



## South Carolina Commission on Higher Education

Layton McCurdy, M.D., Chairman  
Mr. Daniel Ravenel, Vice Chairman  
Col. John T. Bowden, Jr.  
Doug R. Forbes, D.M.D.  
Dr. Bettie Rose Horne  
Dr. Raghu Korrapati  
Dr. Louis B. Lynn  
Ms. Cynthia C. Mosteller  
Mr. James Sanders  
Mr. Hood Temple  
Mr. Randy Thomas  
Mr. Kenneth B. Wingate  
Mr. Neal J. Workman, Jr.  
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

December 21, 2007

**TO:** Mr. Daniel Ravenel, Chair, and Members of the Committee on Finance & Facilities  
**FROM:** Mr. Gary S. Glenn, Acting Director of Finance, Facilities, & MIS  
**SUBJECT:** Committee Meeting, January 10

A meeting of the Committee is scheduled to be held in the Commission's Main Conference Room at 9:00 a.m. on Thursday, January 10. Attached are an agenda and materials for the meeting.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on January 10.

*Enclosures*

**AGENDA**

COMMITTEE ON FINANCE & FACILITIES

JANUARY 10, 2008

9:00 A.M.

CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introductions
2. Minutes of December 6 Meeting
3. Interim Capital Projects
  - A. College of Charleston
    - i. Rutledge/Buist Residence Halls Renovation, Phase 2  
*-establish project*
    - ii. Craig Cafeteria Conversion and Renovation  
*-increase budget*
  - B. Medical University of South Carolina
    - i. Pharmacology Renovations  
*-decrease budget, change source of funds, revise scope*
  - C. Winthrop University
    - i. Thomson Complex Fire Sprinkler/Alarm Retrofit  
*-establish project*
4. Lease
  - A. University of South Carolina Upstate
    - i. George Dean Johnson Jr. College of Business & Economics  
*-new lease*
5. Other Business
  - A. List of Staff Approvals for December 2007 (For Information)

**MINUTES**

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION  
COMMITTEE ON FINANCE AND FACILITIES  
DECEMBER 6, 2007  
9:00 A.M.  
CHE CONFERENCE ROOM

**Committee Members Present**

Dr. Doug Forbes  
Mr. Daniel Ravenel  
Mr. Jim Sanders  
Mr. Ken Wingate  
Mr. Neal Workman

Ms. Betty Jenkins  
Mr. Scott Ludlow  
Ms. Beth McInnis  
Mr. Steve Osborne (via telephone)  
Mr. Rick Puncke  
Mr. John Smalls  
Mr. John True  
Mr. Charles Shawver

**Committee Members Absent**

Dr. Louis Lynn

**Commission Members Present**

Dr. Layton McCurdy

**Staff Present**

Ms. Camille Brown  
Mr. Michael Brown  
Ms. Julie Carullo  
Mr. Charlie FitzSimons  
Mr. Gary Glenn  
Ms. Alyson Goff  
Dr. Lynn Kelley  
Ms. Nicole Rowland  
Dr. Garrison Walters

**Guests Present**

Ms. Donna Collins  
Dr. Anthony Coyne  
Mr. Ralph Davis  
Mr. Craig Hess  
Col. Curt Holland  
Mr. Charles Jeffcoat

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

**I. Introductions**

Chairman Ravenel called the meeting to order at 9:05 a.m. Mr. Glenn introduced the guests in attendance.

The following matters were considered:

**II. Approval of Minutes of Meeting on November 2, 2007**

Since there were no additions or corrections to the Minutes of the meeting on November 2, it was moved (Forbes), seconded (Workman), and voted to approve the Minutes as written.

### III. Interim Capital Projects

The following projects were presented and discussed:

#### A.) South Carolina State University

Chairman Ravenel asked Mr. John Smalls, from South Carolina State University, to discuss these projects in further detail.

