



## South Carolina Commission on Higher Education

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Mr. Hood Temple

Dr. Richard C. Sutton  
Executive Director

**TO:** Members of the Committee on Finance & Facilities  
**FROM:** Mr. Gary S. Glenn, Director of Finance, Facilities, & MIS  
**SUBJECT:** Committee Meeting, October 2  
**DATE:** September 26, 2014

A meeting of the Committee is scheduled to **be held in the Commission's Palmetto Conference Room at 9:30 a.m. on Thursday, October 2. Please note the change in location.** The agenda and materials for the meeting are enclosed.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on October 2.

*Enclosures*

**AGENDA**  
COMMITTEE ON FINANCE & FACILITIES  
OCTOBER 2, 2014  
9:30 A.M.  
PALMETTO CONFERENCE ROOM  
SC COMMISSION ON HIGHER EDUCATION  
1122 LADY STREET, SUITE 300  
COLUMBIA, SC 29201

1. Introductions
2. Minutes of August 7 Meeting
3. Election of Chair and Vice Chair
4. Interim Capital Projects
  - A. The Citadel
    - i. New School of Business Building  
- *establish project*
    - ii. New Capers Hall  
- *establish project*
  - B. College of Charleston
    - i. 176 Lockwood Drive Property Acquisition  
- *establish project*
    - ii. 176 Lockwood Drive Renovation  
- *establish project*
5. Other Business (*For Information, No Action Required*)
  - A. Lists of Capital Projects & Leases Processed by Staff for August & September 2014

**MINUTES**

COMMITTEE ON FINANCE AND FACILITIES  
AUGUST 7, 2014  
9:30 A.M.  
MAIN CONFERENCE ROOM  
SC COMMISSION ON HIGHER EDUCATION  
1122 LADY STREET, SUITE 300  
COLUMBIA, SC 29201

Committee Members Present  
Commissioner Kim Phillips (phone)  
Commissioner Hood Temple

Dr. Kathy Coleman  
Lt. Col. Sean Egnew  
CW2 Deborah Glenn  
Ms. Carol Routh

Committee Members Not Present  
Commissioner Natasha Hanna

Staff Present

Guests Present  
Commissioner Betty Rose Horne  
Ms. Stacie Bowie (phone)

Mr. Gary Glenn  
Ms. Courtney Blake  
Mr. Michael Brown  
Dr. Karen Woodfaulk

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

**I. Call to Order**

Commissioner Temple called the meeting to order at 9:40 a.m. Ms. Blake introduced guests in attendance.

The following matters were considered:

**II. Approval of Minutes of Meeting on June 5, 2014**

A motion was made (Phillips), seconded (Temple), and carried to approve the minutes of the June 5, 2014 meeting.

**III. Interim Capital Project**

The following project was presented and discussed:

- A.) Coastal Carolina University
  - i. University Place Acquisition

Mr. Glenn presented the project stating that the University requests approval to establish a project to start the phase I environmental and building condition assessment on 54.338 acres located half a mile from the main campus that includes 573 apartments with 2,079 beds and 11 associated activity and support structures known as the University Place. He explained that the University currently has a lease purchase arrangement for this facility with the Coastal Housing Foundation. The lease purchase contract requires the University to pay the foundation 1.3 times the debt service owed by the foundation on the bonds with an option to purchase for \$1 which can be exercised in 2042 at the termination of the contract. Mr. Glenn noted that the overall savings to the University on the lease arrangement would be \$66.9M over the next 28 years. Savings on debt service would be approximately \$17M due to the

University's higher bond rating. By lowering the amount required to be paid through the lease, the University can utilize the housing revenue funds not paid as lease payments for renovations. He added that the total projected cost of the project, including acquisition cost, is \$98,335,000 to be funded with Revenue Bonds.

Ms. Stacie Bowie, from Coastal Carolina University, stated that as the project is being refined, the savings on debt service has increased to \$23M with a total savings of \$74M. She stated that these numbers may continue to change. Ms. Bowie noted that two thirds of the University's student population currently lives in University Place. She stated that this project is more about refinancing than purchasing.

