

South Carolina Commission on Higher Education

Finance and Facilities Committee Meeting

November 2, 2023

MEETING MINUTES

COMMITTEE ON FINANCE & FACILITIES

NOVEMBER 2, 2023

COMMISSION ON HIGHER EDUCATION

A meeting of the South Carolina Commission on Higher Education's Finance and Facilities Committee was held on November 2, 2023. This meeting was advertised in accordance with the South Carolina Freedom of Information Act.

1. Call to Order

Commissioner Paul Batson, Chair, called the meeting to order at 9:38 a.m. and noted the establishment of a quorum of Committee Members. Upon Commissioner Batson's request, Scheri Eichelberger introduced guest attendees.

Committee members present for this meeting were Commissioner Paul Batson; Commissioner Edgar Dyer, Vice Chair; Commissioner Dino Teppara; and Commissioner Jenni Bryson. The members of the Committee adopted the agenda as presented.

Commissioner Betty Horne attended this meeting as a guest.

Commission on Higher Education (CHE) staff that attended this meeting were Dr. Rusty Monhollon; Georges Tippens; Bryce Wilson; Yolanda Myers; Scheri Eichelberger; Kara Smith; and Dr. April Jones.

Guest attendees from colleges and universities in-person were Frank Smith, Dallas West, Kathleen Dille, Jeff Lamberson, and Preethi Saint of the Citadel; David Attard, Rachel Jones, Jessica Paul, Annette Drachman, and Rick Anderson of the Medical University of South Carolina; and Paul Patrick and John Loonan of the College of Charleston.

A host of guests attended the meeting via Zoom.

Adoption of Agenda

Georges Tippens notified Committee members that there were two changes to the draft agenda since it was published, the projects from Francis Marion University and South Carolina State University were pulled. Chairman Batson asked for a motion to adopt the modified agenda, which was made by Commissioner Dyer and seconded by Commissioner Bryson. The motion passed unanimously.

2. Approval of Minutes

Chairman Batson called for approval of the minutes. Commissioner Dyer motioned for the approval of the minutes from the September 7, 2023, meeting. Commissioner Bryson seconded, and the motion passed unanimously.

3. Chair's Report

Chairman Batson thanked the Citadel for its hospitality in hosting the Commission on Higher Education for this meeting.

4. Permanent Improvement Project Approvals

The following projects were presented for recommendation and approval:

A. College of Charleston

- i. Project H15-NEW – 81 Wentworth Street Land Purchase (Phase I)

College of Charleston sought a recommendation from the Committee on Finance and Facilities to contract for investigative studies related to procuring a one plus acre parcel from the City of Charleston, containing a vacant 515-spot parking garage. The college intends to swap another property it owns with the city, which will lower the proposed purchase price. If the college receives approval to ultimately acquire the land, it intends to demolish the vacant, inoperable garage and construct a mixed-use housing development on the property. Commissioner Teppara voiced his concern regarding the optics to taxpayers that the college is tearing down a structure and essentially building a new structure at the demolition site. The college responded that it did thorough investigative studies and found it to be more efficient to demolish the current structure than to perform extensive renovations on a structure that is inoperable. Commissioners then asked the college where it stands regarding the limits on the general obligation bonds. The institution stated that it didn't have a solid answer at the time but acknowledged that it does have compacity to fund this project, but the cost of the project will require issuing more debt.

Commissioner Dyer moved to approve, and the motion was seconded by Commissioner Bryson. The motion passed with a vote of 3-1, with Commissioner Teppara against.

ii. Project H15-NEW – New LX Residence Hall Construction: *Establish Project – Phase I*

The College of Charleston sought a recommendation from the Committee on Finance and Facilities for a Phase One request to construct a new residence hall, which would accommodate 240 students and parking for 39. To make way for the new residence hall, the college will need to demolish current facilities. The Phase One budget is \$1.2 million, based on an expected construction budget of \$54.9 million. The college is funding Phase One with its auxiliary housing revenues. At the Commissioners' request, the college addressed its current enrollment numbers and its anticipation for future growth, costs per unit for students who will be housed in the new construction, and how the institution goes about guaranteeing housing for its incoming freshmen. The college replied it continues to grow in student enrollment. The College of Charleston stated that it may not be able to guarantee adequate housing space for its students without this project moving forward.