- |   |                                    |
|---|------------------------------------|
| a) Engineering/Computer Science Complex | -revise scope, change project name |
|---|------------------------------------|

Mr. Smalls explained the project had been previously approved by the Committee and Commission, but after further review, the University concluded it would be more cost effective for the state to build a new building versus renovating a building constructed in 1939. Chairman Ravenel affirmed the existing building was on the National Register and asked what the plans were for the building. Mr. Smalls responded that the university has applied for funds from the Department of Interior to renovate Crawford Hall. Mr. Smalls stated institutional bonds were borrowed last year. Mr. Sanders asked what the total of the institutional bonds borrowed was, and Mr. Smalls stated the amount was \$33 million for two facilities. The Engineering Building was allocated \$25 million, and the balance was for Hodge Hall renovations.

- |  |                    |
|--|--------------------|
| b) Replace HVAC System in Turner Hall A Wing     | -establish project |
| c) Repair & Replace HVAC System in Mitchell Hall | -establish project |
| d) Repair HVAC System in Washington Dining Hall  | -establish project |

Mr. Smalls provided a brief explanation of the three HVAC projects. He stated the institution's intention was to do a total replacement of all the HVAC systems, and these projects were the first three of seven buildings. These three projects have been designed and as the others are designed, the institution will bring the projects forward. Mr. Sanders asked about the Master Lease Program (funding source). Mr. Smalls responded that the program is administered by the State of South Carolina Treasurer's Office. He also stated the institution was working with Rick Harmon on this program. Leases are made possible for various projects such as these HVAC renovation projects, and the institution chose to take advantage of the program because of the very generous payment plan where the interest rate is 3.3 percent. This program is funded through Bank of America.

It was moved (Workman), seconded (Sanders), and voted to approve the projects.

Chairman Ravenel thanked Francis Marion University for hosting the Committee meeting in November. He said all the Committee members and CHE staff learned a lot about how the institution helps the Pee Dee area.

B.) University of South Carolina Columbia

a) Patterson Hall Seismic Upgrades and Asbestos Abatement -establish project

Chairman Ravenel reminded the Committee that this project was previously discussed and carried over at the November 2 meeting. Mr. Glenn was asked to explain the project further. Mr. Glenn noted the University's answers to the questions that were presented at the November 2 meeting and stated Charlie Jeffcoat, from the University of South Carolina, was present to answer additional questions.

Dr. Forbes asked for an explanation for the increased new facility costs versus the renovation costs. Mr. Jeffcoat answered the estimates were based on actual projects currently underway. He stated the institution relies on historical data to determine estimates. The most recent data was a recently-received bid for a 500-bed honors dormitory. Dr. Forbes asked if students are seeking apartment-style dormitories versus traditional dormitories. Mr. Jeffcoat answered that in the institution's market, apartment-style dormitories are needed.

Dr. Forbes asked for the total square footage of Patterson Hall. Mr. Jeffcoat answered it was about 156,000 gross square feet. Dr. Forbes asked what the expected life-cycle of a new building would be. Mr. Jeffcoat answered a new facility should last a minimum of 50 years, and he noted there were buildings on the campus over 200 years old.

Dr. Forbes asked if this building would have to be renovated in 30 years if no renovation work was done (i.e. current request). Mr. Jeffcoat answered that students would stop staying in the dorm, and it would have to be closed because of asbestos. He stated the university wanted to make the dorms as safe as possible. However, students would continue to stay there if the price of the rooms continued to fall because of the condition of the building.

Mr. Sanders asked if the project was a part of the University's Master Plan. Mr. Jeffcoat responded it was a part of the Housing Master Plan. Mr. Sanders asked approximately how many beds were currently available and the projected future needs on the campus. Mr. Jeffcoat answered the number varied, but he noted the Board of Trustees mandated that Housing officials house at least 50 percent of the student body.

Mr. Sanders noted the project was another example of the challenges institutions are dealing with. Mr. Sanders asked if the project was ready for bids. Mr. Jeffcoat stated to get approval was critical because the bid must go out early next year as the intention is to start the work next summer. Mr. Sanders asked if there would be a loss of some floors during renovation. Ms. Donna Collins, from the University of South Carolina, stated the work would be performed over several summers, so the building will not be off-line during the school year.

Chairman Ravenel asked if the institution would return with this project. Mr. Jeffcoat answered the University would return for every phase.

