



South Carolina Commission on Higher Education

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Dr. Richard C. Sutton
Executive Director

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

FROM: *GG* Mr. Gary S. Glenn, Director of Finance, Facilities, & MIS

SUBJECT: Committee Meeting, March 6

DATE: February 28, 2014

A meeting of the Committee is scheduled to be held in the Commission's Main Conference Room at 9:30 a.m. on Thursday, March 6. 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 March 6.

Enclosures

AGENDA
COMMITTEE ON FINANCE & FACILITIES
MARCH 6, 2014
9:30 A.M.
MAIN CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

1. **Introductions**
2. **Minutes of February 6 Meeting**
3. **Interim Capital Projects**
 - A. **Midlands Technical College**
 - i. **Beltline Library Building Replacement**
- increase budget, revise scope
4. **Other Business (For Information, No Action Required)**
 - A. **Recovery Audit Mandated per Proviso 117.96 for FY 2009-12**
 - B. **List of Capital Projects & Leases Processed by Staff for February 2014**

MINUTES
COMMITTEE ON FINANCE AND FACILITIES
FEBRUARY 6, 2014
9:15 A.M.
MAIN CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Chairman Bill Scarborough
Commissioner Natasha Hanna (phone)
Commissioner Kim Phillips (phone)
Commissioner Hood Temple
Commissioner Lewis Vaughn

Mr. John Gardner
Mr. Derek Gruner
Mr. Rick Kelly
Mr. Jay Kispert
Mr. Graham Neff
Mr. John McEntire
Col. Ben Wham
Ms. Helen Zeigler

Guests Present

Chairman John Finan
Ms. Beth Bell
Ms. Stacie Bowie (phone)
Dr. Richard Chapman
Dr. Kathy Coleman
Ms. Mary Lou Cook
Mr. Ed Evans

Staff Present

Mr. Gary Glenn
Ms. Camille Brown
Ms. Julie Carullo
Dr. MaryAnn Janosik
Ms. Yolanda Mvers

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

I. Call to Order

Chairman Scarborough called the meeting to order at 9:15 a.m. Ms. Myers introduced guests in attendance.

The following matters were considered:

II. Approval of Minutes of Meeting on December 5, 2013

Chairman Scarborough noted a sentence change in regards to the introduction of Ms. Myers. A motion was made (Temple), seconded (Vaughn), and carried to approve the revised minutes of the December 5, 2013 meeting.

III. Interim Capital Projects

The following projects were presented and discussed:

- A.) Clemson University
 - i. Memorial Stadium Suites Renovation

Mr. Glenn presented the project stating that the University requests approval to establish a project to renovate Memorial Stadium Suites and concourses. He noted that work will address life cycle issues, add 750 premium seats, and provide enhanced amenities including a completely redesigned space. Mr. Glenn stated that there have been no substantial renovations to the suites in 35 years. He continued by stating that currently 100 suites and 950 premium seats were sold out for the season and that

renovations will address several critical structural issues that were identified in a recent structural study, replace the antiquated HVAC system, improve access points, add operable windows, and repair water intrusion issues causing damage to the existing infrastructure. In addition, the project will provide energy efficiencies, address ADA compliance issues, and provide a safe and more secure building during the evenings through additional lighting. Mr. Glenn stated that the project was not included in the institution's FY 2013-14 CPIP year one because they were unable to support the project at the time of CPIP submission. Due to favorable economic conditions, the institution is now able to support the project which is not expected to generate additional operating costs at this time.

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

ii. Littlejohn Coliseum Renovation

Mr. Glenn presented the project stating that the University requests approval to establish a project to renovate Littlejohn Coliseum. He noted that work will include upgrading the existing playing arena and seating bowl, additional premium level seating, and a NCAA regulation practice facility to include men's and women's coaches offices, weight rooms, locker rooms, recruitment gathering spaces, and video editing/theater areas. Mr. Glenn stated that the project will increase premium seating from 40 to 500 seats. He also stated that the project will upgrade components of the antiquated electrical system, allow for upgrades to lighting and multi-media technology systems, and address life-safety issues. Mr. Glenn noted that the project was not included in the institution's FY 2013-14 CPIP year one because they were unable to support the project at the time of CPIP submission. Due to favorable economic conditions, the institution is now able to support the project which is not expected to generate additional operating costs at this time.

