

**South Carolina Commission on Higher Education**

Finance and Facilities Committee Meeting

December 7, 2023

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**MEETING MINUTES**

COMMITTEE ON FINANCE & FACILITIES

DECEMBER 7, 2023

COMMISSION ON HIGHER EDUCATION

A meeting of the South Carolina Commission on Higher Education's Finance and Facilities Committee was held on December 7, 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 10:38 a.m. and noted the establishment of a quorum of Committee Members. Upon Commissioner Batson's request, Yolanda Myers introduced guest attendees.

Committee members present for this meeting in person were Commissioner Paul Batson; Commissioner Edgar Dyer; and Commissioner Dino Teppara.

Committee members present via Zoom were Commissioner Jenni Bryson, and Commissioner Patrick White, Vice Chair.

Commission on Higher Education (CHE) staff that attended this meeting were Dr. Rusty Monhollon; Georges Tippens; Bryce Wilson; Yolanda Myers; Scheri Eichelberger; Chris Glenn; Leslie P. Williams; Andrea LaTouche; Yarley Steedley; and Laura Belcher.

Guest attendees from colleges and universities in-person were Paul Patrick and John Loonan, College of Charleston; Dr. Gerald Smalls and Ms. Brenda Walker, South Carolina State University; Brent Branham and Alan West, Coastal Carolina University; and Rick Petillo, Clemson University.

A host of guests attended the meeting via Zoom.

**Adoption of Agenda**

Chair Batson asked for a motion and approval of the meeting agenda. A motion to approve was made by Commissioner Dyer and Commissioner Teppara seconded the motion. 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 November 2, 2023, meeting. Commissioner Teppara seconded, and the motion passed unanimously.

**3. Chair's Report**

Chair Batson thanked everyone for attending the meeting. He acknowledged the in-person Commissioners as well as the ones who joined by Zoom. Chair Batson also mention that while there are fewer institutional requests on the agenda this month than the previous month, there is still a full agenda, including presentations on different dashboards staff have worked on. Lastly, Chair Batson stated that he hoped everyone had a joyous holiday season so far and that he was thankful for the work that institutions and staff do to further higher education in South Carolina.

#### 4. Permanent Improvement Project Approvals

The following projects were presented for recommendation and approval:

##### A. Clemson University

i. Project H12-NEW – Williamson Road Parking Garage: *Establish Project (Phase I)*

Clemson University sought a recommendation from the Committee on Finance and Facilities to begin the design phase to construct a six-level, 432,000-square foot parking garage that will provide 1,200 spaces for students, faculty, staff, and guests. Clemson staff state that its current parking is at capacity and this project will also help address future needs as new academic and student housing facilities are added. The phase one budget is \$1,185,000, funded by the university's parking improvement funds auxiliary account, based on a projected construction cost of \$79,000,000, which the university intends to finance through a revenue bond issuance. Commissioners asked Clemson to comment on how they identified this site for its proposed parking structure. Institution staff stated it evaluated several sites, but this was the most suitable site to construct the parking structure. Commissioners asked for the current parking fees charged to students. The institution stated students pay an annual fee of \$184 for parking. Commissioners requested updated information regarding whether student fees will be affected due to the construction of the parking garage. Clemson University stated it would not raise tuition parking fees. During the discussion, Commissioners asked if the university felt comfortable that the projected cost would cover the projected costs of construction. University staff stated it would be closely monitoring costs during phase one of the project and that it felt confident of the numbers as they currently stand. Commissioners also asked when the university plans to bring phase two before the Committee. Clemson University staff stated it anticipates coming back before the Committee for Phase Two in September 2024. Commissioners requested Clemson University have information readily available regarding the impact on student parking fees when the institution comes back for phase two recommendation. Commissioners stated that the university's revenue bonds were at an estimated \$380 million and asked if the university was having any problems advertising the revenue bond debt. The university responded that it is not having any issues advertising the project under its current debt and feels comfortable being able to service the debt with its current fee structure.

Commissioner Dyer motioned for approval, and Commissioner Teppara seconded. The motion passed unanimously.

ii. Project H12-9942 – Lehotsky Hall Replacement: *Phase II Budget Increase*

Clemson University sought a recommendation from the Committee on Finance and Facilities to increase its already approved \$50 million construction budget to replace Lehotsky Hall by an additional \$18.3 million. The Commission approved the construction budget in September 2022. According to Clemson, the budget increase is due to rising inflation costs and unforeseen site conditions it has uncovered. The proposed increase will be funded by Clemson's excess debt service, which has an account balance of \$49.9 million as of November 27, 2023. The university stated it would issue the \$50 million in state institution bonds but found it more efficient to fund the 36% increase of the project with cash-on-hand which will be from the university's maintenance and stewardship funds. Commissioners asked Clemson University to comment on the increase of the already approved budget. Institution staff responded that the project was initiated in 2019, and the scope of the project was originally to renovate Lehotsky Hall. However, according to Clemson University, upon testing, it determined that Lehotsky Hall in its current state was not worth spending substantial resources on renovations; instead, the building would need to be replaced altogether. Commissioners asked the institution whether it felt comfortable with the new budget.