It was moved (Sanders), seconded (Workman), and voted to approve the project. Mr. Sanders asked that the motion be rephrased to indicate the Committee supported the project but was not necessarily in favor of the project.

C.) College of Charleston

a) Purchase of 34 George Street

-increase budget

Mr. Osborne joined the meeting via telephone to answer questions. Mr. Osborne stated the property is located in the heart of the downtown area between Meeting Street and King Street. He stated it is contiguous to the property where the new arena was being built. The appraisal was in line with other properties in the area.

Mr. Wingate asked if the seller was an individual, corporation, or a governmental entity. Mr. Osborne answered it is owned by an individual. Mr. Wingate asked what type of building was planned for the small piece of property. Mr. Osborne answered that this property, when connected by other land owned by the College, will equal about an acre in a “L” shape. Mr. Wingate asked if there were other interested individuals for the property. Mr. Osborne answered the seller is pushing the sale because there is another interested buyer. Chairman Ravenel affirmed the location was really good.

Mr. Sanders asked how the institutional capital project funds were generated. Mr. Osborne answered the institution has a capital improvement fee that is collected and dedicated to capital projects. Mr. Sanders asked if the Board of Trustees approved the project. Mr. Osborne responded in the affirmative.

It was moved (Workman), seconded (Wingate), and voted to approve the project.

**IV. Other Business**

A) A clarification of capital project definitions was presented for information.

B) Joint Bond Review Committee (JBRC) Policy Change & Proposed CHE Policy Change

Mr. Glenn advised the Committee of a recent change in policy by the Joint Bond Review Committee (JBRC) which requires a formal two-step process for permanent improvement project approvals. The policy is a result of concerns by JBRC members in the numerous budget increases being requested. Mr. Glenn stated the policy was positive in that it signifies JBRC members recognition of the value of going through schematic design in obtaining better cost estimates.

Mr. Glenn explained that Phase I is a request to allow programming and some schematics which will enable agencies to determine the scope of a project. Phase II is a request to allow design completion and construction based on cost estimates obtained in Phase I. Mr. Glenn stressed the new policy stated that a Phase I approval does not guarantee a Phase II approval.

Mr. Glenn stated while the policy did have a positive effect, an unintentional result was a potential for additional time added to the approval timeline if the Phase I budget is over \$500,000. If such is the case, the request would need to be considered by the Finance and Facilities Committee and the Commission. He stated that staff was recommending a policy change that would allow staff to approve all Phase I requests to expedite the approval process.

Mr. Workman asked if there was an opportunity to meet with the JBRC members to discuss the Commission's concerns related to the approval process. Mr. Sanders agreed that it was necessary to meet with the members to express their similar concerns. Mr. Workman stated that Frank Fusco has been very helpful during this process. Mr. Sanders asked if there should be additional meetings with other entities. Chairman Ravenel stated the Committee needed to determine if it wanted to meet with JBRC staff or the committee members. Ms. Goff informed the Committee that Mr. Fusco is now the Executive Director of the Budget and Control Board, and JBRC only has an administrative assistant as far as staff members. Mr. Sanders asked for clarification of the entities involved. Ms. Goff stated JBRC was the next level of approval after CHE, and Senator Leatherman is the chair of the committee and Annette Young is the vice chair. She stated that if the Committee wanted to address members of JBRC, those would be the individuals to contact. Mr. Workman stated it would be important to include Mr. Fusco in any meetings.

Mr. Sanders asked when the next JBRC meeting was scheduled. Ms. Goff answered that the next meeting had not been scheduled, but JBRC and the Budget and Control Board typically meet 10 times a year. She further stated the next Budget and Control Board meeting was tentatively scheduled for January 29, so based on previous schedules, JBRC might meet on January 22. However, she stressed a confirmed schedule was not yet available.

Chairman Ravenel stated the Committee should vote to affirm its desire to request a meeting with the appropriate entities to address these concerns.

It was moved (Wingate), seconded (Sanders), and voted to request a meeting with the appropriate entities involved in the approval process.

