



## South Carolina Commission on Higher Education

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Executive Director

**TO:** Members, Commission on Higher Education

**FROM:** Mr. Bill Scarborough, Chair, and Members of the Committee on Finance & Facilities

**SUBJECT:** Items for Consideration on October 3

**DATE:** September 26, 2013

Attached are items for your review and consideration at the October 3 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on these items but is scheduled to review and develop recommendations at its meeting scheduled for 9:30 a.m. on October 3. The Committee will bring its recommendations to the Commission for consideration at the Commission meeting. Staff recommendations are included for your information.

If you have any questions about a particular item, or if you need additional information, please contact Gary Glenn at (803) 737-2155.

### **7.04A Interim Capital Projects**

- A. Coastal Carolina University
  - i. Softball/Baseball Complex Improvements  
*- increase budget*
- B. College of Charleston
  - i. Rita Hollings Science Center Renovation  
*- increase budget, change source of funds, revise scope*

### **7.04B Quarterly Budget Report (For Information, No Action Required)**

### **7.04C New Permanent Improvement Project Policies of the Joint Bond Review Committee (JBRC) (For Information, No Action Required)**

### **7.04D Lists of Capital Projects & Leases Processed by Staff for August & September 2013 (For Information, No Action Required)**

**DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION**

October 3, 2013

**COASTAL CAROLINA UNIVERSITY**

**PROJECT NAME:** Softball/Baseball Complex Improvements  
**REQUESTED ACTION:** Increase Budget  
**REQUESTED ACTION AMOUNT:** \$1,580,933  
**INITIAL CHE APPROVAL DATE:** November 15, 2010

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Auxiliary	\$30,000	\$0	\$30,000
Institutional Capital Project Funds	\$4,000,000	\$0	\$4,000,000
Renovation Reserve/Plant Expansion	\$2,990,000	\$0	\$2,990,000
Chanticleer Athletic Foundation Gift	\$4,200,000	\$1,580,933	\$5,780,933
<b><i>Total</i></b>	<b><i>\$11,220,000</i></b>	<b><i>\$1,580,933</i></b>	<b><i>\$12,800,933</i></b>

**DESCRIPTION:**

The University requests approval to accept the donation of lighting, seating, lockers, and interior finishing for the baseball stadium; lockers for the softball stadium; and design fees for future berm, boardwalk, and bullpens from the Coastal Athletic Foundation. The project was approved by CHE for construction on November 14, 2011 and has been bid. The project was designed knowing these gifts would be received. All parties wanted to wait until the money was in hand before adding the gift to the project. Substantial completion is anticipated on March 18, 2014.

**E&G MAINTENANCE NEEDS:**

N/A – Auxiliary

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities, supplies, and personnel will require additional operating costs of \$212,050 in each of the three years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**COLLEGE OF CHARLESTON**

**PROJECT NAME:** Rita Hollings Science Center Renovation  
**REQUESTED ACTION:** Increase Budget, Change Source of Funds, Revise Scope  
**REQUESTED ACTION AMOUNT:** \$15,000,000  
**INITIAL CHE APPROVAL DATE:** April 18, 2011

<b>Source of Funds</b>	<b>FY 2013-14 CPIP Year One</b>	<b>Change</b>	<b>Total Proposed Budget</b>
Institutional Revenue Bonds (Supported by Capital Improvement Fees)	\$45,000,000	\$10,000,000	\$55,000,000
FY 2013-14 Capital Reserve Funds	\$0	\$2,000,000	\$2,000,000
College Fees	\$0	\$3,000,000	\$3,000,000
<b>Total</b>	<b>\$45,000,000</b>	<b>\$15,000,000</b>	<b>\$60,000,000</b>

**DESCRIPTION:**

The College requests approval to increase the budget and revise the scope of the Rita Hollings Science Center Renovation project to include demolition and reconstruction of the Physicians Memorial Auditorium.

