

South Carolina Commission on Higher Education

Finance and Facilities Committee Board Meeting

November 7, 2019

DRAFT MINUTES

COMMITTEE ON FINANCE & FACILITIES

NOVEMBER 6, 2019

TIME 3:30 P.M.

COMMISSION ON HIGHER EDUCATION @

COASTAL CAROLINA UNIVERSITY

ROOM 105 ATHENEUM HALL

104 INDEPENDENCE DR.

CONWAY, SC 29526

Committee Members

Commissioner Linda Dolny, Vice Chair

Commissioner Paul Batson

Commissioner Edgar Dyer

Commissioner Patrick White (via phone)

Excused Absence: Chairman Charles Dalton

Staff

Dr. Rusty Monhollon

Mr. Georges Tippens

Mr. Bryce Wilson

Dr. Karen Woodfaulk

Ms. Bunnie Ward

Other Commissioners

Wes Hayes, Chairman

Guests

Beth Bell

Rick Petillo

Dan Radakovich

Graham Neff

Eric Saban

David Frost

Julianne Cooke

Jacqui DiMaggio

Greg Weigle (via phone)

Craig Parks

Derek Gruner (via phone)

Kirsten Kennedy (via phone)

Steve Lind (via phone)

Clemson

Clemson

Clemson

Clemson

Clemson

Coastal Carolina University

Coastal Carolina University

Greenville Technical College

Medical University of South Carolina

University of South Carolina

University of South Carolina

University of South Carolina

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

Vice Chair Dolny called the meeting to order at 3:30 p.m. Vice Chair Dolny noted that Chairman Dalton had a conflict and sent his regrets.

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2. Approval of Minutes

A motion was made (Dyer), seconded (Batson), and carried to approve the minutes of the October 3, 2019 Finance and Facilities Committee meeting.

3. Chair's Report

Vice Chair Dolny welcomed everyone in attendance. She thanked Coastal Carolina University for hosting the Committee and also expressed thanks to Horry Georgetown Technical College for agreeing to host the Commission tomorrow.

4. Permanent Improvement Project Approvals

The following agenda items were presented:

- A. Clemson University
 - i. Core Campus Safety and Revitalization
 - Establish Phase I

Georges Tippens introduced the item. Clemson University sought recommendation of the Committee on Finance and Facilities to initiate the design phase of a project that will transfer facilities and other staff handling maintenance-related functions to the perimeter of the campus, thereby lessening service vehicular traffic from the campus core. The Commissioners questioned to where the displaced staff were being moved and what units will use the renovated space. Clemson staff stated that facilities staff will be moved across the lake and that Clemson is actively pursuing leasing space for those individuals. Staff also stated that student support services, currently housed in the Union building, including campus events and parking services, will move to the vacated space after renovations. Commissioners were also interested in the university's overall debt load and what effect \$21 million in proposed debt financing for the construction phase would have on student tuition and fees. Clemson staff stated that annually the university collects approximately \$44 million for debt service from students, about half of which pays the outstanding bonds, the other half goes towards maintenance of the facilities. Staff opined that the \$21 million issuance would equate to about \$22 a semester per student and that the project, over 20 years, would have an annual payment of approximately \$1.2 million; \$400,000 less than the projected savings resulting from demolishing the Johnstone Hall and the old union buildings. Vice Chair Dolny asked for a motion to recommend the project, which was made (Dyer) and seconded (Batson). The Committee carried the motion to recommend the project as presented.

- ii. Memorial Stadium Renovations
 - Establish Phase I

Georges Tippens introduced the item. Clemson University sought recommendation of the Committee on Finance and Facilities to initiate the design phase of an extensive renovation of Memorial Stadium, the athletic football stadium for the Clemson Tigers NCAA program. The Commissioners asked Clemson staff to discuss the nascence of the project. Staff stated that the university constructed premium