Commissioner Bryson move d to approve, and the motion was seconded by Commissioner Dyer. The motion passed unanimously.

B. Medical University of South Carolina (Please note this project listed below is under Item C on the Agenda)

i. H15-9875 – Land Acquisitions – 13 Properties: *Increase Budget (Phase II)*

Medical University of South Carolina sought a recommendation from the Committee on Finance Committee to move forward with acquiring 12 properties from its foundation as gifts and purchase three structures from its foundation for \$14.8 million. Six of the properties, along with three others MUSC currently owns, will be conveyed to the Hospital Authority so it can construct a new medical facility. The university is funding the purchases from its capital project reserves and hospital clinical revenue accounts. Commissioners inquired as to whether any of the properties being purchased housed academic facilities. MUSC responded that its academic facility, The Health Professions Building, sits on the Rutledge Avenue property it is purchasing from its foundation.

Commissioners asked if any of the properties were located in flood zones. University staff stated that some of the properties were in flood zones.

Commissioner Dyer moved to approve, and the motion was seconded by Commissioner Bryson. The motion passed unanimously.

C. The Citadel (Please note the projects listed below are under Item E on the agenda)

i. H09-NEW – 201-203 Richardson Ave. Renovations/Additions: *Establish Project (Phase I)*

The Citadel sought a recommendation from the Committee on Finance and Facilities for a Phase One project to renovate and construct an addition to a four-unit structure on Richardson Avenue. With the updated and expanded facility, the Citadel plans to create a new School of Leadership and Excellence. The Phase One budget is \$108,000 based on an estimated construction cost of \$3.6 million. The institution stated it is requesting more than 1.5% of the total projected cost to allow for a thorough geotechnical study to investigate the soil and surrounding geologic conditions of the property. The project is being funded by The Citadel's foundation.

Commissioners asked the Citadel about the educational courses it plans to hold in the School of Leadership and Excellence Building. The Citadel stated that while leadership courses are currently housed in other schools, it intends for these courses to be housed in the School of Leadership and Excellence.

Commissioners asked the Citadel to confirm that it already had secured \$2.7 million specifically for this project. The institution stated that was correct. Commissioners also inquired about when the Citadel expected to have the full funding for the project. The institution responded that it is working closely with the foundation and expects to have the full funding before bringing the project back before the committee for Phase Two. The Citadel stated it plans to bring the project back for Phase Two recommendation in May or June of 2024.

Upon conclusion of discussion, Commissioner Dyer moved to approve. Commissioner Bryson seconded the motion. The motion passed unanimously.

ii. Project H09-NEW – Johnson Hagood Stadium East Stands Reconstruction: *Establish Project (Phase I)*

The Citadel sought a recommendation from the Committee on Finance and Facilities for a Phase One request to construct grandstands at Johnson Hagood Stadium, where The Citadel football team competes. The Citadel demolished the original east grandstands in 2017 and has been using temporary bleachers since. The Phase One budget is \$137,500 based on an estimated construction budget of \$5.5 million. The institution stated its Phase One ask is above 1.5% of the total projected cost of the project because it will conduct site and geotechnical surveys. Additionally, The Citadel will employ a construction manager at risk delivery method. The project is being funded by The Citadel's foundation. Commissioners asked why the anticipated cost of maintenance is almost \$50,000. The Citadel responded that it anticipates future use of the stadium will include other events besides sporting events which may incur cost for more upkeep of the stands and surrounding structures of the stadium.

Commissioner Bryson moved to approve, and Commissioner Dyer seconded the motion. The motion unanimously passed.

iii. Project H09-9623 – Stevens Barracks Renovations: *Increase Budget (Phase II)*

The Citadel sought a recommendation from the Committee on Finance and Facilities for a Phase Two request to renovate Stevens Barracks, which provides housing for 440 cadets, and update its central chiller plant and steam distribution system. Renovations of the barracks will include all cadet rooms and the mechanical spaces. The total budget is \$24 million and will be funded by The Citadel's Barracks Reserve Fund, State Appropriations, and excess debt service. Commissioners inquired about how the college will make up the difference between the balance the Barrack's Fund currently has and the \$1.4 million it needs to fully fund the project. The institution states it will make the \$1.4 million difference by using Institutional Capital Project Funds.

