber tires and that is absolutely what we will be using here. We will not be using the rubber tires. Our president was adamant about that and so is our student affairs.

But also, the fields are safer than natural turf because the natural turf wears out and so you might running on area that has dirt and pockmark and then you hit an area that's grass and that's when the sports injuries happen that our student affairs are so worried about.

I don't want to give you the impression that we scrape off all the grass every year and completely resod the field. What actually happens is areas wear out and they go in and they sod that piece and then an area wears

out over here and they sod that piece and generally within a year they've kind of incrementally sort of had to resod the whole thing. I mean, they're always just chasing the bare spots is what it is, but that's why we look at-- It costs about a dollar a square foot to do natural turf and it costs seven dollars a foot to do the synthetic turf. That's why we look at this as sort of a seven-year break even R.I. look at it that way.

So aside from the return on investment, the fact is the synthetic turf is going to be safer for the students.

KENNETH KIRKLAND: If this is the move and the direction you're moving in is to go synthetic, have you got other facilities or other spots on campus that you're soon going to convert in the same manner that you're doing Strom Thurmond?

DEREK GRUNER: We have-- These particular fields are the most heavily used fields on campus because they have lights and as Rick said, the students are on these fields until 11:00 o'clock at night. We have other fields that we lease-- that we make these lease payments, which of course we don't prefer to do that but by necessity we do, and we have some other fields that don't get quite as heavy use as these fields do, but we do own them.

So the point is we have sort of different levels of utilization. These being the most intense, it makes the most sense to put the synthetic turf here. Would we do it elsewhere? We might over by the block in the future, but you're going to hear in the coming months about a project that we want

to contemplate down at the river, taking the 300 acres or so of very cheap land and converting that to a recreation field for the students. Right now we are not thinking that we would do this synthetic there because we don't know yet that that would get enough use to cause those fields to wear out so fast that it would justify the synthetic turf approach there.

KENNETH KIRKLAND: So the short answer is there's no move to do it at other locations right now.

DEREK GRUNER: Yeah, no.

RICK KELLY: But again, if three years we're back before you and we're making a major move to do this, it would-- the answer to your question would've changed because of the experience, the saving factors really were materialized, the safety issues really weren't something that-- So, I mean, again-- And I know you would know this, but respectfully, if our answer right now is that no, we're not contemplating any more, but if it proves to be better than we think it is, then we might come back and say there are other areas.

MALE SPEAKER: Waging your bets.

RICK KELLY: You learn to do that.

[Laughter]

DIANNE KUHL: I got two additional--

RICK KELLY: So somebody will remember this conversation.

[Laughter]

DIANNE KUHL: I got two additional questions for you. I appreciate the fun of having to become an expert in something that's really not within your field and I'm glad you did that. When we're talking about the safety issues and you're saying that other states and other institutions are making this move with their intramural fields-- And of course intramural can encompass a variety of sports type activities, some of them contact, some of them not. Have you-- Is there-- Has this been going on long enough for data to have been developed and be available for you to look at it and say okay, sports injuries are dropping or is this just one of those things where it's fairly new and it hasn't happened yet?

DEREK GRUNER: I can't quote you numbers on how many students might've had twisted ankles on natural turf versus synthetic. We know that when we talked to Arkansas, Tennessee and Kentucky had done this for their intramurals for the students. I'm not talking about for NCAA sports. And so as Rick said, we're not on the leading edge of this. We're seeing a lot of other schools going to this. It may be that if you ask the person who maintains these fields for student affairs, there might be more an anecdotal answer, but I guess surely that he would say that the playing surface being more consistent you're just less likely trip and hurt an ankle or leg.

DIANNE KUHL: How long has this been in practice? Is this something that schools are just doing within the last year--

DEREK GRUNER: No.

DIANNE KUHL: --the last five years?

DEREK GRUNER: I would think 10 to 12 because--

DIANNE KUHL: Okay.

DEREK GRUNER: --he's able to quote schools that have been getting ten years or more out of these synthetic fields and they might've used the rubberized field because the system we're going to use is fairly new. But he feels very confident that there's sufficient precedent out there to know that this the right way to apply these dollars.

DIANNE KUHL: Yeah, my concern was more with the contact sports where you've got kids actually hitting the ground than it was just with a twisted ankle. So that's--

DEREK GRUNER: Yeah.