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

iii. West Campus Energy Plant Construction

Mr. Glenn presented the project stating that the University requests approval to establish a project to construct a new district energy plant on the West Campus that will be approximately 7,000 SF and will add approximately 2,400 refrigeration tons to the University's current plant capacity of 11,000 refrigeration tons. He noted that the facility will primarily be a chilled water facility with underground utility piping including high efficiency electrical centrifugal chillers, evaporative cooling tower additions, energy optimized controls, and variable speed electric centrifugal pumps. The new energy facility will be located near Littlejohn Coliseum, with the exact location to be determined during the pre-design phase. Mr. Glenn added that the project was not included in the institution's FY 2013-14 CPIP year one but is now necessary to serve the new and projected projects.

With no further questions, it was moved (Vaughn), seconded (Hanna), and voted to approve the Clemson University project as proposed.

B.) The Citadel

i. Deferred Maintenance 2012

Mr. Glenn presented the project stating that the University requests approval to increase the budget for installation of a fire sprinkler system and fire alarm in the Daniel Library. He explained that the scope of work has not changed from the original project approval. When design engineers proceeded with the field investigation, it was discovered that extensive additional work would be required due to the age of various systems in the facility.

With no further questions, it was moved (Vaughn), seconded (Temple), and voted to approve The Citadel project as proposed.

C.) Coastal Carolina University
i. Singleton Building Renovation

Mr. Glenn presented the project stating that the University requests approval to increase the budget and revise the scope to include structural changes for inclusion of a second elevator, removal of all non-load bearing walls on the first floor to reconstruct the layout to create event space, and improved reconfiguration of administrative offices and reconfiguration of President's suite in regard to service and security. All restrooms will be expanded and brought up to code; an additional handicap ramp will be added; all electrical will be brought up to code; and all fan coil units will be removed and the HVAC system will be completely renovated to include air handlers and variable air volume (VAV) boxes to convert the building from a two pipe to a four pipe system which will be connected to the Central Cooling Plant. Mr. Glenn noted that the original project scope included upfit of the building to include HVAC, electrical, and plumbing systems. The project also included replacement of the current elevator, ADA upgrades, asbestos removal, and paint and carpet. He explained that the University Board of Trustees requested a broader scope of work.

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

D.) Francis Marion University
i. Medical and Health Science Complex Construction

Mr. Glenn presented the project stating that the University requests approval to establish a project to construct a Medical and Health Science Complex in downtown Florence, SC. He noted that the facility will be approximately 50,000 SF and will be located on 1.06 acres on the corner of Irby and Evans Street. The facility will accommodate the University's Family Nurse Practitioner Program, MSN/Nurse Educator Program, and the Master's in Applied Psychology which are currently approved, and an anticipated Physician's Assistant Program which is expected to come through for approval in the near future. Mr. Glenn explained that the facility will also house an additional site supporting the University of South Carolina's third and fourth year Medical Student Program which is to be funded through a grant with the Department of Health and Human Services. The site plan also includes sidewalks, parking and landscape features as well as exterior lighting and a security system.

Chairman Scarborough commented on the importance of the project to the Florence community and the University. Commissioner Temple stated the Medical Complex is part of a bigger plan and commended the University on having two-thirds of the project supported by private funds. Commissioner Vaughn asked what the procedures are for obtaining program approval. Dr. MaryAnn Janosik, from the Commission on Higher Education (CHE), stated that program requests come through the Academic Affairs Division of CHE. The Advisory Committee on Academic Programs (ACAP) members review program applications. Once the programs are reviewed by ACAP they are sent back to the institutions with any recommendations. After any revisions have been made, the program is submitted to CHE for consideration by the Committee on Academic Affairs and Licensing (CAAL) and ultimately considered by the Full Commission.

Dr. Richard Chapman, Provost at Francis Marion University, provided additional information about the project, indicating that the existing facilities on the Francis Marion campus were not capable of handling the anticipated growth in the Health Science Programs at the University and that this new building, in partnership with the two hospital systems in Florence, would position the University to further their efforts in meeting the healthcare needs of the Pee Dee. Dr. Chapman also stressed that approval of the Health Sciences building was a critical component of the accrediting requirements for the Physician's Assistant Program, a precursor for approval of the academic program.

A motion was made (Temple) and seconded (Vaughn) to amend the staff recommendation and approve the project without the prerequisite approval of the Physician's Assistant Program and the MOU with the University of South Carolina originally recommended by staff. With no further questions, the

Committee voted to approve the Francis Marion University project without the contingencies originally proposed.