No motion was made to act on the policy change concerning staff approval of Phase 1 projects.

### C) Proposed CHE Policy Change for Budget Increases

Mr. Glenn stated the proposed CHE policy change would bring CHE action in line with the recently-approved revisions to the recommendations for improving the facilities approval process. He asked Ms. Goff to further explain the recommendation. Ms. Goff stated the Committee and Commission approved a revision last month to allow state agencies to increase project budgets up to 20 percent to meet bid requirements without requiring further approval by the state approving entities. She stated the proposed CHE policy change would allow staff to approve a 20 percent increase to a project budget. Staff hoped this practice would serve as an example of the way this proposed approval process recommendation could work for all entities involved.

Mr. Workman stated his concern that with this allowance, the recommendation to allow institutions to get better estimates (by going through design development) would be overlooked.

He stated it was better to get a good number at the beginning of a project in order to reduce the need for budget increases. He stated his goal would be increases between two and five percent. Mr. Sanders stated this was an example of the effect of the current approval process which does not allow institutions to progress far enough into project design to obtain good cost estimates. Consequently, large budget increases were necessary to complete the projects.

Mr. Wingate stated he would prefer to see action to correct issues occurring at the beginning of a project rather than the end. Chairman Ravenel asked staff to revisit the issue because it was included in the Commission's recommendation for improving the facilities approval process.

No motion was made to act on the policy change concerning expanding staff authority to approve budget adjustments.

- D) A revised draft of the 2008 Committee Meeting Schedule was presented for information. There was a reminder that the Commission Retreat was scheduled for January 10 and 11.
- E) The list of staff approvals for October and November 2007 was presented for information. Mr. Wingate asked for a clarification of the footnotes on page 22. Mr. Glenn explained that the General Assembly directed funds to particular projects that superseded CHE authority.

With no further business, it was moved (Wingate), seconded (Workman), and voted to adjourn at 10:20 a.m.

Respectfully submitted,



Nicole J. Rowland  
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**

January 10, 2008

**MEDICAL UNIVERSITY OF SOUTH CAROLINA**

**PROJECT NAME:** Pharmacology Renovations  
**REQUESTED ACTION:** Decrease Budget, Change Source of Funds, Revise Scope  
**REQUESTED ACTION AMOUNT:** \$8,000,000  
**INITIAL CHE APPROVAL DATE:** July 2, 1999

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees	\$1,882,169	\$1,100,000	(\$782,169)
Interior Building Renovations (24,194 SF)	\$15,740,348	\$6,000,000	(\$9,740,348)
Other (Asbestos)	\$90,136	\$300,000	\$209,864
Contingency	\$1,958,169	\$600,000	(\$1,358,136)
<b>Total</b>	<b>\$19,671,822</b>	<b>\$8,000,000</b>	<b>(\$11,671,822)</b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Federal NIH Grant	\$4,000,000	\$0	(\$4,000,000)
Research University Infrastructure Bonds	\$15,671,822	\$0	(\$15,671,822)
Gift Funds	\$0	\$3,700,000	\$3,700,000
Indirect Cost Recovery	\$0	\$4,300,000	\$4,300,000
<b>Total</b>	<b>\$19,671,822</b>	<b>\$8,000,000</b>	<b>(\$11,671,822)</b>

**DESCRIPTION:**

The University requests to decrease the budget, change the source of funds, and revise the scope of a project to renovate the third floor of the Basic Sciences Building which houses the Pharmacology department. The project was initially reviewed and approved by the Commission in 1999 as a part of the Annual Permanent Improvement Plan (APIP). (Note: The APIP has since been replaced by the Comprehensive Permanent Improvement Plan (CPIP).)

The original project budget was \$4,000,000 which was increased by \$15,671,822 in May 2005 with Research University Infrastructure Bonds (RUIB). These bonds are authorized under legislation which is outside of the Commission’s legal purview. Since that time, the University has completed some of the work under a separate project, and the federal grant request was not successful. The institution is transferring the RUIBs originally in this project to the Drug Discovery Building project which is authorized under the aforementioned legislation. Given these unique circumstances, CHE staff believes it is necessary for the Committee and Commission to review and consider approval of this request.