DIANNE KUHL: If they're not seeing significant increases in athletic injuries, then that's probably a good thing.

Okay, the other question I have for you, do you know off the top of your head what the current acreage is for intramural fields, how much land you have tied up in intramural fields?



RICK KELLY: Madam Chair, I would like to get back to you with that number to be certain. I can tell you that this project is about five acres, roughly about 200,000 square feet.

DIANNE KUHL: Okay. It's three fields, right?

RICK KELLY: Three fields -- that's right -- in this project. And then we have two fields that are off Gadsden Street, we have the two fields down at National Guard that we lease from the Department of Defense, and we have what we say the equivalent of two fields over by [UNCLEAR], and then a few other smaller fields. But the multipurpose fields can handle things like flag football, soccer, lacrosse, and Frisbee all these kinds of things.

So may I get back to you with that to make sure I quote you--

DIANNE KUHL: That's-- That was a good answer right there. I'm happy with that. Thank you very much.

Anybody have any additional questions or comments?

[No audible response]

DIANNE KUHL: May we have a motion on the project?

PAUL BATSON: I'll move to approve the project.

LINDA DOLNY: Second.

DIANNE KUHL: All right, we have a motion and a second to approve the-- or to recommend the project as presented. Are there-- Everybody in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Anybody opposed?

[No audible response]

DIANNE KUHL: Okay.

PAUL BATSON: I will say that I appreciate an education in synthetic turf. It was interesting, seriously, to learn--

DIANNE KUHL: Yeah.

PAUL BATSON: --about that.

DIANNE KUHL: Okay, our last project is the Williams-Brice project.

Rick, your crossed fingers expired on that last project, buddy, so--

MALE SPEAKER: We're pulling for you.

[Laughter]

GEORGES TIPPENS: So last but not least we have USC Columbia's plan to establish Phase I of renovation for Williams-Brice Stadium. They're seeking to renovate four areas of the stadium to make them more premium seating, a better experience for ticket holders and fans, access to exclusive conditioned spaces where they can mingle, have some beverages, et cetera, during the game.

Right now they're seeking to use athletic facility revenue bonds similar to Clemson. Statutorily, they have a limit of \$200 million in existing debt. As of June 30th of this year they had \$178.2 million of outstanding debt, so that leaves them around \$21.8 million remaining. After this project is completed, based on principle payments, the university believes it will have approximately \$190 million of outstanding debt.

DIANNE KUHL: Which would leave them ten million.

GEORGES TIPPENS: Correct.

DIANNE KUHL: Okay. I will tell you all that Commissioner Kirkland and I had the opportunity to participate in a phone conference with Mr. Kelly and Mr. Gruner and Mr. Parks and, of course, Coach Tanner and they shared their thinking and gave us a lot more details on what they were hoping to do and I think Rick's fixing to give us a cliff notes version of that.

But essentially, if I am correct in my understanding, this is not-- It is creating a premium seating opportunity, but it's not luxury boxes or the types of things that you might normally associate when you hear premium with a football facility. These will still be-- They won't be changing the seating per se. It will be that you will have the opportunity to have access to exclusive spaces. So you still have to buy your food and drink.

Rick, do you want to--

RICK KELLY: Well, I want to do two things here. I will be happy to address that, but I wanted to say on behalf of Coach Tanner, first of all, thank you both for taking your time and let him address this project with you. I want the Commission to know and he wants the Commission to know that he had planned on being here today, but unfortunately, one of his past athlete's parents passed away and he's serving as a pallbearer today and he just felt like that was critical based on the relationship he had with one of his former players. But he did every intention of being here.

If you've had the privilege of attending a collegiate football game, probably the biggest complaints outside of losing a football game is going to the restroom or standing in line to get a Coke or a pack of crackers or whatever you're buying. And so we're seeing a movement afoot around the country to sort of create areas where they have designated restrooms, designated food service facilities. Somewhat different from what we call club seating because club seating you go into a club area and they have a buffet and they have a private bathroom and stuff like that.

This situation will require you to still buy your own food, but it'll have a designated area where the people only in that particular area have access to. So it'll increase your efficiency to get up and get a drink or get something to eat and get back to your seat. It will decrease the lines and improve the restroom facilities, both at that location but relieving some of the pressure from the other areas.