Institution staff responded it does feel confident that the new budget will be enough to construct the project.

Commissioner White motioned for approval and seconded by Commissioner Bryson. The motion was passed unanimously.

iii. Project H12-9957 – Women’s Sports Program Expansion (Gymnastics/Lacrosse): *Change Source of Funds*

Clemson University sought a recommendation from the Committee on Finance and Facilities to change the funding sources to construct its new facilities related to women’s athletics. The Commission approved the construction budget in September 2022 with proposed funding sources from athletic gifts and donations and a revenue bond issuance. Clemson now would like to fund the project wholly from athletics gifts and donations. Commissioners asked Clemson University to explain change in sources of funds. The university stated it would be more efficient to fund this project with cash-on-hand to allow for more financing for another project, Jervey Athletic Center.

Commissioner Dyer motioned for approval, and the motion was seconded by Commissioner Teppara. The motion approved unanimously.

**B. Coastal Carolina University**

i. H17-NEW – Land Acquisition for Future Health and Human Performance Building: *Establish Project (Phase I)*

Coastal Carolina University sought a recommendation from the Committee on Finance and Facilities to contract for preliminary studies related to acquiring 8.4 acres of land from its foundation. The Phase One ask is \$20,000, which will fund the studies and the university anticipates the acquisition cost will be \$2,000,000. The university is funding the studies with Penny Sales Tax revenue. If acquired, Coastal Carolina University intends to construct a new health and human performance building and 400-parking space structure on the land at an estimated cost of \$53.1 million, which will be submitted as a separate permanent improvement project. The university stated it intends to come back before the Committee in May 2024 for Phase Two of this project and then in August 2024 to seek recommendation for Phase One to conduct a design study for construction of the Health and Human Performance building. Commissioners asked for clarity of funding for Phase One of the land acquisition is through the Penny Sales Tax. The university stated that Phase One would, in fact, be funded through the Penny Sales Tax. Commissioners inquired whether the Health and Human Performance Building would house academic programs. The university replied that the future building would house academic programs, such as a nursing program. Commissioners noted that most of the university’s growth has been from out-of-state students and asked what the institution’s strategy is to have more in-state student growth. The university stated it is working on initiatives to admit any student that qualifies for admission will not be turned down. Further, the university is working towards providing free tuition for South Carolina students of families that make less than \$80,000 annually. Commissioners also inquired about the nursing program. The university stated it did not have that information readily available, but it would have those details when it comes back before the Committee for Phase Two.

Commissioner Dyer motioned for approval, and it was seconded by Commissioner White. The motion passed unanimously.

**C. College of Charleston**

i. Project H15-NEW – 176 Lockwood Exterior Repairs: *Establish Project (Phase I)*

The College of Charleston sought a recommendation from the Committee on Finance and Facilities for a phase one request to perform exterior repairs to a 25,000-square foot, 35-year-old facility that houses college administrative program. The Phase One budget is \$57,500 based on an estimated construction cost of \$2.3 million and is being funded by excess debt service, which the college also intends to use to fund the construction. Commissioners inquired about the uncommitted balance of the college's excess debt service. The College of Charleston stated the uncommitted balance of the funds is \$29 million.

Commissioner Dyer motioned for approval, and it was seconded but Commissioner White. The motion passed unanimously.

ii. Project H15-9680 – Buist Residence Hall 2024 Renovation: Increase Budget (*Phase II*)

The College of Charleston sought a recommendation from the Committee on Finance and Facilities to begin the construction phase of a renovation to Buist Residence Hall, a 56-year-old facility with 102 beds. In addition to upfitting and maintenance work, the project will reconfigure the ground floor to add 14-additional beds. The requested increase is \$14.1 million, funded by the college's housing revenue account. The college noted that at this time, the college does not have available funds for this request. It is awaiting action by JBRC and SFAA to decrease the budget of an already approved project, which will result in generating the necessary funds for this request. JBRC met on Tuesday, December 5, 2023, and SFAA is meeting in the next week to review that request. Commissioners asked how the college plans to fund the entire cost of the project. The college stated it is in the process of annualizing another residence hall renovation, Berry Hall, to be able to unencumber funds and allocate the funds for the renovation of Buist Hall. Commissioners voiced their concerns about whether the college would have contingency funds if emergency funding was needed while it does not have the full funding for the Buist and Berry Hall projects. The college stated it still has the capacity to borrow from the auxiliary reserve funds in case of emergency. Commissioners stated they would like for College of Charleston to give information on how the balances have been committed and give more depth and insight as to how the college will cover these projects, Buist Residence Hall 2024 Renovations and Berry Hill Residence Hall renovations.