The current scope will include renovations to the third floor of the Basic Science Building for the Pharmacology department. Approximately 50 percent of the third floor will be gutted and renovated for state-of-the-art laboratory space, faculty offices, and other support spaces. These renovations are currently underway, and approval of the requested revisions is necessary in order to complete the project.

A guarantee is on file for the private funds.

**E&G DEFERRED MAINTENANCE REDUCTION:**

N/A – The project is to reconfigure the space for the proposed use.

**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:** Rutledge/Buist Residence Halls Renovation, Phase 2  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$1,446,332  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees	\$0	\$70,000	\$70,000
Interior Building Renovations (58,350 SF)	\$0	\$800,000	\$800,000
Utilities Renovations	\$0	\$100,000	\$100,000
Exterior Building Renovations	\$0	\$315,000	\$315,000
Contingency	\$0	\$161,332	\$161,332
<b>Total</b>	<b>\$0</b>	<b>\$1,446,332</b>	<b>\$1,446,332</b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Housing Revenue Bonds	\$0	\$44,168	\$44,168
Auxiliary Funds	\$0	\$1,405,164	\$1,405,164
<b>Total</b>	<b>\$0</b>	<b>\$1,446,332</b>	<b>\$1,446,332</b>

**DESCRIPTION:**

The College requests to establish a project to perform various renovations in the Rutledge/Buist Residence Halls. In 2002, the institution evaluated several buildings on its campus to assess needed repairs and renovations. With the assistance of an independent consultant, the College developed a multi-year strategy to implement the work based on the most immediate needs and available funding. Therefore, the College has demonstrated the required due diligence and requests approval of the full project.

The new project represents the College’s second phase of addressing work that needs to be completed in these facilities. The College plans to begin the project this summer after students vacate the facilities in May 2008.

At a cost of \$25 per square foot, the project will include:

- Ceiling removal and installation (for ease of HVAC pipe maintenance)
- Buist Hall electrical master panel replacement (to replace 39-year-old panel for code compliance)
- Buist/Rutledge lobby reconfiguration and upgrades (for traffic flow and ADA code compliance)
- Window replacement
- Fire sprinkler system
- Buist Hall HVAC replacement

**E&G DEFERRED MAINTENANCE REDUCTION:**

N/A – Auxiliary

**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:** Craig Cafeteria Conversion and Renovation  
**REQUESTED ACTION:** Increase Budget  
**REQUESTED ACTION AMOUNT:** \$2,700,000  
**INITIAL CHE APPROVAL DATE:** June 7, 2007

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees	\$50,000	\$280,000	\$230,000
Interior Building Renovations (19,890 SF)	\$1,700,000	\$3,190,000	\$1,490,000
Roofing (17 years)	\$0	\$75,000	\$75,000
Landscaping	\$0	\$250,000	\$250,000
Other (Furniture, fixtures, information technology, asbestos)	\$0	\$595,000	\$595,000
Contingency	\$250,000	\$310,000	\$60,000
<b>Total</b>	<b>\$2,000,000</b>	<b>\$4,700,000</b>	<b>\$2,700,000</b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Institutional Capital Project Funds	\$2,000,000	\$4,700,000	\$2,700,000
<b>Total</b>	<b>\$2,000,000</b>	<b>\$4,700,000</b>	<b>\$2,700,000</b>

**DESCRIPTION:**

The College requests to increase the project budget to convert the cafeteria in Craig Residence Hall to allow the consolidation of Admissions operations which is currently housed in four different locations. The Commission approved the project in June 2007 as a part of the College’s Year 1 CPIP. Since that time, the College commissioned a professional, independent assessment report by Rosenblum Coe which indicated a total project cost of \$4.7 million. The report was requested in September 2007, prior to the new policy of the Joint Bond Review Committee (JBRC) which requires a formal two-step approval process for new construction or renovation projects. Therefore, the College has completed the required due diligence and requests approval of the full project.