As Coach Tanner shared with the Commissioners on the phone, this is just a trend going around the country. People that are willing to pay for football tickets and want to come to a football game rather than stay at home and enjoy the benefits of their own TV would like to have it somehow addressed and are willing to pay a little bit of a premium to get a reserved seat and get it in an area where there's designated restrooms, designated food service facilities, and cut down on some of that.

We think there's a huge waiting list that we already have, that people will be interested in doing this. Again, we see it as a trend that's around the country where people are doing this and I think one of the things that Coach Tanner and his staff are to be commended for is they really are taking a very modest approach to this thing. You know, as much as \$21 million-- It's a lot of money. It is not by comparison to what a lot of institutions are pumping into their football stadiums to create the same sort of environment.

So, you know, we have plenty of people here from athletics and we have other people here. Derek's here. He's been involved in this project. We can try to answer any questions that you may have, but again, it's something that the community is asking us for and we want to do it obviously because we want to make the experience of game day as best we can. But when they're willing to pay for it and step up to the plate for this we think that's the thing for us to do.

DIANNE KUHL: Rick, I've got a couple questions for you. You'd be disappointed if I didn't, you know.

RICK KELLY: Yes, ma'am.

DIANNE KUHL: One of them goes back to our previous conversation, but you just made the comment that the community is asking for this and I know when we had the opportunity to talk you shared with us the changes in the pricing for those particular seats; you know, that they would go from this to this and that that number did encompass the entire season. But when you're saying the community is asking for this have you already reached out to some of your ticket holders? Do you have ticket holders that are saying heck yeah, we'll write you a check? Do you have a waiting list where you know these people are going to want these seats?

RICK KELLY: I think maybe I better ask athletics to be specific. The reason I made reference that it was what Coach Tanner's told us is there's a waiting list for the premium seats that we have already in the stadium.

DIANNE KUHL: Okay.

RICK KELLY: So we feel like this is just a natural [UNCLEAR].

MALE SPEAKER: Have we got anyone in athletics? Go ahead and introduce yourself and speak to that question, please.

STEVE EIGENBROT: I'm Steve Eigenbrot, Senior Associate Athletic Director for Development. We do have way more supply-- Or we have way more demand than we have supply at this point. We've sold out—premium seating and I have been here for nine years and we've sold out all of our premium seating at three or four giving levels, which is the equivalent of about \$10,000 a year above the level at which individual qualifies to buy premium seating.

So that in addition to a market study that we've done with a national firm has really shored up the fact that the demand is well beyond the supply of premium seating that we have. We have about 1,000 premium seats less than the our SEC peers and we have 18 luxury boxes, which isn't addressed by this situation, but the conference average is closer to 80. There's a couple schools that have over 100.

DIANNE KUHL: For the benefit of Commissioner Batson, Commissioner Dolny, and Commissioner Battle, who's visiting with us today, could you share with us - or share with them the cost differential from what you have now to where you're headed with these new seats?

STEVE EIGENBROT: So the project is about a \$21 million project and after selling through this project the expectation is that there be a million dollars to our operate budget in excess of what it would cost to cover the bond fees.

PAUL BATSON: What about the cost of the seats that you're--

DIANNE KUHL: There you go.

PAUL BATSON: --[UNCLEAR]?

DIANNE KUHL: What's it going to cost your ticket holders?

STEVE EIGENBROT: So on a per game basis, which is probably the easiest way to understand the cost, we're talking about somewhere between \$25 and \$45 per game for access to air conditioning--

DIANNE KUHL: There we go.

STEVE EIGENBROT: --nicer restrooms, more comfortable spaces for patrons to go back into. Currently, as was explained earlier, a premium seat in our stadium-- We're talking about an \$1100 is the lowest on a season basis, so hundreds of dollars per game in terms of access to the events that are provided and this is more of an everyday man kind of -- or woman -- opportunity to have some of those amenities but not pay hundreds of dollars per game.

DIANNE KUHL: You just hit on another point that I wanted to make sure that we brought forward because from what I'm understanding in our previous conversation these areas will be weatherized or they will be contained. So if it's raining or if it's miserably hot or miserably cold, you'll have climate control-- this will be a climate controlled space for folks, right?

