

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

October 3, 2019

DRAFT MINUTES

COMMITTEE ON FINANCE AND FACILITIES

OCTOBER 3, 2019

11:15 A.M.

S.C. COMMISSION ON HIGHER EDUCATION

1122 LADY STREET, SUITE 300

COLUMBIA, SC 29201

Committee Members

Commissioner Charles Dalton, Chair

Commissioner Linda Dolny, Vice Chair

Commissioner Edgar Dyer

Commissioner Patrick White

Excused Absence: Commissioner Paul Batson

Staff

Dr. Rusty Monhollon

Mr. Georges Tippens

Mr. Bryce Wilson

Ms. Yolanda Myers

Ms. Bunnie Ward

Ms. DaVaris Hatten

Other Commissioners

Dr. Cleveland Sellers

Guests

Dean Easterlin

Jeff Lamberson

Ward Logan

David Frost

Julianne Cooke

Rein Mungo (via phone)

Darry Bridges

Adam Taylor

Tom Covar

Dr. Stacie Bowie

Justin T. Oates

Jack Claypoole

The Citadel

The Citadel

The Citadel

Coastal Carolina University

Coastal Carolina University

Coastal Carolina University

Francis Marion University

Lander University

Lander University

Lander University

Winthrop University

University of South Carolina

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 Dalton called the meeting to order at 11:19 a.m. Chair Dalton noted that Commissioner Batson would likely not make the committee meeting, but he planned on calling into the Full Commission meeting.

2. Approval of Minutes

A motion was made (Dolny), seconded (White), and carried to approve the minutes of the September 5, 2019 Finance and Facilities Committee meeting.

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

October 3, 2019

3. Chair's Report

Chair Dalton welcomed everyone in attendance. He discussed the relatively light agenda, noted that Commissioner Dyer planned to speak about financial exigency during the "Other Business" portion of the meeting, and reminded those in attendance that the Committee on Finance and Facilities will be meeting on location at Coastal Carolina University on November 6, 2019, for its next meeting.

4. Permanent Improvement Project Approvals

The following agenda items were presented:

- A. The Citadel
 - i. Supplemental Housing
 - 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 20-year-old modular trailers with a total capacity of 16 beds with new units that will have 50-bed capacity. The Commissioners asked The Citadel to describe the need for the new beds. According to staff, The Citadel experiences typically greater attrition than other public universities. As a result, during the beginning of Fall semester the University typically needs to house students in overflow housing. Following normal attrition, it can move the students to regular barracks. According to staff, the university currently has 55 students in overflow housing and has had 71 freshman already drop out of the institution. University staff added that the modular housing will be used during campus closures as well, thereby reducing operating costs by allowing the university not to operate a 500-bed barracks while visiting athletic teams need accommodations. The Commissioners also inquired about the layout of the housing and its expected life. Citadel staff stated that the modular housing will have 25, two-bed rooms and the modular structure will have traditional HVAC, fire control systems, and will be hurricane-rated. Staff also stated that the structures being replaced are twenty years' old; however, it is the intention of the university to expand traditional barracks at some point, thereby making these units obsolete. When asked, the Citadel staff did confirm twelve to fifteen years of life is at least expected. Chair Dalton asked for a motion to recommend the project, which was made (Dolny) and seconded (Dyer). The Committee carried the motion to recommend the project as presented.

- B. Coastal Carolina University
 - i. Eaglin Residence Hall Renovation
 - Establish Phase I

Georges Tippens introduced the item. Coastal Carolina University sought recommendation of the Committee on Finance and Facilities to initiate the design phase of a project to renovate Eaglin Residence Hall, a 79,000-square foot dormitory constructed in 2000 that houses 394 students. The Commissioners noted that the University had a substantial balance in its Housing Reserve account and wanted

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

October 3, 2019

confirmation from University staff that this project will not increase student housing fees. Coastal Carolina Staff stated that the University has not increased student housing fees for the past five years and also has placed a moratorium for the next two years. In addition, staff stated that for the past couple years, students have received credits in their housing accounts. Chair Dalton asked for a motion to recommend the project, which was made (Dyer) and seconded (White). The Committee carried the motion to recommend the project as presented. After approving the project, the Commissioners also commented on the business decision of switching from a two-pipe HVAC system to a four-pipe HVAC system, noting the benefit to the students when needing to alternate between heating and cooling.

5. Lease Approval

A. Lander University

- i. Recreation, Wellness and Sports Complex Lease Replacement
– Establish Phase II Construction Budget

Georges Tippens introduced the item. Lander University sought recommendation of the Committee on Finance and Facilities to enter into a 20-year lease agreement with its foundation for approximately 25 acres of land it uses for student recreation, wellness, and athletics. The Committee members asked for a history of the previous lease. The Committee members particularly were interested in why the remaining balance was becoming due on November 1. Lander University staff stated that the original bond had a 20-year repayment period; however, it also came with a mandatory repayment after 10 years. In effect, this new agreement will refinance the remaining principal amount over a new 20-year period; however, Lander University staff also expect a benefit resulting from a lower interest rate. The Committee members also inquired when the university anticipates it will amend the lease to include the field houses. University staff stated they will likely bring that request within the next couple meetings because current interest rates are relatively low and the taxable note used to construct one of the field houses, which the university plans to refinance, has a comparatively high rate. Chair Dalton asked for a motion to recommend the project, which was made (Dyer) and seconded (White). The Committee carried the motion to recommend the project as presented.

6. Other Business

- A. Georges Tippens stated he processed thirteen institutional requests during September 2019 based on authority the Committee has given staff. Ten of the requests were establishment of projects for Lander University (one), Winthrop University (one), and Florence Darlington Technical College (eight) funded solely by the capital reserve fund or legislative appropriations. The other three approvals related to closing completed projects for Clemson University (two) and Tri-County Technical College (one).
- B. Commissioner Eddie Dyer spoke on the topic of financial exigency. He mentioned he read a book, "Restoring the Promise: Higher Education in America," that he found very informative. Commissioner Dyer spoke on how he did some light research and

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

October 3, 2019

does not believe there is any state law that may inform how institutions could restructure if they face a financial shock. Commissioner Dyer opined that he would like the Commission on Higher Education to help the schools based on forecasts of changing demographics and other trends that affect the industry. Optimally, the CHE would help prevent crises, and absent that, help manage the situation. The Committee suggested that it could help lead a diverse task force on this topic and suggested that Dr. Monhollon work with staff to explore this topic.

Adjournment

The Committee adjourned the meeting at 12:03 p.m.