IV. Lease

The following lease was presented and discussed:

- A.) University of South Carolina Columbia
 - i. West Campus Development Office Building

Mr. Glenn presented the lease stating that this lease request is for approximately 40,000 SF of space within a new Office/Academic/Research building to be constructed at 550 Assembly Street in Columbia, SC. The building will be constructed on a .79 acre parcel at the southeast corner of Assembly and Blossom Streets which will be leased from the University for a 40 year term. At the end of the term, ownership of the building will be transferred to USC. Mr. Glenn noted that the office space leased by the University will be used for faculty offices and academic support space to augment the College of Engineering and Computing. The remaining space will be leased by the developer to private tenants. The developer and the University will work collaboratively to identify commercial tenants for the building. Mr. Glenn explained that this is a unique lease and that the building is being designed, built, financed, operated and maintained by a private developer as a component of a West Campus Development Public-Private Partnership between Holder Properties, Inc. and the University.

Mr. Glenn stated that the lease term will be ten years with the option to extend the term of the lease for up to two consecutive terms of five years each upon the same terms and conditions of the original lease except for Basic Rent, which will increase at 2.5% per annum. The base rent in the first year will be \$16.60 per SF resulting in an annual rent of \$664,000. Thereafter, base rent increases 2.5% annually resulting in a total estimated lease cost of \$7,444,400 to be funded with Institutional Funds. He noted that the landlord will provide \$25 per SF for upfitting. The University will be responsible for all operating costs, taxes and insurance associated with the leased area, estimated at \$8 per SF.

Mr. Rick Kelly, from the University of South Carolina, was asked about acquiring a forty year old building. Mr. Kelly stated that there is a clause in the lease agreement which requires the developer to keep the building in A1 shape and Class A standard.

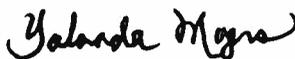
With no further questions, it was moved (Vaughn), seconded (Temple), and voted to approve the University of South Carolina Columbia lease provided the rates and terms are approved by the Budget and Control Board.

V. Other Business

The lists of Capital Projects & Leases processed by staff for December 2013 and January 2014 were presented for information. Mr. Glenn noted that additional 2013-14 Maintenance Needs projects have been received and are presented with supporting narratives.

With no further business, Chairman Scarborough adjourned the meeting at 10:10 a.m.

Respectfully submitted,



Yolanda Myers
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 PROJECT FOR CONSIDERATION

March 6, 2014

MIDLANDS TECHNICAL COLLEGE

PROJECT NAME: Beltline Library Building Replacement
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$4,000,000
INITIAL CHE APPROVAL DATE: May 18, 2012

<u>Source of Funds</u>	<u>FY 2013-14 CPIP Year One</u>	<u>Change</u>	<u>Revised</u>
College Funds	\$2,999,960	\$1,500,000	\$4,499,960
County Funds	\$7,800,040	\$2,500,000	\$10,300,040
<i>Total</i>	<i>\$10,800,000</i>	<i>\$4,000,000</i>	<i>\$14,800,000</i>

DESCRIPTION:

The College requests approval to increase the budget and revise the scope of the Beltline Library project to account for unforeseen infrastructure costs and to add an additional 1,320 SF to the new building. Increased infrastructure costs include additional electrical power equipment, the addition of a campus fire main supply line and fire lane around the building, addressing unanticipated poor soil condition, and tight construction site limitations. In addition, construction costs have escalated since the project's inception.

The new library will be 41,320 SF and will include classrooms, student study spaces, tutoring labs, and computer stations. The facility will achieve LEED Silver status and has a projected date for completion July 1, 2017. A SACS accreditation report, faculty survey, and student survey all indicate the need for a larger library with more study rooms and computer space. With today's advanced information technologies, there is an inherent change in a college library's purpose. The current library does not meet today's student needs. Additionally, increased enrollment at the Beltline campus necessitates additional general purpose classrooms.

E&G MAINTENANCE NEEDS:

Demolition of the existing Library will alleviate \$530,565 in existing maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

Utilities, maintenance, custodial, and insurance will require additional operating costs of \$50,787 in the first year, \$52,818 in the second year, and \$54,931 in the third year following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

Recovery Audit Specialists

Accountability • Transparency • Recovered Funds

SC Commission on Higher Education

AP Recovery Audit - Final Report

FY 2009-2012

February 17, 2014

Audit Overview

As required by South Carolina Proviso 89.20 and 117.96, under the guidance of the South Carolina Budget and Control Board (B&CB), Recovery Audit Specialists (RAS) has completed the recovery audit of the SC Commission on Higher Education for fiscal years 2009, 2010, 2011 and 2012.

Data Analysis

After receiving the data, our system analyzed the data and marked invoices as potentially erroneous. We pulled the suspect invoices and reviewed the supporting documentation to validate each of those payments. Our examination revealed that the suspect transactions either had additional documentation that validated the charge or that the error had already been corrected by the SC Commission on Higher Education.