During the design phase of this project the architect team recognized an opportunity in reconstructing the auditorium adjoining the Rita Hollings Science Center in conjunction with the planned renovations. The Physicians Memorial Auditorium, a large-capacity sloped floor event venue with fixed seating, will be reconstructed to allow the build-out of a second and third floor. The proposed scope change will better utilize the event space and allow for the addition of four classrooms, five laboratories, and five offices. The space will be reconstructed with reconfigurable seating and modern technology to better accommodate large lecture courses, orientation sessions, and community events. Two classrooms will be added to the first floor which can be converted into expanded seating sections for events as necessary. The newly constructed second and third floors will provide for faculty offices, which will allow for more space within the Rita Hollings Science Center to be used for teaching and lab spaces. Building efficiencies will be recognized by having all laboratory spaces within one structure, as the support infrastructure will only be required in one building.

The College's 2012 Master Plan identified a major academic space deficit and recommended that a third science building be added to the main campus. The proposed scope revision will mitigate the need for additional science space on the main campus for the next fifteen years.

This project is included in the institution's FY 2013-14 CPIP year one as priority number 1 of 6 with a total budget of \$45,000,000 to be funded with Institutional Revenue Bonds.

**E&G MAINTENANCE NEEDS:**

Based on Fall 2012 data, Rita Hollings Science Center has a current condition code of 40 with existing maintenance needs of \$15,548,603 over the next twenty years, and Physicians Memorial Auditorium has a current condition code of 55 with existing maintenance needs of \$1,898,376.

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities and maintenance will require additional operating costs of \$63,959 in the first year, and \$127,919 in the second and third years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

Intentionally left blank for quarterly budget report.

## **PERMANENT IMPROVEMENT PROJECT (PIP) POLICY REVISION**

October 3, 2013

At its meeting on August 8, 2013, the Joint Bond review Committee adopted two new policies relating to permanent improvement projects. The first policy is for project scope revisions involving a change in the use, purpose or programming of a facility that result in an increase in the size of the facility. The second policy involves projects established for Phase I pre-design, requiring agencies/institutions to establish the Phase II full design and construction budget within two years of Phase I approval. If Phase II is not established within two years of Phase I, the agency/institution must request an extension and state the specific reason(s) the construction budget was not requested within the initial two-year period.

### **REQUESTED ACTION**

In an effort to align CHE's processes with that of the Joint Bond Review Committee and Budget & Control Board, the Committee is asked to formally adopt the permanent improvement project policy revision as stated below.

### **Scope Revisions**

If an institution determines during any phase of a permanent improvement project that a change in the use, purpose, or programming of the facility is necessary, the institution must submit a request to revise the project scope to be reviewed and approved by the Commission before submitting to the Joint Bond Review Committee and Budget & Control Board.

For projects with an estimated cost of \$10M or less:

- Changes resulting in an increase in square footage of 30% or more must be submitted for review and approval of the Commission.
- Changes resulting in an increase in square footage of less than 30% must be submitted for review and approval of CHE staff. The Commission will be informed of all staff approvals processed each month.

For projects with an estimated cost of more than \$10M:

- Changes resulting in an increase in square footage of 20% or more must be submitted for review and approval of the Commission.
- Changes resulting in an increase in square footage of less than 20% must be submitted for review and approval of CHE staff. The Commission will be informed of all staff approvals processed each month.

### **Requests for Project Extension**

All Phase II Full Design and Construction permanent improvement project requests should be submitted for approval within two years of approval of the Phase I Pre-design. For projects that are not submitted for Phase II Full Design and Construction Budget approval within two years, a request for extension must be submitted for consideration by the Commission. The request for extension must fully explain the reason(s) Phase II has been delayed. If a request for extension is granted by the Commission and the project is not submitted and approved for Phase II within two years of approval of the extension, the project must be closed or a further request for extension must be submitted for consideration by the Commission.