Commissioner Dyer moved for approval, and it was seconded by Commissioner Bryson. The motion passed unanimously.

**D. South Carolina State University**

i. Project H24-NEW – Supplemental Housing Modular Lease: *Establish Project (Phase I)*

South Carolina State University sought a recommendation from the Committee on Finance and Facilities to move forward with installing a 68,000-sf modular living space with beds for 300 students. The institution will lease the housing for a period of three years. In addition to the lease payments, the requested budget includes related site work the institution will need to undertake. Due to the special need for this project, the university has received permission to bypass the typical Phase One/Phase Two Process. The total budget is \$3,548,000, funding by the university's student housing improvement fund, which originated from a federal loan forgiveness. As of November 30, 2023, that fund had an account balance of \$4.8 million. The university stated that the Truth Hall Replacement Project will have the residence hall offline for at least a year, and this project will aid in housing students. Commissioners asked if this temporary leasing could become permanent as enrollment grows. The university stated that the modular housing would allow the institution to house students while working on Truth Hall and develop strategic plans to offer more permanent housing to students.

Commissioner Dyer motioned for approval, and it was seconded by Commissioner Teppara.

**E. Winthrop University**

Project H47-NEW – Purchase Campus Walk Apartments: *Establish Project (Phase I)*

Winthrop University sought a recommendation from the Committee on Finance and Facilities to acquire necessary preliminary studies related to acquiring three residence buildings, combined totaling approximately 500,000 square feet and 526 beds. The university will fund the \$20,000 budget to obtain the studies from its housing revenue account, which has a current balance of \$7.1 million. The estimated purchase price is \$35.5 million. At this time, the university has yet to determine how it would fund the acquisition, but likely it will be debt-financed. Commissioners expressed concern about the lack of full funding for the project. The university stated it will determine how to finance Phase Two of the project as it is working through the Phase One study of this project. Commissioners noted that Winthrop has had enrollment challenges in recent years. Winthrop staff acknowledged the challenges with enrollment and stated it believes these enrollment challenges have been, in part, due to the university's residence halls. Commissioners responded that the Committee would like to see a strategy for the university's enrollment plan when it comes back for Phase Two of the project. Commissioners also inquired about the institutions current bond rating. The university replied that it does not have a current bond rating, but it is working with its financial advisor to develop a portfolio to obtain a bond rating.

Commissioner Dyer motioned for approval, and it was seconded by Commissioner Teppara. The motion passed unanimously.

**5. Charter – Action Item**

Chair Batson asked if there was any discussion regarding the charter before taking a vote on the item. One commissioner suggested that minor changes be made, such as language regarding land and building acquisition. Chair Batson asked Commissioner if they could vote on an amended version for the Full Board of Commissioners could approve at the CHE business meeting. Chair Batson further stated that amendments could always be made later.

The Committee passed the Charter as written with amendments to be made later.

**6. Other Business**

**A. Dashboard**

Mariana Manic gave the committee an overview of updates of data on Dashboard. Commissioner Batson suggested that Committee members take the opportunity to look at Dashboard information to familiarize themselves with the information. Mr. Tippens reiterated the fact that this is a draft and further stated that an advisory committee would be formed to include input from institutions before making the Dashboard live.

**B. Permanent Improvement Project Staff Approvals**

Georges Tippens gave an update on the number of staff approvals, nine, CHE staff had done in November. Mr. Tippens gave information regarding the specific authorization from the General Assembly during the current budget cycle for Clemson to initiate a permanent improvement project for its veterinarian school, and Clemson is using some of the authorized funds to secure site work, pre-purchase, and materials and goods. Mr. Tippens further stated that the university will come back later to request to establish Phase II of the project for construction of the

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veterinarian school. The projected is estimated to be a \$200 million project.

**C. Proviso 117.136 Reports**

Georges Tippens gave an update on Proviso 117.136 reports. Mr. Tippens stated that the report from Francis Marion was inadvertently omitted, but CHE staff has received it.

**D. Other Business**

When there were no more comments or remarks, Chair Batson adjourned the meeting at 12:37 p.m.