Statement Audit

We compiled a list of vendors that made up the bulk of the annual spend and requested statements from them. We did not discover any outstanding credits to recover.

Audit Analysis

RAS' observations during the audit revealed that the SC Commission on Higher Education has sound internal controls and procedures in place to prevent overpayments. The SC Commission on Higher Education is doing a commendable job in processing its financial transactions and preventing overpayments. No recovery items were, therefore, identified during this audit.

RAS appreciates the cooperation and assistance it received in fulfilling the audit requirements.

If you have any questions, please contact Josh Stafford, Senior Auditor, JStafford@ras-dc.com.

INFORMATION ITEM

Capital Projects & Leases Processed by Staff

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
Maintenance Needs Projects using FY 2013-14 Lottery Allocation and Match								
2/11/2014	New	The Citadel	2013-14 Maintenance Needs ¹	establish project	\$0	\$912,000	-	-
2/18/2014	9393	Coastal Carolina	Hicks Dining Hall Expansion ²	establish construction budget	\$2,482,500	\$2,400,000	4/9/2012	-
2/18/2014	9812	MUSC	BBB East Side Exchange & Emergency Power Improvement ³	revise scope	\$0	\$2,550,000	7/1/2010	-
Close-Outs								
2/11/2014	9886	Clemson	Lee Hall Complex Expansion/Renovation ⁴	change source of funds, close project	\$0	\$91,600,000	8/6/2008	-
2/11/2014	9890	Clemson	Barnette Hall HVAC & Windows Renovation	decrease budget, close project	(\$67,479)	\$3,942,531	5/6/2010	-
2/11/2014	9809	MUSC	Harborview Offices Tower Chilled Water Risers Replacement	close project	\$0	\$999,000	7/1/2010	-
2/18/2014	9358	Coastal Carolina	Kimbel Library/Information Commons Expansion/Addition	decrease budget, close project	(\$195,104)	\$5,804,396	4/18/2008	-
2/18/2014	9343	Coastal Carolina	Student Center Deferred Maintenance Grille Addition	close project	\$0	\$2,340,480	5/10/2005	-

¹See supporting narrative.

²Approved by CHE on May 2, 2013 as part of FY 2013-14 CTRF year one.

³Significant savings of approximately \$900,000 were realized during the initial design, bidding, and construction. Revising scope to add replacement of east side hot water riser system. Existing piping is over 40 years old and is beyond its useful life.

⁴Change source of funds from \$1,481,623.89 in FY09 Stimulus funds to \$671,137.65 in Institutional Capital Project Funds and \$810,466.24 in OIRs from the Clemson University Foundation. There was not enough allowable ARBA Stimulus expenses in the Lee Hall Renovation so the University had to find another project to spend the remaining \$1,481,623.89 in FY09 Stimulus funds from. The remaining \$1,481,623.89 in FY09 Stimulus funds were used in the University's BANNER project.

Leases Processed by Staff

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
2/20/2014	Amend	MUSC	125 Doughty Street	Add an additional 684 SF of office space to the existing lease agreement. Additional space is needed for staff offices due to the continued growth in the Southeastern Clinical & Translational Research (SCTR) staff and programs.	Cost per SF - \$28.17; Annual Lease Cost - \$19,268.28; Total Lease Cost - \$9,18,220.92	Three years - (6/25/2013 - 6/24/2016) Amendment effective - 3/1/2014

THE CITADEL

PROJECT NAME: 2013-14 Maintenance Needs
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$932,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Change	Revised
Professional Services Fees	\$0	\$79,230	\$79,230
Roofing	\$0	\$811,941	\$811,941
Contingency	\$0	\$40,829	\$40,829
Total	\$0	\$932,000	\$932,000

Source of Funds	Previous	Change	Revised
Lottery Appropriation 2013-14*	\$0	\$387,663	\$387,663
Citadel Deferred Maintenance Fund	\$0	\$544,337	\$544,337
Total	\$0	\$932,000	\$932,000

**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 perform roof work on Bond Hall (area A&B), the Central Warehouse, Duckett Hall, Jenkins Hall, and the Library (north end).

E&G MAINTENANCE NEEDS REDUCTION:

Based on Fall 2012 data, Bond Hall has a roof system rating of 1.83 out of 5, Duckett Hall has a roof system rating of 2.83 out of 5, Jenkins Hall has a roof system rating of 1.83 out of 5, and Daniel Library has a roof system rating of 1.66 out of 5. The four buildings have combined existing maintenance needs of \$8,779,626 over the next twenty years.

ANNUAL OPERATING COSTS/SAVINGS:

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