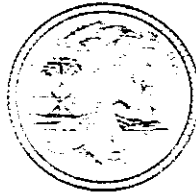


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SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

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June 28, 2001

TO: Dalton Floyd, Chair, and Members, Commission on Higher Education

FROM: Rosemary Byerly, *RB/y* Chair, Committee on Finance and Facilities

SUBJECT: Facility Projects for Consideration

The Finance and Facilities Committee will consider a facilities item by mail ballot, for presentation to the Commission on July 12. The purpose of the mail ballot is to consider an urgent request from the College of Charleston. The project is not an emergency, however, it is urgent that the Commission act on the request in July so that the project can begin in early September. A description of the project is attached.

Please note that the Committee has not acted on this item, however, the staff recommendation is included for your information.

A routine repair, replacement, maintenance (RRM) project is also attached for your information. The RRM project will be submitted to the Commission in summary format at the July meeting according to CHE policy. The Commission's policy concerning RRM projects is listed below:

"Routine repair, replacement and maintenance projects may be submitted to the Commission staff at any time. These projects will be submitted to the commission in summary form at the next scheduled Commission meeting. If no specific inquiries are expressed by the Commission, or if specific inquiries can be answered to the satisfaction of the Commission, the project will be forwarded to the Budget and Control Board with a positive recommendation. Any RR&M project on the summary list that involves issues that cannot be readily resolved to the Commission's satisfaction will be remanded to the Finance and Facilities Committee for standard action at its next regularly scheduled meeting."

College of Charleston

Residence Hall and Parking Garage

Request

The College of Charleston is requesting Commission approval for the private development of a 532-bed residence hall and a 710-space parking garage on College-owned property leased to the developer. The proposal by McAlister Development Company, Inc. (MDC) was submitted in response to a request for proposals issued by the College through the Budget and Control Board. The facilities would be built by MDC using conventional financing. The College would manage the student-related operations of the residence hall but not the physical facility. Additionally, the College would take over the student-related operation of the Kelly House, a private 242-bed residence hall owned by MDC and located adjacent to the proposed residence hall. MDC would operate the parking garage for use by the College on a semester permit system, as well as some hourly public parking. The College has the option buy MDC out of all three facilities using housing and parking revenue bonds the College determines it is financially more beneficial for it to own and manage the facilities. The purchase price of the facilities would be determined by an MAI appraisal and subject to approval by the Budget and Control Board. If MDC retains ownership of the facilities, they will transfer ownership of the facilities to the College after the term of financing is over (30 years).

Justification

The College has approximately 2000 beds and a full-time enrollment of about 8,500 students. Ideally, the College would like to be able to guarantee on-campus housing to all freshmen requesting it and, in addition, retain some upperclassmen in on-campus residence halls. The historic neighborhoods adjacent to the campus continue to experience problems with noise, trash, and improper parking from the students living in these areas. The City and the neighborhoods have urged the College to provide more residence halls for a number of years. In order to bring the new residence hall online by Fall 2002, it is imperative that construction of the project begin in September.

In addition, the College Lodge Residence Hall is in serious need of renovation. The College Lodge, which contains approximately 200 beds, must be taken off line in order to be renovated. It will be impossible to take the College Lodge off-line without another residence hall to accommodate the students who are currently living there. If the new residence hall is not complete and online by August 2002, the College will be unable to fill the beds until the following year, and will have to postpone the renovation of the College Lodge.

The College believes that the sites are ideal for the proposed facilities, that the proposed rental rates are below local market rates, and that the revenues will be sufficient to cover debt service as well as all costs of maintenance and operation. The cost per bed will be approximately \$32,900, while the national average is \$39,826. The College also believes that the design and construction materials proposed will result in a high quality facility.

The College began tentative plans for the project two years ago and, with the advice and assistance of the Budget and Control Board and the State Treasurer, let an RFP in Fall 2000 for construction of the project. However, the College was unable to submit a request for approval to CHE prior to the Legislature adopting legislation to provide for the agreements between the

College and a private developer using state-owned land. The pertinent legislation was adopted in the 2001 Legislative session with an act to amend the SC Code of Laws to authorize the Boards of Trustees of SC State, Winthrop, College of Charleston, and Winthrop to enter into ground lease agreements with private entities for providing student housing. The amended code for the College of Charleston states: "Section 59-130-60. The Board of Trustees of the College of Charleston with the approval of the Budget and Control Board may enter into lease agreements with a private entity whereby the private entity will provide all services necessary for the creation and operation of student housing facilities including, but not limited to, ground leasing, financing, designing, construction, managing, operating, maintaining, and related services. ..."

The Act also requires the Commission on Higher Education, after a period of three years from the effective date of the act, "shall evaluate the viability and success of the authorizations for South Carolina State University, Winthrop University, the College of Charleston, and the University of South Carolina-Spartanburg contained in sections ... and shall make a report thereon to the General Assembly by January 1, 2005. Based on this report, the General Assembly shall consider granting these types of agreement authority to all public institutions of higher learning in this State which provide housing for students."

Recommendation

The staff recommends approval of this project, provided the Governor signs the Act into law, and pending all necessary Budget and Control Board approvals.