Commissioner Temple commended the institution on being prudent and taking advantage of lower rates. Commissioner Phillips stated that this seemed like the right path for the University to take and commended the University on the savings that will be realized through this project.

With no further questions, it was moved (Phillips), seconded (Temple), and voted to approve the Coastal Carolina University project as proposed.

#### **IV. Other Business**

Mr. Glenn reminded committee members that the most recent quarterly budget report showed a significant amount of funding remaining on the National Guard line for the College Assistance Program. He asked Dr. Karen Woodfaulk and Mr. Michael Brown to present to the Committee where the program currently is, how we got in the situation we are in now with funding, and what the projections are for the future. Mr. Michael Brown gave an update on the National Guard College Assistance Program budget. Mr. Brown explained that the program started in 2007 with funding of \$3.2M, which was carried forward from a former college loan repayment program, for 394 enlisted soldiers. Participation in the program increased to 921 soldiers in 2008 up to 1203 participants in 2011-12. Mr. Brown continued, explaining that in 2013 the program had reached its capacity and ran out of funding for the 944 enlisted soldiers. For spring and summer 2013, there were no funds available. The Commission requested additional funding in 2013-14 for the program and received \$4.8M. Only \$2.1M was used for the support of 704 soldiers. Mr. Brown explained that when the program ran out of money in 2013, the Commission met with the National Guard to discuss changes that could be made to insure a shortfall would not happen again. Policies were revised stating that a soldier must complete basic training and advanced individual training (AIT) before they could be considered for the program. Policies were also revised to limit enrollment dates to June 1 through August 1. Before, a soldier could enroll anytime throughout the year. Mr. Brown stated that the Commission continues to work with the National Guard to refine the program. Dr. Woodfaulk stated that once conversations with the National Guard are complete, they would like to bring the final plan back to the Committee for review.

Mr. Glenn presented the FY 2013-14 year-end budget report stating that the agency finished up with expenditures at 97.4% of authorized funding. He noted that there were two outliers, National Guard and PASCAL. The PASCAL balance of \$1.4M is the result of an error at the budget office and how they responded to CHE's request for stable funding for PASCAL in 2013. He explained that the legislature authorized a \$1.5M increase in other funds for PASCAL resulting in the authority to spend the funds as part of budget, but never receiving the cash for the program. Mr. Glenn stressed that the PASCAL balance is not a result of unused funds or poor planning, it is just a glitch in the budget that will be fixed going forward. He stated that scholarships finished with a balance of \$5M, \$2.1M of that being National Guard. He pointed out the carryover balances from last year compared to this year. Mr. Glenn noted that the balance for Need-base Grants was affected by the College Access Challenge Grant where CHE was able to use \$167,000 in federal funds to supplement grants to need-based students. He wrapped up by stating that the agency used a significant amount of carryover as well as supplemental appropriations to meet the requirements for scholarship programs this year. The results show that South Carolina has had significant growth in the number of students and the amount of scholarships

being awarded. Mr. Glenn stated that the agency ended up with approximately \$709,000 in carryover state funds. He explained that 10% of state funds can be carried over each year. Mr. Glenn noted that of the carryover, \$102,150 was dedicated to the SREB program and \$31,376 was dedicated to the Benedict College African American Loan Program. He explained that Benedict did not submit their required report to receive these funds; therefore the money is being held and will be advanced to the College when the report is submitted. Mr. Glenn also mentioned that a small amount of carryover was dedicated to the Education and Economic Development Act (EEDA).

Mr. Glenn presented the FY 2014-15 tuition and required fees summary. He stated that the tuition and fees follow tradition of recent years and increased by an average of 3.2% at the recommendation of Senator Leatherman. He noted that staff has been monitoring and watching in-state verses out-of-state distribution, and explained that out-of-state students should bear the full cost of tuition. Mr. Glenn also stated that tuition and fees are posted on the CHE website along with course and program specific fees.

