

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

August 1, 2019

DRAFT MINUTES

COMMITTEE ON FINANCE AND FACILITIES

AUGUST 1, 2019

11:00 A.M.

S.C. COMMISSION ON HIGHER EDUCATION

1122 LADY STREET, SUITE 300

COLUMBIA, SC 29201

Committee Members

Commissioner Charles Dalton, Chair
Commissioner Paul Baston, Vice Chair
Commissioner Linda Dolny
Commissioner Edgar Dyer
Commissioner Patrick White

Staff

Mr. Georges Tippens
Mr. Bryce Wilson
Ms. Yolanda Myers
Ms. DaVaris Hatten

Other CHE Commissioners

Julie Godshall Brown
Devron Edwards
Terrye Seckinger

Guests

Jeff Lamberson
Carol Routh
Julianne Cooke
David Frost
Benjamin Blanks (via phone)
Harold Hawley
Greg Weigle (via phone)
Cara Hamilton
Jack Claypoole
Charlie FitzSimons
Derek Gruner
Kirsten Kennedy
Derrick Meggie
Craig Parks
Gary Pope (via phone)

The Citadel
Clemson University
Coastal Carolina University
Coastal Carolina University
Francis Marion University
Horry-Georgetown Technical College
MUSC
Tri-County Technical College
University of South Carolina
University of South Carolina
University of South Carolina
University of South Carolina
University of South Carolina
University of South Carolina
University of South Carolina
Pope Flynn

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

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

August 1, 2019

1. Call to Order

Chair Dalton called the meeting to order at 11:04 a.m.

2. Approval of Minutes

A motion was made (Dyer), seconded (Batson), and carried to approve the minutes of the May 30, 2019 Finance and Facilities Committee meeting.

4. Permanent Improvement Project Approvals

The following agenda items were presented:

A. The Citadel

- i. Daniel Library HVAC Replacement
 - Establish Phase II Construction Budget

Georges Tippens introduced the item. The Citadel sought recommendation of the Committee on Finance and Facilities to initiate the construction phase of a project to replace the 60-year-old HVAC system in Daniel Library, a 56,000 square foot building that houses The Citadel's library, museum, faculty and staff offices, rare book room, and archives. The Commissioners inquired as to the reason why the project budget has increased to \$3.05 million, an increase of \$280,000, or 10.1%, compared with the Phase I submittal last year. Citadel staff replied that the increase primarily was due to the additional costs related to asbestos abatement that were not known prior to Phase I. In addition, the Commissioners asked whether the project was solely funded from a single donor and, if so, how the donor felt about the budget increase. According to The Citadel staff, the donation from the donor was significant and was already adequate to cover the increased project budget. Chair Dalton asked for a motion to recommend the project, which was made (Batson) and seconded (Dolny). The Committee carried the motion to recommend the project as presented.

B. Coastal Carolina University

- i. Smith Science Building Renovation
 - Change Source of Funds

Georges Tippens introduced the item. Coastal Carolina University sought recommendation of the Committee on Finance and Facilities to change the funding sources used to finance the renovation of the Smith Science Building. According to Coastal Carolina staff, the project has completed and the University would like to fund the non-legislation portion of the project, \$6.15 million, through Penny Sales tax revenue. The Commissioners asked whether there were any restrictions on the use of Penny Sales tax revenue and why was there a desire to change funding sources. According to the University, the Penny Sales tax passed after the project initially received approval and the University typically uses the funds for larger renovation or new construction projects. Coastal Carolina staff stated that the Penny Sales tax is limited to those uses and for the retirement of debt service. By approving this request, the University would be able to redirect \$6.15 million of the original funds for deferred maintenance and ongoing maintenance related needs. Chair Dalton

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

August 1, 2019

asked for a motion to recommend the project, which was made (White) and seconded (Batson). The Committee carried the motion to recommend the project as presented.

C. Francis Marion University

- i. FMU Honors Learning Center Construction
 - Increase Phase II Budget

Georges Tippens introduced the item. The Commissioners were displeased that Francis Marion University staff were not present to answer any of their questions. Francis Marion University originally requested a budget increase of \$4.1 million, which was recommended by the Commission at its June 6th meeting. After the Commission recommended the increase, but before it went to the Joint Bond Review Committee, the University altered its request to \$4.3 million. Commission staff agreed to place the \$4.3 million request on the August 1st agenda to align with the request before JBRC on July 30th. The Commissioners also were displeased that no one from Francis Marion University spoke at the July 30, 2019 Joint Bond Review Committee meeting telling the Committee members that the Commission had yet to approve the \$4.3 million ask. After multiple motions, a final motion was made (White) and seconded (Batson) to grant Chair Dalton the authority to recommend approval of the project. The Committee carried the motion and Chair Dalton subsequently approved recommendation of the project after receiving additional information from Francis Marion University staff.