STEVE EIGENBROT: All total at Williams-Brice Stadium currently you have about 4500 patrons that have access to air conditioned space. This would add another 9,000 patrons given the opportunity to escape the heat in the famously hot, muggy South Carolina.



DIANNE KUHL: Okay, that might sell the tickets right there.

RICK KELLY: I guess, you know, when you got 4500 seats that sounds-- I mean, that in itself makes it sound like a luxury over a 85,000 seat stadium, but in South Carolina in August and September and even in early October, you know, a midday game you need air conditioning and that's what people are finding out and that's what they're willing to pay for.

PAUL BATSON: Thank you. I think this is very helpful and I appreciate the fact that you all are [UNCLEAR]. Does this change at all the number of seats in the stadium that are available?

STEVE EIGENBROT: Very slightly. In the south end zone, the lower south end zone of our stadium is the part of the stadium that's across from our large video board. There are three rows of seats that will be taken out. Those seats, by and large, are not sold on a season basis because the overhang from our zone area obstructs the view of the video board. So whether those seats are sold on a game-by-game basis, they're certainly some of that whenever Georgia or Clemson comes to town, but from a season ticket perspective-- And those three rows, I want to say the numbers are about 250 seats total, so it's rather nominal in that.

LINDA DOLNY: So it takes away 250 seats?

STEVE EIGENBROT: Correct.

RICK KELLY: And again, out of 88,000 seat arena.

PAUL BATSON: So then the idea is basically for-- You're finding-- Not only are you improving the patron experience, but you're upgrading revenue possibility with what you got?

STEVE EIGENBROT: And in a different area of the project to directly answer your question, we're adding 150 seats in the lower level too. So the net change is rather nominal.

KENNETH KIRKLAND: And I understand this is Phase I certainly and I just want to raise a point and now's as good a time as any. As you move into Phase II I think the Commission has been fairly consistent over the last couple of years for auxiliary and athletic projects to have equity, skin in the game so to speak, at a number equivalent to 50 percent or more. Certainly a \$21 million projected item, it would safe to say using the same math we could expect a ten and a half million dollar cash position from the university and I would just be mindful that we've been very consistent in that request over the last couple of years, as it relates to non-central to academic core projects. So I'm just bringing that up as a note for the record for Phase II.

RICK KELLY: Thank you. And I would hope that the Commission would consider a couple things. First of all, these are-- this is a revenue project. I mean, this project creates revenue for the university. People buying these seats are paying this bill. You know, they're not getting something for nothing and we're not investing things. And I would ask the Commission to strongly consider

the fact that virtue of fact that we can show to you that the premiums that the people will pay for these seats will more than offset the full \$21 million worth of indebtedness.

The second thing is, Ken, I really hope the Commission will think about is that, you know, if we had private money that was available, using it for some of the areas that we need improvements on for our athletics that are not revenue generating sports or that have the potential of naming rights or sponsorships and things like that, I think that Coach Tanner, if he were standing here, would tell you that there's so many of those things, if not because of Title 9, if not because of any of the other requirements that we have, he has to have access to some of that money, some of those gift dollars that are out there to be able to address some of those needs. When you got a project that will pay for itself, [UNCLEAR] usage, it's a usage project-- If this wasn't going to work, if this was a speculative deal, then I could understand you saying put some skin in that game. If we were building a football stadium and unsure about what was going to happen, I can understand your position about that.

I just hope that you will consider the fact that, again, we can demonstrate to you very clearly that the revenues generated from this work will pay for itself. Then why would take some of the monies that we could use for other things and do that? I know the consistency that you're talking about and I

know that you want us-- you're strong on your positions about things, but I hope that you would take that into account.

We've vetted that whole 50 percent and things that we talked around here. It was never attached to a specific type of project. It was just auxiliary or athletics or something like that. And again, once you get inside of athletics you find a whole bunch of different things that are needed out there; golf courses, practice facilities, practice tees, soccer fields. And honestly, as good as those sports are they have very little revenue potential and they don't have big donors that follow them everywhere; occasionally you'll find one. But I hope you will consider that when you-- when we get to Phase II in this project.