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seats five years ago, which immediately sold out. Soon thereafter, the university explored other opportunities to provide additional premium seats to meet demand. Staff noted that the university began seriously considering the scope of this project two years ago and wanted to include renovations that would not just benefit a select few, such as a new videoboard, lights, and sound system. The Commissioners then inquired about the proposed financing for Phase II and what the outstanding athletic revenue bond debt will be. Staff stated that by the time the university plans to issue the debt, accounting for current principal payments, the total outstanding principal debt will be \$185 million, or \$15 million below the statutory cap. The Commissioners also asked if the university had any contingencies planned, such as requiring an athletics student fee from students. The university mentioned that it does not expect to institute an athletics student fee and that it believes the excess revenue generated from increased ticket prices will pay for the debt obligations. The Commissioners requested for the Phase II submittal an analysis of the incremental cost of debt service vs the increased revenue generated from the project. Vice Chair Dolny asked for a motion to recommend the project, which was made (Batson) and seconded (Dyer). The Committee carried the motion to recommend the project as presented.

iii. Roadway Pedestrian Safety Improvements – Establish Phase I

Georges Tippens introduced the item. Clemson University sought recommendation of the Committee on Finance and Facilities to initiate the design phase of a road widening project of Perimeter Road. The Commissioners opined that Perimeter Road is used a lot by gameday fans and asked whether the Athletics Department will be financing some of the widening costs or whether there would be any instance in which the Athletics Department would pay for a road infrastructure project. Clemson staff noted that the primary purpose of this project is to divert traffic from local road 397 due to higher student density along that route. Staff stated that the Athletics department does share in some of the operating costs of the university, including utilities and overhead. If there were a specific site development project that only benefited the athletics department, then the department would pay for the project out of its budget. The Commissioners also inquired to how the university planned on getting students to divert to the widened road, rather than use local road 397. Clemson Staff stated that it will be a challenge, but staff have been considering different methods, such as modifying signal timing. Vice Chair Dolny asked for a motion to recommend the project, which was made (Dyer) and seconded (Batson). The Committee carried the motion to recommend the project as presented.

B. Greenville Technical College

i. Greenville – Benson Campus Amphitheater and Student Plaza – Phase II Budget Increase

Georges Tippens introduced the item. Greenville Technical College sought recommendation of the Committee on Finance and Facilities to increase its project budget by \$200,000 due to cost overruns. The Commissioners asked what were the reasons underlying this request and the previous staff-approved \$140,000 request. College staff stated it initially requested \$140,000 due to only receiving one design-

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build bid, which was \$69,000 over the total project budget. While the College was performing site planning, Greenville County required additional site development regarding utility placements. In addition, the College encountered unsuitable soils. To mitigate costs, the College considered removing the construction of the pavilion from the project's scope; however, the donor, Mr. Benson, stated he wished the amphitheater to still have a pavilion and agreed to donate an additional \$200,000. Vice Chair Dolny asked for a motion to recommend the project, which was made (Batson) and seconded (White). The Committee carried the motion to recommend the project as presented.

C. Medical University of South Carolina

- i. Basic Science Building Air Handler Unit #1 (West Side) Replacement
 - Establish Phase I

Georges Tippens introduced the item. The Medical University of South Carolina sought recommendation of the Committee on Finance and Facilities to fund the design budget of a project to replace a 200,000-cubic-foot-per-minute air handler that serves six floors on the west side of the Basic Science Building. The Commissioners believed this was a straight forward deferred maintenance project and did not have any questions for MUSC staff. Vice Chair Dolny asked for a motion to recommend the project, which was made (Batson) and seconded (Dyer). The Committee carried the motion to recommend the project as presented.

- ii. CSB Primary to Secondary Transformer Replacement
 - Establish Phase I

Georges Tippens introduced the item. The Medical University of South Carolina sought recommendation of the Committee on Finance and Facilities to fund the design budget of a project that will replace two volt transformers on its Clinical Sciences Building. The Commissioners believed this was a straight forward deferred maintenance project and did not have any questions for MUSC staff. Vice Chair Dolny asked for a motion to recommend the project, which was made (Batson) and seconded (Dyer). The Committee carried the motion to recommend the project as presented.