**INFORMATION ITEM**

**Capital Projects & Leases Processed by Staff  
August 2013**

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
<b>Routine Staff Approvals</b>								
8/15/2013	9564	Francis Marion	Deferred Maintenance <sup>1</sup>	decrease budget	(\$30,000)	\$935,801	10/17/2011	-
8/15/2013	9566	Francis Marion	Deferred Maintenance 2012/2013 <sup>2</sup>	increase budget, revise scope	\$30,000	\$1,673,547	12/20/2012	-
8/16/2013	9899	Piedmont TC	Abbeville County Center	increase budget	\$34	\$1,560,034	10/11/2004	-
<b>Close-Outs</b>								
8/6/2013	9570	College of Charleston	Simons Center for the Arts Expansion	decrease budget, close project	(\$585,092)	\$26,664,908	2/17/2000	-
8/6/2013	9807	Clemson	Academic Success Center Construction	decrease budget, close project	(\$682,124)	\$12,952,876	12/10/2002	-
8/13/2013	9878	Clemson	Translational Bioengineering Research Center Upfit	decrease budget, close project	(\$4,056)	\$6,995,944	5/22/2007	-
8/16/2013	9943	Piedmont TC	Deferred Maintenance	decrease budget, close project	(\$34)	\$824,590	3/5/2001	-
8/26/2013	9903	Williamsburg TC	Building Repairs	close project	\$0	\$400,000	11/29/2004	-

<sup>1</sup>Decrease budget by \$30,000 in 2010-11 Capital Reserve Funds and transfer to project #9566.

<sup>2</sup>Increase budget by \$30,000 in 2010-11 Capital Reserve Funds from project #9564 for the addition of interior renovations to faculty offices in the McNair Science Building. Originally the project scope included interior renovations to classrooms, labs, and hallways.

**Leases Processed by Staff  
August 2013**

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
8/19/2013	Renewal	Clemson	Clemson Comuting (CCIT) & Eagles Landing	Continue to provide space for Clemson's Computing & Information Technology Medicaid IT Services staff. This group provides applications programming support for University systems and support for the contract with the SC Department of Health and Human Services to process Medicaid claims and the project for the DHHS Medicaid Contract, the Medicaid Information Technology Architecture (MITA) project.	Cost per SF - \$15.25; Annual Lease Cost - \$267,759.50 (includes operating expenses); Total Lease Cost - \$803,278.50	3 years beginning on January 1, 2014