DIANNE KUHL: And just to follow up with what Commissioner Kirkland stated, I will remind everyone that that 50 percent was a recommendation and the only reason we put that into place was because you guys got tired of not knowing what expectations were and said give us a number. So we gave you a number, but that is a recommendation. It is not a hard and fast, so that's, you know--

RICK KELLY: Thank you for that. And then therein lies where I hope you will consider what I just said when you make that final decision.

DIANNE KUHL: Rick, do you have any idea-- Based on your potential earnings from this project and based on what it's going to cost, do you have any idea how

long it will take you to recoup your investment in this? It's probably in this packet, but I'm--

STEVE EIGENBROT: I mean, a \$20 million project and we're returning a million dollars a year, if we wanted to use the funds in that way to more gracefully pay off the debt schedule, I think the projections are based on a 30-year bond.

RICK KELLY: But I think what Jeff's telling me is-- We would probably do 30-year bond, but I think Jeff's telling me that it would probably be about a 20-year payback.

PAUL BATSON: So you'd advance pay on the funds?

DIANNE KUHL: Well, we have to say in order to honor Dr. Lynn-- One of the things that he asked when he left us was that we always ask about naming rights and we did ask Coach Tanner and he said yes, that they would absolutely consider naming rights and for the right dollar they might even paint a wall orange, but it would not be Clemson orange. So I will-- For any of you who might be interested in naming one of these areas, that is certainly an option.

RICK KELLY: Madam Chair, I thought he said he would pain it purple for Furman if you were willing to donate.

[Laughter]

RICK KELLY: That's what I heard.

DIANNE KUHL: After last weekend I'm not going to talk to you about orange so.

I do have one other question for you and this is-- I guess I don't have any objection to the project. I think it sounds like something that the fans would like and if I were going to a Carolina game in August, I would certainly like that air conditioning. My only concern for you guys is the fact that it's putting you so terribly close to the top of your allowable borrowing limit with revenue. So I have two questions associated with that.

Number one, what's your contingency plan? What if, God forbid, something happens to one of your facilities? What if you lose a chiller? What if you have a roof collapse? What if you have something expensive--

RICK KELLY: Sure.

DIANNE KUHL: --that pops up? And some of the projections that I have had pass across my desk are showing that some of the athletic revenue at the institution is showing a decline. So if you lose athletic revenue and it takes even a deeper hit, how are you going to pay for this and what are you going to do if you need money that you can't borrow?

RICK KELLY: Well, I think two things. First, to address the fact of unexpected needs or unexpected consequences that might occur, as Georges was telling you, we're not at the \$200 million limit. There's still money left in the till there. Now, could we come up with \$100 million if we had-- But I don't know what \$100 million project would be or \$50 million, but you know, \$5, \$6,

\$7 million. We still have some debt capacity by the time these bonds get issued.

There's no indication that, you know, we haven't enjoyed the success to date that Clemson has enjoyed with some of theirs, but fan support for Carolina football is tremendous. And, you know, you can plan for the fact that maybe someday that will change, but having been a Gamecock for 35 or 40 years, we've been through some pretty rough times and people didn't walk away from the Gamecocks and I don't think that we foresee that being the case.

I think the more likely situation is if we stumbled into an unexpected situation and then Mr. Tallant would have to find some revenues inside of the operating budget and as Georges told you, there's some capacity left in the debt service and every year that goes by we pay some of the principle off, so there would be more. I don't think we get into a rough--

STEVE EIGENBROT: To that point, we're paying off about \$5 million a year in debt service, so the number that you quoted today was based on the current state of our debt service and if this were to come online in 2020, you could expect two \$5 million decreases. And also, we have about \$15 in our reserves, which are probably the funds that are more applicable to solving an immediate crisis situation.

PAUL BATSON: I was looking at that roll-off too, Madam Chair; the \$5 million a year. I agree impressive, but you're also paying down the other bonds and reducing that principle then you got a little bit more leeway and I appreciate that point.

KENNETH KIRKLAND: Certainly it would look as bad as it possibly could look the day everything was realized. Certainly as that debt rolls off it will certainly improve over time and I certainly agree. And as a former banker I can understand how that particular piece works, but just be mindful the credit card is just about full and we've got to be mindful. If something happens, we have to have a plan B to take care of those other issues that may suddenly and unexpectedly arise. So I just share that as a word of caution.

RICK KELLY: We take your advice very seriously and I promise you that Coach Tanner thinks about that on a regular basis.