D. Horry-Georgetown Technical College

- i. Renovation of Grand Strand Buildings 100, 200, & 300 and Campus Infrastructure
 - Establish Phase II Construction Budget

Georges Tippens introduced the item. Horry-Georgetown Technical College sought recommendation of the Committee on Finance and Facilities to fund the construction budget of a project to renovate and perform deferred maintenance on three buildings located on its Grand Strand Campus and improve infrastructure on campus. The Commissioners asked HGTC staff about the history of the campus and the previous use of the buildings. In addition, the Commissioners asked why the budget has increased by \$330,000 since the Phase I submittal in September 2018. According to the College, the budget increase is related to a higher contingency in case there are additional discoveries during the construction phase, to improve stormwater drainage, and changes in parking configurations. Finally, the Commissioners inquired about the financial health of the college. HGTC staff stated that the College has zero debt and after planned plant improvements and maintenance needs over a five-year period, the College will have approximately \$25 million available in its plant fund. Chair Dalton asked for a motion to recommend the project, which was made (Batson) and seconded (Dolny). The Committee carried the motion to recommend the project as presented.

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

August 1, 2019

- E. Medical University of South Carolina
 - i. Basic Science Building Air Handler Units 4 and 4A
 - Establish Phase II Construction Budget

Georges Tippens introduced the item. Medical University of South Carolina sought recommendation of the Committee on Finance and Facilities to fund the construction budget of a project to replace two air handlers in its Basic Science Building. The Commissioners were overall supportive of the project and any deferred maintenance work, but asked about combining similar requests in the future for cost efficiencies. MUSC staff admitted they have had and will have similar requests in the pipeline, but due to the uniqueness of each HVAC system, it will not gain efficiencies through purchasing and installing multiple units across its campus at the same time. The Commissioners also inquired about the funding source(s) of MUSC's strategic investment fund and requested a breakout of student fees and tuition that supports the fund to be provided in the future. Chair Dalton asked for a motion to recommend the project, which was made (Dolny) and seconded (White). The Committee carried the motion to recommend the project as presented.

- F. Tri-County Technical College
 - i. Pendleton Campus Miller Hall Renovation
 - Establish Phase I

Georges Tippens introduced the item. Tri-County Technical College sought recommendation of the Committee on Finance and Facilities to establish a project to renovate the recently vacated Miller Hall. The Commissioners asked the College to provide context of the project. According to College staff, the College's master land plan stated that the College needed additional event space. However, after conducting a feasibility study, the College realized that the projected budget was too great and the space will be better used as swing space for faculty and classrooms and to move human resources and police near the entrance of the campus. Chair Dalton asked for a motion to recommend the project, which was made (Batson) and seconded (Dolny). The Committee carried the motion to recommend the project as presented.

- ii. Pendleton Campus Fulp Hall Renovation
 - Establish Phase II Construction Budget

Georges Tippens introduced the item. Tri-County Technical College sought recommendation of the Committee on Finance and Facilities to fund the construction budget of a project to repurpose academic and faculty office space into two science labs in its health sciences building. The Commissioners inquired about the process the College followed and why Phase II is being brought so soon after Phase I approval. College staff stated that it is College policy to conduct feasibility studies for all projects; it just so happened that the consultant conducting the study effectively completed the architectural and engineering design phase. The Commissioners also were interested in projected growth of the Bridge-to-Clemson program and what the balance of the College's maintenance account will be. College staff stated that they have been planning for 50-student increases in the Bridge-to-Clemson program to an

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

August 1, 2019

ideal level of 1,200, but this past year saw an increase of 110 students to 960 total students. The urgent need for this project is to provide additional science lab space for this increase in students. In addition, College staff stated that the Maintenance Reserve Account will have approximately \$16.0 million remaining after this project. Chair Dalton asked for a motion to recommend the project, which was made (Batson) and seconded (Dolny). The Committee carried the motion to recommend the project as presented.

G. USC Columbia

- i. Campus Village Residential Development
 - Establish Phase I

Georges Tippens introduced the item. USC Columbia sought recommendation of the Committee on Finance and Facilities to establish a project to initiate development of a “Campus Village.” The first stage of the project is the demolition of a residence hall, construction of four residence halls, and the construction of a parking garage/transportation hub. In total, the project will provide a net increase of approximately 1,500 beds. The Commissioners were interested in how the newly appointed President Caslen felt about this large undertaking. According to USC staff, he apparently is very supportive of the project. The Commissioners also asked about the history of the project and reasons why the public-private-partnership from 2017 did not pan out. While the Commissioners recommended approval of the Phase I ask of \$1.2 million, they stated that they will provide USC with a list of questions ahead of the Phase II request at the September 5th Commission meeting, including how competition with private housing affects demand for student housing on campus and what contingencies USC will have if there is a decrease in demand. Chair Dalton asked for a motion to recommend the project, which was made (Dolny) and seconded (White). The Committee carried the motion to recommend the project as presented.

7. Other Business

Georges Tippens stated he processed four institutional requests based on authority the Committee has given staff during June and July 2019. Three of the requests were closing out projects, two of which also came in slightly under budget. The three projects were: Clemson’s Watt Innovation Center Construction that had a final budget of \$30.5 million and was initiated in 2012; Clemson’s Core Campus Development that had a final budget of \$96.0 million and was also initiated in 2012; and MUSC’s Deferred Maintenance 2012 project, which had a final budget of \$4.7 million. The final project staff approved was a one-year lease extension of 99 parking spaces for MUSC.

Commissioner Dyer asked that the Committee consider looking into the issue of financial exigency this coming year as a possible ongoing topic.

Adjournment

The Committee adjourned the meeting at 12:40 p.m.