Mr. Glenn presented the building condition survey comparison between 2011 and 2014. He explained that the buildings included are E&G buildings which consist of 25% or more E&G space and contain 3,000 SF or more. Mr. Glenn noted that institutions look at the individual building systems and rate each of them on a scale of 1 to 5 (one being perfect condition and five meaning complete replacement) which calculates an overall building condition code. He added that CHE staff publishes these condition codes and monitors them to track how the institution is maintaining their buildings, what they have, and what improvements are needed. Mr. Glenn stated that by looking at the comparison between 2011 and 2014, the majority of institutions have done a good job of resourcing maintenance on campus. He noted that building maintenance has become a subject of interest for institutional presidents and politicians. He added that the institutions continue to receive legislative support for maintenance needs.

The lists of Capital Projects & Leases processed by staff for June & July 2014 were presented for information. Mr. Glenn drew the Committees attention to the University of South Carolina's Student Health Center Construction project. He stated that the project has been on the books since 2011 and has gone through many refinements, but the University is now moving forward with the construction phase of the project.

With no further business, Commissioner Temple adjourned the meeting at 10:15 a.m.

Respectfully submitted,

Courtney W. Blake  
Recorder

*\*Attachments are not included in this mailing but will be filed with the permanent record of these minutes and are available for review upon request.*

**DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION**

October 2, 2014

**THE CITADEL**

**PROJECT NAME:** New School of Business Building  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$17,000,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Source of Funds</u></b>	<b><u>Phase I (Pre-Design)</u></b>	<b><u>Phase II (Construction)</u></b>	<b><u>Total Proposed Budget</u></b>
Donor Gifts	\$250,000	\$16,750,000	\$17,000,000
<b><i>Total</i></b>	<b><i>\$250,000</i></b>	<b><i>\$16,750,000</i></b>	<b><i>\$17,000,000</i></b>

**DESCRIPTION:**

The University requests approval to establish a project to construct a new 56,000 SF Business School to house the School of Business. The School of Business is currently located in Bond Hall. The new building is proposed to be located to the south of Bond Hall in an area where existing housing is currently located. Some or all of these housing units may be demolished to make room for the new Business School Building which will include classrooms, staff offices, conference rooms, and an auditorium capable of seating an entire academic class of cadets (750+). Once the School of Business relocates to the new building, it is proposed that the Education Department will move out of Capers Hall and backfill vacated space in Bond Hall.

This project was not included in the institution's FY 2014-15 CPIP year one because funding was unknown at the time of CPIP submission.

**E&G MAINTENANCE NEEDS:**

N/A – New Construction (Housing units slated for demolition are not considered E&G.)

**ANNUAL OPERATING COSTS/SAVINGS:**

Custodial, maintenance, and energy will require additional operating costs of \$85,000 per year following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**THE CITADEL**

**PROJECT NAME:** New Capers Hall  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$26 – \$37M  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Source of Funds</u></b>	<b><u>Phase I (Pre-Design)</u></b>	<b><u>Phase II (Construction)</u></b>	<b><u>Total Proposed Budget</u></b>
Capital Improvement Fees	\$250,000	\$0	\$250,000
Donor Gifts	\$0	\$25.75 - \$36.75M	\$25.75 - \$36.75M
<b><i>Total</i></b>	<b><i>\$250,000</i></b>	<b><i>\$25.75 – \$36.75M</i></b>	<b><i>\$26 - \$37M</i></b>

**DESCRIPTION:**

The University requests approval to establish a project to construct a new Capers Hall. Constructed in 1949, the existing building is 75,116 SF and currently houses the English, History, Math, Psychology, Criminal Justice, and Education Departments. The building design does not meet the requirements of current teaching techniques, and the structure has outlived its useful life. Initial study of the timeline and cost to upgrade the existing facility, as part of a whole building renovation, would take the facility off-line for two academic years, at a cost exceeding \$8M for the seismic upgrades alone.