DIANNE KUHL: I would strongly urge that-- assuming this goes through as Phase I, that when you come back with Phase II that you come back with some hard information on contingency plans. You know, just because credit cards give us a limit, that doesn't mean that we should necessarily spend that. So we just want to make sure that you guys are protected and I know that you've done this once or twice, but--

RICK KELLY: When we stand before you for Phase II we will have that kind of data totally in place.

DIANNE KUHL: Commissioner Batson?



PAUL BATSON: Just one point. I agree with you, Madam Chair. I think that's a very well taken point. We're approving Phase I today, so we got some more opportunities for you all to work out the finance side on that going forward and with that, as far as I'm concerned, come back with what you think will fit the general concerns that we hear today.

RICK KELLY: We thank you for that.

DIANNE KUHL: All right, are there any additional questions or comments?

PAUL BATSON: Move to approve.

LINDA DOLNY: Second.

DIANNE KUHL: All right, we have a motion to recommend the project as presented. All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: All right, it is approved.

Ladies and gentlemen, we are done with that portion of our meeting. I would like to thank all of our institutional representatives for being with us today and as always, for being exceptionally prepared. One of these days we're going to come up with a question that you can't answer, but nice job, guys. Really, we appreciate you being here.

Other business. Jeepers cats. All right, we have-- We're going to go fast. I think I've already covered the CPIP Issue and we will be going into executive session. There are a couple of things we need to discuss that are personnel related and legal specific to the CPIP project.

But Georges--

GEORGES TIPPENS: [UNCLEAR]

DIANNE KUHL: Yeah. Well, you and I talked about-- I've got a note here that there's something that you're supposed to be educating us on.

GEORGES TIPPENS: So Commissioner Dolny previously asked about--

DIANNE KUHL: Staff approvals. That was it.

GEORGES TIPPENS: --the Clemson projects. The one before us today was ranked six out of six. So out of their six projects in the upcoming CPIP four have been established through Phase I or Phase II by the Commission. Projects ranked three and four have not yet been put forth before the Commission.

LINDA DOLNY: Thank you.

DIANNE KUHL: Staff approvals. That's what we were supposed to talk about. We are in a position where we probably need to, as a committee, pull together some additional guidance for our staff when it comes to staff approval of projects and Georges has been-- He's been seeking some clarification from the Department of Administration, from JBRC and this goes back to the

conversation that we had relating to Carolina's project in our last meeting. You know, at what point should we get involved, at what point are we required to get involved, and where does that bring-- Is it at the staff level? Is it at the Committee level? Is it at the Commission level?

So we're trying to determine procedurally exactly what is expected of us from JBRC and SFAA. And back in February of last year we made some policy changes within the Commission looking at how we would address certain items, where in the past staff had a pretty broad leeway on what they could and could not approve, and since we were ultimately liable for all of those decision we said if it's over this amount, bring it back here. And certainly we do have the option to pull any project back to this Committee. Georges has had some very good insights and some good suggestions and my recommendation to all of you would be that we take this next month-- December's going to be a light month for us. I think right now we may not even have a project, so we're going to have plenty of time to do some housekeeping in December.

But I'd like to suggest that we allow Georges to continue working with our partners and-- in this approval process to determine exactly what we need to be doing so that he can bring that back in a full presentation to us in December and then we can format some recommendations on our internal policy and then take that-- send it on over to JBRC as a here's what

we're recommending for policies within the Commission, does this meet with the guidelines that you're working within so that we're all on that same page and hopefully minimizing any unnecessary work, but making sure that we're doing everything that we should.

Is that-- That works? Okay. With that being the end of-- Anything else you need to share? Any staff approvals? Anything else?

[No audible response]

DIANNE KUHL: Okay, we-- I will entertain a motion to adjourn this-- Well, we can't adjourn. A motion to go into executive session.

PAUL BATSON: So moved. For what stated purpose?

DIANNE KUHL: For legal and personnel.

PAUL BATSON: For legal and personnel. We'll make-- I'll make the motion to go into executive session for consideration of legal and personnel matters.

DIANNE KUHL: All right, is there any additional-- All right, ladies and gentlemen, just so you know, I do not anticipate that there will be any vote taken as we come out of executive session, so thank you so very much for being with us today.

[End of transcription]