**Capital Projects & Leases Processed by Staff**  
**September 2013**

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
<b>Maintenance Needs Projects Using FY 2013-14 Lottery Allocation and Match</b>								
9/24/2013	New	Winthrop	2013-14 Maintenance Needs <sup>1</sup>	establish project	\$0	\$1,138,614	-	-
<b>Project Extensions</b>								
9/4/2013	9548	Coastal Carolina	Science Building Renovation <sup>2</sup>	project extension	-	\$2,025,000	3/2/2006	-
9/6/2013	9886	Piedmont TC	Upstate Center for Manufacturing Excellence <sup>2</sup>	project extension	-	\$231,305	5/19/2004	-
<b>Routine Staff Approvals</b>								
9/4/2013	9911	Clemson	CU-ICAR Advanced Powertrain Lab Upgrade	establish construction budget	\$2,225,000	\$2,300,000	5/2/2013	-
9/6/2013	New	Clemson	Waste Management Building Acquisition <sup>3</sup>	establish project	\$0	\$20,000	-	-
9/6/2013	9886	Piedmont TC	Upstate Center for Manufacturing Excellence <sup>4</sup>	increase budget, revise scope, change project name	\$21,027	\$231,305	5/19/2004	-
9/11/2013	9600	Coastal Carolina	Perez Property Acquisition <sup>5</sup>	increase budget	\$190,000	\$210,000	7/26/2013	-
9/13/2013	6100	USC Columbia	Deferred Maintenance 2012 <sup>6</sup>	increase budget	\$1,652	\$4,989,385	10/29/2012	-
9/20/2013	New	USC Columbia	Athletic Village Improvements <sup>7</sup>	establish project	\$0	\$262,500	-	-
9/20/2013	New	USC Columbia	Williams-Brice Stadium Plaza Site Work <sup>7</sup>	establish project	\$0	\$210,000	-	-
9/20/2013	9652	College of Charleston	Addlestone Library Adaptation <sup>7</sup>	establish construction budget	\$5,025,000	\$5,100,000	4/4/2013	-
9/20/2013	New	Greenville TC	Enterprise Campus Construction <sup>7</sup>	establish project	\$0	\$435,750	-	-
9/20/2013	New	Spartanburg CC	Cherokee County Blanton Property Land Acquisition <sup>7</sup>	establish project	\$0	\$20,000	-	-
9/20/2013	New	Spartanburg CC	Cherokee County Degner Property Land Acquisition <sup>7</sup>	establish project	\$0	\$20,000	-	-
9/23/2013	9774	Clemson	Spaulding Paolozzi Center/Clemson Architecture Center in Charleston <sup>7</sup>	establish construction budget	\$16,808,612	\$23,700,000	4/9/2001	-
<b>Close-Outs</b>								
9/4/2013	9552	Coastal Carolina	Waties Island Research Facility	decrease budget, close project	(\$120,867)	\$29,133	10/24/2006	-
9/6/2013	9856	Clemson	CU-ICAR Parking Structure Construction	decrease budget, close project	(\$72)	\$21,675,348	4/29/2005	-
9/6/2013	9882	Clemson	Clemson Computing & Information Technology Building Acquisition	decrease budget, close project	(\$101)	\$1,400	11/5/2007	-
9/6/2013	9897	Clemson	Clemson University Restoration Institute Property Exchange	decrease budget, close project	(\$16,028)	\$3,973	8/15/2011	-
9/6/2013	6055	USC Columbia	Athletic Village Garage & Maintenance Facility Construction	decrease budget, close project	(\$1,992,830)	\$6,807,170	5/1/2008	-
9/6/2013	9537	USC Upstate	New Residence Hall Construction	decrease budget, close project	(\$1,717,863)	\$17,782,137	5/14/2007	-
9/6/2013	9966	Horry-Georgetown TC	Conway Building 100 Renovations	close project	(\$50,000)	\$0	1/6/2006	-
9/6/2013	9967	Horry-Georgetown TC	Conway Building 200 Renovations	close project	(\$50,000)	\$0	1/6/2006	-
9/13/2013	6005	USC Columbia	Deferred Maintenance	decrease budget, close project	(\$1,644)	\$473,356	9/6/2005	-
9/13/2013	6031	USC Columbia	Steam line Replacement/Repair	decrease budget, close project	(\$8)	\$999,992	9/1/2005	-
9/17/2013	9670	MUSC	Medical Center Flooring	close project	\$0	\$2,674,000	9/18/1997	-
9/17/2013	9814	MUSC	Institute of Psychiatry 30 Bathrooms Renovation	decrease budget, close project	(\$103,198)	\$646,802	9/20/2010	-
9/24/2013	9869	Clemson	Redfern Health Center Expansion A/E	decrease budget, close project	(\$177,954)	\$22,046	10/13/2006	-
9/24/2013	9896	Clemson	Littlejohn Coliseum Annex Addition	decrease budget, close project	(\$10,326)	\$263,994	9/7/2011	-
9/24/2013	9643	College of Charleston	Robert Scott Small Building 2nd Floor Classroom Conversion	decrease budget, close project	(\$242,903)	\$777,097	5/6/2010	-

<sup>1</sup>See supporting narrative.

<sup>2</sup>On August 8, 2013 the Joint Bond Review Committee (JBRC) adopted a new policy requiring institutions to establish Phase II, full design and construction budget, of a project within two years of approval of the Phase I, pre-design phase. If Phase II is not established within two years, the institution must request an extension of Phase I stating the specific reason(s) Phase II was not requested within the initial two-year period. Accordingly, CHE staff is reviewing extension requests and will report to the Committee and Commission on a monthly basis.

<sup>3</sup>The University plans to acquire an active waste transfer facility as part of its waste management plan. The facility is a 20 year old single-story pre-fabricated metal building of approximately 10,000 SF with a modular office/scale house and an in-ground truck scale. This building is located on Clemson University property and was built by Waste Management Inc. The facility will continue to be used for waste diversion as a transfer station. It is in Clemson's best financial interest to own the building to maximize the options for waste diversion while continuing to secure an economical waste disposal method. The estimated purchase cost is \$50,000.

<sup>4</sup>Increase the budget and revise scope for construction only. No associated buildings will be renovated through this project. Change project name from Business Industrial Technology Center to Upstate Center for Manufacturing Excellence.