The new 80 – 96,000 SF Capers Hall will be built directly behind the current building, which will be demolished once construction is complete. The range in square footage and price are dependent upon the availability of donor gifts to fund the New School of Business. Should donor funds be unobtainable for full construction of the new School of Business, the building will not be constructed and Business School functions will remain in Bond Hall and the size of the new Capers Hall will be increased to hold current functions and future growth. Should donor gifts be unobtainable to completely fund the construction of the new Capers Hall, it is anticipated that a combination of accumulated Capital Improvement Fees and/or a long-term debt issuance will fund the remaining balance.

This project was not included in the institution's FY 2014-15 CPIP year one because of an oversight.

**E&G MAINTENANCE NEEDS:**

Based on Fall 2013 data, demolition of Capers Hall will eliminate \$4,168,981 in existing maintenance needs over the next twenty years.

**ANNUAL OPERATING COSTS/SAVINGS:**

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

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**COLLEGE OF CHARLESTON**

**PROJECT NAME:** 176 Lockwood Drive Property Acquisition  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$4,985,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b>Source of Funds</b>	<b>Phase I (Enviro. Study)</b>	<b>Phase II (Purchase Price)</b>	<b>Total Proposed Budget</b>
Appropriated State	\$0	\$2,000,000	\$2,000,000
Institutional Capital Project Funds	\$0	\$2,985,000	\$2,985,000
<b>Total</b>	<b>\$0</b>	<b>\$4,985,000</b>	<b>\$4,985,000</b>

**DESCRIPTION:**

The College requests approval to establish a project to purchase property at 176 Lockwood Drive. The property is located within the footprint of the Horizon Development Project, approximately 1.5 miles from the campus core. The building is currently occupied by the South Carolina Department of Employment and Workforce. As a result of downsizing and reductions in force, the Department no longer requires the space and will relocate by December 1, 2014. The Division of General Services granted the College the right of first refusal to purchase this property.

The College is in need of additional academic and academic support space in proximity of its downtown Charleston campus. The campus is landlocked in the center of a historic, urban area, and opportunities to reduce its space deficiency are limited. A 2012 utilization study found a space deficiency of approximately 280,000 ASF. The College’s space deficiency is projected to grow to approximately 640,000 ASF by 2020. The Lockwood Drive property would provide 22,980 GSF to help address this shortage immediately. This acquisition would allow the College to relocate three functions from the core campus to the Lockwood Drive property – the Controller’s Office, the Office of Procurement, and the Joseph P. Riley, Jr. Center for Livable Communities. Moving these three functions to the Lockwood Drive property would allow the College to re-purpose space in the campus core for instructional use.

The College has conducted a feasibility study, building condition assessment, and environmental phase I study in order to determine that the property is a sound investment that will suit the institution’s needs. The property purchase price is equal to the appraised underlying land value. The 25 year old building will require renovation in order to meet current codes and College needs, as well as address building and plumbing damage caused by ground settling.

This project was not included in the institution’s FY 2014-15 CPIP year one because this specific land acquisition opportunity was not known at the time of CPIP submission.

**E&G MAINTENANCE NEEDS:**

N/A - Acquisition

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities and maintenance will require additional operating costs of \$160,860 per year following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**COLLEGE OF CHARLESTON**

**PROJECT NAME:** 176 Lockwood Drive Renovation  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$5,300,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Source of Funds</u></b>	<b><u>Phase I (Pre-Design)</u></b>	<b><u>Phase II (Construction)</u></b>	<b><u>Total Proposed Budget</u></b>
Institutional Capital Project Funds	\$79,500	\$5,220,500	\$5,300,000
<b><i>Total</i></b>	<b><i>\$79,500</i></b>	<b><i>\$5,220,500</i></b>	<b><i>\$5,300,000</i></b>

**DESCRIPTION:**

The College requests approval to establish a project to renovate the 22,980 GSF building located at 176 Lockwood Drive. The 25 year old building will require renovation to meet College security, safety, and technological infrastructure standards as well as meet current building and ADA codes. A building condition assessment conducted by an external architectural and engineering firm recommends replacing or repairing the HVAC system, main electrical distribution panels, and the low slope roof system. Repairs to the building's exterior and plumbing and sewer systems are needed due to ground settling. The space will be reconfigured to house the Controller's Office, the Office of Procurement, and the Joseph P. Riley, Jr. Center for Livable Communities freeing up space in the core campus that can be re-purposed as instructional space.