Commissioner Bryson moved to approve, and Commissioner Dyer seconded the motion. The motion unanimously passed.

D. Tri-County Technical College (Please note the projects listed below are under Item F on the agenda)

i. Project H59-NEW – Pendleton Land Acquisition (*Phase I*)

Tri-County Technical College sought a recommendation from the Committee on Finance and Facilities to explore acquiring 7.6 acres of land from its foundation. The college does not have current plans for the land but sees it as an opportunity for future expansion. The Phase One request is \$20,000 to procure the necessary due diligence studies, which the college will fund from its college plant account.

Commissioners inquired as to whether the cost the college will pay for the property is the same amount for which the foundation purchased it. The college responded that it would purchase the property at the same amount the foundation paid.

Commissioners also asked for which program area(s) is the does the college intend to use the land. The institution stated it is seeing growth in its veterinary technical programs, nursing programs, and its bridge program with Clemson University. According to institution staff, this project would accommodate students of those growing programs.

Commissioner Bryson motioned to approve, and Commissioner Dyer seconded the motion. The motion unanimously passed.

ii. Project – H59-6237 – Transportation and Logistic Hubs – *Building/Land Acquisition: Increase Budget (Phase II)*

Tri-County Technical College sought a recommendation from the Committee on Finance and Facilities to purchase a 5.2-acre parcel in Anderson, South Carolina from its foundation. After acquisition, the college intends to renovate the existing facility, through a separate permanent improvement project. Commissioners asked what the future plans are for the site. The institution stated that Commercial Driver's License (CDL) training and other automotive programs were in high demand, and this project will aide in expanding those programs.

Commissioners asked if the institution will be paying under market value for the property. The college responded that it would purchase the property from the foundation under market value.

Commissioners also inquired about the number of students currently enrolled in the CDL and automotive programs. The college stated there are approximately 50 students between two cohorts. Further, the college stated that with the rapid growth in these programs, it believes it would outgrow the current space used to house these programs; therefore, this project would speak to the growing needs of students in these fields.

Commissioner Bryson moved to approve, and the motion was seconded by Commissioner Dyer. The motion unanimously passed.

E. University of South Carolina – Columbia (Please note that the projects listed below are under Item G on the agenda)

i. Green and Garnet I – Energy Optimization: *Increase Budget (Phase II)*

University of South Carolina (USC) – Columbia sought a recommendation of the Committee on Finance and Facilities to initiate the Phase Two budget of a project that will improve energy efficiency in five campus buildings. The university projects energy savings over the useful life of the improvements greater than the cost of the project. The total project cost is \$8.7 million, which USC is funding from its maintenance reserve account. Siemens will perform studies and take on some of the risk of the project if it does not go as planned; although both the institution and Siemens anticipate the project, and its outcome will work as planned.

Commissioners asked USC- Columbia to give a recap on guaranteed savings on this project. The university stated that Siemens looked at 5 buildings that the institution could yield the greatest savings on energy enhancements, both the university and Siemens did research regarding what would be the most impactful for savings in energy enhancements. Once the improvements were defined, Siemens was able to predict what those savings would be by using energy saving software. After reviewing the information, Siemens was confident enough to assume some risk, though not expecting any.

Commissioners also asked what the initial cost would be for the first phase of this project. The university stated that it does not intend to spend the entire \$8.7 million in one fiscal year. Instead, USC stated that the project could be extended over two and half to three and a half years.

After the Committee had its questions answered, Commissioner Dyer moved to approve the motion, and Commissioner Teppara seconded the motion. The motion unanimously passed.

ii. Project – H27-6150 – Health Science Campus Land Acquisition: *Increase Budget (Phase II)*

USC-Columbia sought a recommendation from the Commission on Higher Education to acquire 16 acres of land from its foundation at no cost. USC will use this land to complete the footprint to construct its new Health Sciences Campus, which will include its new Medical School. Commissioners asked if the university had already done the Phase One environment site assessment. The University of South Carolina stated it had already secured the necessary studies and no findings of environmental conditions were identified.