<sup>5</sup>Purchase 1.6 acres of land along Hwy. 544 adjacent to University property. Approved by CHE on September 6, 2012 as part of Master Land Acquisition Plan (MLAP).

<sup>6</sup>Increase budget with leftover funds from projects #6005 and #6031.

<sup>7</sup>Approved by CHE on May 2, 2013 as part of FY2013-14 CPIP year one.

**Leases Processed by Staff  
September 2013**

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
9/20/2013	New	College of Charleston	Research Laboratory Space	The College will begin an extensive renovation of the Rita Hollings Science Center within the next ten to twelve months, which requires the relocation of laboratories for the duration of the renovation. The College will sublease four research labs, and three small offices at the SCRA MUSC Innovation Center located at 645 Meeting Street. This is a full service lease.	The rental rate is \$181,332 for the initial term with annual increases not to exceed 4%.	One year with four renewal options of six months each.
9/20/2013	Amendment	College of Charleston	North Campus & Lowcountry Graduate Center	<p>In August CHE approved a lease for 46,000-50,000 SF of space at 4105 Leeds Avenue in North Charleston at a base rent of \$22.25 per SF with 3% annual increases for a rental cost of \$8,524,489 over the seven year term. This rate excluded electricity, and the College was responsible for its pro-rata share of cost increases in taxes and insurance over a base year of \$2.36 per SF. The approved lease had an estimated maximum cost to the College of \$8,952,660 including operating expenses.</p> <p>The College received notice on September 5, 2013 that Holder Properties is unable to honor the approved lease, and the College has received an updated proposal for 50,000 SF of space to be constructed per the College's specifications at 3800 Paramount Drive. The triple net base rent is \$16.60 per SF with 3% annual increases for a rental cost of \$6,359,844 over the seven year term. The estimated maximum cost of the lease is \$8,902,920 including operating expenses, and will result in savings of approximately \$50,000 over the seven year term.</p>	The rental rate is \$16.60 per SF with 3% annual increases for a rental cost of \$6,359,844 over the seven year term. The estimated maximum cost of the lease is \$8,902,920.	Seven years

**WINTHROP UNIVERSITY**

**PROJECT NAME:** 2013-14 Maintenance Needs  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$1,138,614  
**INITIAL CHE APPROVAL DATE:** N/A

<b>Project Budget</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Interior Building Renovations	\$0	\$56,000	\$56,000
Building Utilities Renovations	\$0	\$157,614	\$157,614
Roofing	\$0	\$925,000	\$925,000
<b>Total</b>	<b>\$0</b>	<b>\$1,138,614</b>	<b>\$1,138,614</b>

<b>Source of Funds</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Lottery Appropriation 2013-14*	\$0	\$569,307	\$569,307
Institution Bonds	\$0	\$569,307	\$569,307
<b>Total</b>	<b>\$0</b>	<b>\$1,138,614</b>	<b>\$1,138,614</b>

*\*Per lottery proviso 3.5, these funds are allocated for repair and maintenance and may only be distributed to an institution to the extent the funds are matched (1:1) by the institution. Matching funds exclude supplemental, capital reserve, lottery, or other non-recurring appropriated state funds. Because these funds are appropriated, under the PIP definition for higher education projects, a permanent improvement project must be established. Since these projects are considered legislatively authorized and the matching funds are legislatively mandated, CHE has delegated staff the authority to process submitted projects if the projects are set up to conform to the lottery proviso.*

**DESCRIPTION:**

The University requests approval to establish a project to address maintenance in multiple facilities. Scope of work will include roof replacements in the Music Conservatory, Johnson Hall - 1920 segment, 520 Cherry Road, and Byrnes Auditorium; water heating system replacement in Rutledge; repairs to rotten floors in the Kindergarten Building and Bancroft; repairs to water damage from former roof leaks including plaster, paint, and mold removal in McLaurin; repairs to the steam line in Thompson Café; replacement of campus lights; and repair/replacement of Roddey Apartment Building front porch.

**E&G MAINTENANCE NEEDS REDUCTION:**

The project will alleviate a portion of the \$16,827,016 in combined existing maintenance needs.

**ANNUAL OPERATING COSTS/SAVINGS:**

The project is not expected to generate additional operating costs at this time.