- iii. HCC Automatic Transfer Switches Replacement
 - Establish Phase I

Before Georges Tippens introduced the item, Medical University of South Carolina staff requested that this project be removed from consideration because the university is considering scope modifications. Vice Chair Dolny asked for a motion to withdraw the project from consideration, which was made (Dyer) and seconded (Batson).

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- iv. Psych Institute Chiller #1 Replacement
 - Phase II Budget Increase, Revise Scope, Change Project Name

Georges Tippens introduced the item. The Medical University of South Carolina sought recommendation of the Committee on Finance and Facilities to increase its construction budget by \$900,000 for a project that will replace a 250-ton chiller at the Psychiatric Institute Building. In addition to the budget increase, the university sought a scope change of the project to revert to the original scope – replacing the chiller with a newer, larger capacity chiller rather than installing piping and sharing excess capacity with other facilities. The Commissioners asked whether the university was confident in the \$2.5 million budget. Staff stated that they were; they do not believe they will need to come back for another increase. Staff noted that one reason for the request is that the \$1.6 million budget originated from an estimate performed in 2016. The Commissioners also asked why the university was reverting to its initial plans. University staff stated that during Phase I, it discovered that it would need to bury the pipes further below ground to bypass utility lines. Alternatively, the university explored building them above ground; however, that was not likely going to pass the architectural review board. Along with recommendation of approval, the Commissioners requested that MUSC staff provide an in-depth accounting of its institutional deferred maintenance account. Vice Chair Dolny asked for a motion to recommend the project, which was made (Dyer) and seconded (Batson).

- D. University of South Carolina
 - i. Honors College Expansion
 - Establish Phase II Construction Budget

Georges Tippens introduced the item. University of South Carolina sought recommendation of the Committee on Finance and Facilities to expand its Honors College Residence Hall by 49,200 square feet, or 25.5 percent. The Commissioners inquired how these additional beds, along with the 1,500 beds recently approved for the Campus Village project, relate to the university's long-term plans. UofSC staff stated that the university has no other plans to increase housing capacity until the second stage of the Campus Village project. While the Commissioners remarked favorably on using cash-on-hand rather than bonding, they asked how the near-depletion of UofSC's housing maintenance reserve account would affect its operations and whether the university intended to increase student fees to replenish the account's balance. UofSC staff stated that currently there is no intention to increase housing student fees; the newly constructed beds will have the same price point as existing beds and housing increases will be aligned with historical increases of about 3 to 4 percent per year due to inflationary pressures. Staff stated that the project will bring in additional revenue above operating costs and that housing auxiliary staff are also considering taking out an internal loan from the university to pay for some of the costs rather than pay everything at once from the housing maintenance reserve account. The Commissioners questioned whether there is current demand for the new beds or whether the university is building this addition in anticipation of enrollment growth. University staff stated that this year there were about 100 to 110 students on the waiting list for housing at the Honors College in addition to students the university needed to house elsewhere. As to enrollment

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growth, staff stated that the university is planning measured growth of approximately 100 students a year, but that the president will formalize that number in the coming months. Vice Chair Dolny asked for a motion to recommend the project, which was made (Batson) and seconded (Dyer). The Committee carried the motion to recommend the project as presented.

5. Other Business

- A. Georges Tippens stated he processed four institutional requests during October 2019 based on authority the Committee has given staff. All four of the requests were related to closing completed projects for Coastal Carolina University (two), Spartanburg Community College (one), and Medical University of South Carolina (one).
- B. Bryce Wilson gave an overview of the Commission's financial statements for the first quarter of fiscal year 2019-20. He stated that the Commission is in good shape financially and in line with projections.
- C. Georges Tippens spoke about staff's review of the higher education institutions' portion of the draft FY 2019-20 five-year CPIP plan. He stated that he is performing a similar analysis as in prior years of categorizing projects by type. In addition, he will be performing a more in-depth analysis of projects proposed for year two, or FY 2020-21, assigning weights to four broad criteria: project type, facility type, institutional priority, and whether the project is addressing an ADA or other compliance need.

Adjournment

The Committee adjourned the meeting at 4:58 p.m.