

MINUTES OF BUDGET AND CONTROL BOARD MEETING

APRIL 15, 1965, 10:30 A. M., GOVERNOR'S OFFICE

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The State Budget and Control Board met in the Conference Room of the Governor's Office in the Wade Hampton Office Building at 10:30 A. M., on Thursday, April 15, 1965, with all members of the Board present. Also attending were Messrs. J. M. Smith, State Auditor, P. C. Smith, Assistant, and Dr. Charles S. Davis, President of Winthrop College, Mr. Kenneth R. Manning, Business Manager, and Mr. John H. Martin, of Hartsville, member of the Winthrop Board of Trustees.

The following business was transacted.

WINTHROP COLLEGE - DORMITORY FACILITIES

Dr. Davis and others, representing Winthrop College, appeared before the Board in the interest of obtaining additional dormitory facilities needed at the College. Dr. Davis presented the following statement regarding Winthrop's needs.

Enrollment at the College has steadily increased during recent years. In 1960-61 enrollment was approximately 1,600 students as compared with 2,900 for the current year 1964-65. As of April 14, 1965, Dr. Davis stated that the College has approved applications for next year, 1965-66, to further increase student enrollment to at least 3,200 students. It is anticipated further that the average increase of approximately 300 students will continue beyond next year and that around 3,500 students may be reasonably expected for the year 1966-67.

At present the College has dormitory facilities to accommodate 2,420 students. Additional accommodations are being temporarily provided in former faculty residences located on the campus and other improvised quarters for 235 students, making a total of 2,655 students being housed in college facilities. With at least 3,200 students expected in the Fall of 1965 this means that around 550 students will necessarily live off the campus. It is estimated that around 300 of these students would normally desire to live in college dormitories.

The additional 300 or more students expected for 1966-67 will further increase the shortage of dormitory accommodations to around 600 or 700 students.

Dr. Davis indicated that at present the College has no legislative authority to issue bonds for housing purposes or to otherwise finance dormitory construction. In view of this situation, the College has been approached by several private financing organizations with proposals for varying types of lease-purchase arrangements for financing additional dormitories.

The Board was impressed with the needs as presented by Dr. Davis. A general discussion followed Dr. Davis' presentation.

It was noted that the College estimates that sufficient dormitory revenue is presently available to support an additional housing bond issue of around \$1,060,000.00 based on student enrollment for the current year 1964-65. It was also noted that \$3,000,000.00 of Winthrop Dormitory Bonds are now being held by the State Retirement System at 4½% interest. It was estimated that these bonds could probably be sold in the open market at less than 4½% with the result that around \$250,000.00 in future interest costs could be saved. This saving in interest cost, together with the \$1,060,000.00 of present capacity would allow the issuance of around \$1,300,000.00 of Housing Bonds at the present time.

The Board was in general agreement that the proposed private methods of financing college dormitories on a lease-purchase plan was not desirable for State institutions and recommended to Dr. Davis that the College formally approach the General Assembly with a request to enact legislation to authorize an issue of \$1,300,000.00 of Dormitory Revenue Bonds of Winthrop College.

The Board also agreed to the general proposal to refinance college obligations now being held by the Retirement System with details to be developed and acted upon later.

In view of the pressing needs of Winthrop the Board authorized Dr. Davis to proceed with the development of architectural plans for new dormitory facilities in anticipation of provision being made for financing construction.

No further business was considered and the meeting adjourned at 11:15

A. M.

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
APRIL 15, 1965

WINTHROP COLLEGE
Summary of Dormitory Financing Plans
April 15, 1965

I. Financing by State Issued Student Housing Revenue Bonds

The dollar amount of eligibility for Winthrop College student Housing Revenue Bonds at the end of various fiscal years and conversion of this eligibility into air conditioned student spaces at \$3250 per space is shown below:

| <u>Year ended June 30</u> | <u>Eligibility to Issue Bonds</u> | <u>Number of Spaces</u> |
|-------------------------------|---------------------------------------|-----------------------------|
| 1964 | \$ 540,000 | 160 |
| 1965 | 1,060,000 | 325 |
| 1966 | 1,620,000 | 500 |

The spaces indicated could be made ready for occupancy approximately 15 months after the end of the fiscal years indicated.