**E&G MAINTENANCE NEEDS:**

N/A – New Acquisition

**ANNUAL OPERATING COSTS/SAVINGS:**

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

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**INFORMATION ITEM**

<b>Capital Projects &amp; Leases Processed by Staff August 2014</b>								
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
<b>Close-Outs</b>								
8/5/2014	9550	Coastal Carolina	Deferred Maintenance	close project	\$0	\$2,059,000	3/2/2006	-
8/5/2014	9573	Coastal Carolina	Academic Office/Classroom Building	decrease budget, close project	(\$317,775)	\$11,682,225	11/5/2009	-
8/5/2014	9574	Coastal Carolina	Public Safety Building	close project	\$0	\$1,640,000	12/7/2009	-
8/5/2014	9591	Coastal Carolina	Deferred Maintenance	close project	\$0	\$831,612	1/18/2012	-
8/14/2014	9607	The Citadel	Jenkins Hall Arms Room Renovation	decrease budget, close project	(\$2,858)	\$197,142	11/14/2012	-
8/27/2014	9904	Clemson	McAdams Hall Renovation	close project	(\$63,750)	\$0	9/19/2012	-
8/27/2014	9907	Clemson	Lehotsky Hall Renovation	close project	(\$350,000)	\$0	11/1/2012	-

<b>Capital Projects &amp; Leases Processed by Staff September 2014</b>								
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>								
9/5/2014	9919	Clemson	City of Clemson Waste Water/Ballpark Property Exchange <sup>1</sup>	revise scope	\$0	\$20,000	5/27/2014	-
9/10/2014	9916	Clemson	Memorial Stadium Suites Renovation <sup>2</sup>	establish construction budget	\$24,625,000	\$25,000,000	2/10/2014	-
9/10/2014	9601	Coastal Carolina	2013-14 Maintenance Needs <sup>3</sup>	increase budget	\$118,094	\$900,000	10/23/2014	-
9/10/2014	6094	Horry-Georgetown TC	Acquisition of Land <sup>4</sup>	revise scope	\$0	\$20,000	7/2/2014	-
9/10/2014	6088	Spartanburg CC	Tyger River Building CBED Renovation <sup>2</sup>	establish construction budget	\$1,674,500	\$1,700,000	10/28/2013	-
9/15/2014	6091	Piedmont TC	Event Center Breakout Building & N Building Renovations	establish construction budget	\$886,107	\$898,857	11/7/2013	-
9/15/2014	New	Trident TC	Aeronautical Training Center <sup>5</sup>	establish project	\$0	\$10,000,000	-	-
<b>Close-Outs</b>								
9/5/2014	9592	The Citadel	Campus Wide Roof & Building Envelope Repairs	close project	\$0	\$1,285,000	6/15/2005	-

<sup>1</sup>Revise scope for the final property exchange between Clemson University and the City of Clemson for 4.73 acres of University owned land, a portion of which the City already leases for waste water treatment facilities in exchange for .7 acres of City owned land which the University already leases for baseball parking.

<sup>2</sup>Approved by CHE on May 1, 2014 as part of FY2014-15 CPIP year one.

<sup>3</sup>Increase budget so completion of all University roads on campus can be performed at once instead of in phases.

<sup>4</sup>Original project was for a Phase I environmental and building condition assessment on 3.5 acres of land that included two commercial buildings totaling 30,000 SF. The College has since learned that the owner of that property is asking for a purchase price that far exceeds budget and reasonable appraised values. The College has identified a separate 3.5 acre parcel of property (land only), in the same business park as the previous property that would equally suit the College's needs. This project is a revision of scope to begin Phase I environmental study on the 3.5 acres. If the College purchases the property, it is their intention to construct a metal 20 - 40,000 SF building to support the Advanced Manufacturing program.

<sup>5</sup>Project is funded with Capital Reserve Funds which are state-appropriated. These funds supersede CHE approval authority; therefore, the project is staff approved.