Commissioner Bryson motioned to approve, and Commissioner Dyer seconded the motion. The motion unanimously passed.

iii. Project – H27-6149 – River Property Land Acquisition: *Increase Budget (Phase II)*

The University of South Carolina sought a recommendation from the Commission on Higher Education for a request to acquire 585 acres from its development foundation. The university will receive three parcels, totaling 42 acres at no cost. The other parcel, which is 543 acres, the university intends to purchase for its appraised value, \$2.88 million. The university intends to use the property for various uses, including research, potential recreational fields, and hiking trails.

The cost of the acquisition is being funded by proceeds related to a sale of property the university owned in the low country. The commissioners asked if the revenue for this project is indeed associated with the selling of the Wedge Property. The university responded that the proceeds from that sale will, in fact, cover the cost of the project.

Commissioners inquired about the current owner of the property. The university stated that the property is now owned by the university's development foundation.

Commissioners also asked whether the institution would be paying the amount for the property that the development foundation paid. University staff stated that it would be paying a little more than the \$2.5 million that the foundation paid. According to the university it is paying a little more than the foundation paid due to considering the 42 acres the foundation is giving the institution and due to the land appreciating in cost since the foundation made the purchase a few years ago.

Commissioner Dyer moved to motion, and Commissioner Bryson seconded the motion. The motion passed unanimously.

5. Leases

A. College of Charleston

i. Student Housing: Establish New Lease

The College of Charleston sought a recommendation from the Committee on Finance and Facilities to lease 101 beds for student housing at 61 Vanderhorst St. This is a 3-year lease request, with the option for two, one-year extensions. The annual rate is \$1.5 million, which will increase by 5% annually. The total cost over the maximum five-year term is \$8.3 million and will be paid from student housing fees.

The motion was made by Commissioner Bryson, and it was seconded by Commissioner Dyer. The motion unanimously passed.

B. University of South Carolina – Columbia

i. University of South Carolina – Columbia

USC – Columbia sought a recommendation to continue leasing 656 beds at Park Place. The lease is for one year, but will automatically renew for additional two, one-year terms unless cancelled at least 10 months in advance. The first-year cost is \$7.5 million and will be paid from student housing fees. If leased for the full term, the maximum cost is \$23.7 million. USC stated they are exploring an option to purchase the property from the current owners. Both JBRC and SFAA have already approved this lease, but Real Property Services requested a review by the CHE prior to approving the lease.

Commissioner Bryson moved to motion, and Commissioner Dyer seconded the motion.

6. 2023-2024 Comprehensive Permanent Improvement Plan Project (CPIP)

Georges Tippens gave an overview of colleges and universities' 2023-2024 CPIPs. This is a planning document that includes all of the projects institutions are planning to conduct over the next five years. It is both a constrained and aspirational plan. Commission on Higher Education (CHE) intends to send this to the Joint Bond Review Committee before its December meeting. The analysis follows the same criteria used over the past four years, weighting year two projects based on whether the work addresses an existing maintenance need, how the institution prioritized the project internally, whether the work relates to an education and general building,

or whether the work addresses an ADA or life/safety deficiency. Based on those values, the analysis categorizes projects into one of four tiers. All told, institutions submitted 455 projects, totaling \$6.6 billion over the five-year period. Clemson University submitted projects totaling close to \$1.4 billion of that total, most of which related to new construction, or \$872 million, which includes the new veterinary school. There is also a placeholder table in the report. Last year, it was included information on the five-year capital renewal needs of the institutions. CHE is still collecting that data from the institutions and the report sent to the Joint Bond Review Committee will include that information.

7. Other Business

- A. Permanent Improved Project Staff Approvals in November (For information purpose, no action)
- B. CHE Quarter I Report (For information purpose, no action.
- C. Approval of 2024 Calendar Year Meeting Schedule and Projects Submittals
 - The Committee approved the 2024 calendar year meeting Schedule
- D. Other Business
 - i. Commissioners requested that CHE staff develop a charter for the committee.
 - ii. Commissioners thanked CHE staff for their hard work with getting these projects together for their review and that they knew the workload has increasingly becoming heavier. Commissioners agreed they would like the project submittals to be given to them for review in a timely manner, so they can be more familiar with the projects prior to discussing them and making a determination as to whether to recommend for approval.

When there were no more comments or remarks, Commissioner Bryson motioned to adjourn the meeting. The meeting adjourned at 12:08 p.m.