We recommend that an air conditioned dormitory accommodating 500 students be authorized for immediate construction and financed by State-issued Student Housing Revenue Bonds .

JUSTIFICATION:

As of April 15 (1965), 1692 presently enrolled students have signified that they will return to the campus in September by paying an academic reservation fee of \$50. A total of 1442 new students have been accepted. Of this group, 1196 have paid their \$50 fee and others are in process. An additional group of 120 have been accepted providing they can arrange for

their own living quarters in Rock Hill and 154 qualified out-of-state applicants have been refused acceptance because of scarcity of housing. One hundred (100) South Carolina applicants have been turned down because they could not meet the admissions standards. Over 200 applications are still pending with more coming in each day. The total enrollment in the fall, 1965, will be approximately 3200. By the fall of 1966, this number will increase to around 3500, assuming no increase in applications from prospective new students because all classes will be larger.

The Winthrop College student housing facilities in the fall of 1965 will be composed of 2420 regular dormitory spaces including a number of rooms previously used for fire exits, 128 spaces in Joynes Hall which was formerly a faculty residence hall, and 107 spaces in temporary sub-standard houses previously used as faculty family residences for a total of 2655 spaces. The estimated total enrollment of 3200 then includes 2655 in-residence students (including 107 in sub-standard housing), plus 545 commuters of whom approximately 275 would normally live at home. The college will need about 377 spaces for the fall of 1965. By the fall of 1966 this number will increase to 700 or 750 if all eligible applicants are accepted.

II. Dormitory Lease Plan

A private corporation, The Southern Company, Inc., of Charlotte, N. C., has offered to finance, design to college specifications, and build a completely furnished and equipped, landscaped dormitory or dormitories, with elevators, counselor's suite, laundry area, storage rooms, lounge areas and study rooms to house 400 to 600 students on land leased to the Corporation by the College. The air conditioned space so provided would be rented to students for \$250 per academic year and \$45 for each six-weeks summer session. The College will pay the Southern Company \$200 per student space per calendar year to lease the building. At the end of twenty-five years title to the building will revert to the College. During the twenty-five year period, the College would retain all summer session revenues derived from the structure plus \$50 per student per academic year from which maintenance, utility and personnel costs would be paid.

A student housing facility can be built in this manner at no cost to the State.

III. "Package" Lease-Purchase Plan

The administrative staff at Winthrop College has entered into discussions with several groups who have presented a "package deal" for providing air conditioned dormitory space. Under this arrangement an association of business groups provide financing, design and construction services while the College provides the land required. Bonds would be issued by the financing agent. The building is designed and built to college specifications. It would be furnished, equipped and landscaped. The

college gives a mortgage on the land and building and when construction is completed acquires title to the building subject to the lien held by the financing institution. When the bonds are retired, in approximately 25 years, the lien is removed and the college holds a clear title.

The college would rent to students at the rate of \$250 per student, \$200 to retire bonds and \$50 plus summer session revenues for maintenance, utilities and personnel.

IV. Private Financing Only

One company, specifically Alester G. Furman Company of Greenville, S. C., has proposed that Winthrop College issue tax-exempt bonds at an interest rate not to exceed $3 \frac{3}{4}$ per cent in order to obtain funds to construct a dormitory. The company has proposed that it purchase such an issue. The bond or bonds would be payable from pledged revenues from the facility over a period of 25 years. Sale of such a bond issue would permit the college to design and construct a building without the State issuing or selling the bonds.

The Furman Company, through its representative, has orally offered to purchase all Winthrop College $3 \frac{3}{4}$ per cent bonds issued and to re-purchase all outstanding $4 \frac{1}{2}$ per cent student housing revenue bonds if this was desired.

Respectfully submitted,

Charles S. Davis
Charles S. Davis
President

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