The cafeteria space (19,890 SF) was vacated in August 2007 with the opening of the George Street Complex. The project will require interior reconfiguration as well as mechanical, electrical, plumbing, and information technology upgrades and interior floor finishes. The cost per square foot is \$236.

**E&G DEFERRED MAINTENANCE REDUCTION:**

N/A – The project is to reconfigure the space for the proposed use.

**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.

**WINTHROP UNIVERSITY**

**PROJECT NAME:** Thomson Complex Fire Sprinkler/Alarm Retrofit  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$1,027,600  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees	\$0	\$154,000	\$154,000
Utilities Renovations (112,293 SF)	\$0	\$781,000	\$781,000
Contingency	\$0	\$92,600	\$92,600
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$1,027,600</i></b>	<b><i>\$1,027,600</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Student Housing Revenue	\$0	\$567,600	\$567,600
Food Service Revenue	\$0	\$460,000	\$460,000
<b><i>Total</i></b>	<b><i>\$6,500</i></b>	<b><i>\$1,027,600</i></b>	<b><i>\$1,027,600</i></b>

**DESCRIPTION:**

The University requests to establish a project to add a fire sprinkler system and updated fire alarm system including fire standpipes/hose station upgrades to the east and west wings of Thomson Hall, an upperclassmen-residential facility, as well as the cafeteria located between the two wings. The 112,293 SF hall, built in 1964, includes approximately 325 beds.

The project is needed to address life safety issues in Thomson Hall, which is the last of the residential facilities to be upfitted with a fire sprinkler system. Given recent events, there is an increased urgency to ensure that all residential facilities have sprinkler systems. The cost per square foot is \$9. The scope of the project does not necessitate “pre-design” approval under the new JBRC policy. Therefore, the University request approval of the full project.

**E&G DEFERRED MAINTENANCE REDUCTION:**

N/A – Auxiliary

**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.

**DESCRIPTION OF LEASE FOR CONSIDERATION**

January 10, 2008

**UNIVERSITY OF SOUTH CAROLINA UPSTATE**

**LEASE NAME:** George Dean Johnson Jr. College of Business & Economics  
**REQUESTED ACTION:** New Lease  
**REQUESTED ACTION AMOUNT:** \$13,000,000

**DESCRIPTION:**

The University requests approval for a new lease for 44,110 SF of space in a facility to be constructed by Carolina Piedmont Foundation Properties II, LLC for the George Dean Johnson Jr. College of Business and Economics in the Renaissance Park in downtown Spartanburg. The lease also includes 250 parking spaces adjacent to the facility for use by the institution. The facility is expected to be available for occupancy in January 2010.

This location benefits the University and its students, the City of Spartanburg, and business and corporate entities. The institution will be able to engage in educational activity with the business community and foster employment opportunities for students after graduation. The leased facility will also relieve pressures on restricted space for teaching and learning on the main campus. The institution's utilization data illustrates a need for additional space with 74 assignable square feet (ASF) per full-time equivalent (FTE) student which is below the national standard of 93 ASF/FTE.

The monthly rental rate will be approximately \$54,167, resulting in an annual cost of \$650,000. The requested lease term is 20 years, beginning on the first day of the month after receipt of a certification of occupancy. The total lease cost is \$13 million with a per square foot rate of \$14.74. The University has the right to extend the term of the lease for five years with the same terms and conditions with six months notice prior to expiration of the lease. The lease will not require an increase in student tuition and fees.

**RECOMMENDATION:**

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

**INFORMATION ITEM**

<b>PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF</b>						
<b>December 2007</b>						
<b>Date Approved</b>	<b>Project #</b>	<b>Institution</b>	<b>Project Name</b>	<b>Action Category</b>	<b>Budget Change</b>	<b>Revised Budget</b>
12/6/2007	New	SC State	Multi-Purpose Warehouse Building Construction	establish project	\$0	\$60,000
12/6/2007	New	SC State	Mays Hall I - HVAC System Repair/Replacement - Phase I	establish project	\$0	\$100,000
12/6/2007	New	SC State	Williams Hall - HVAC System Repair/Replacement - Phase I	establish project	\$0	\$120,000
12/12/2007	9549	Coastal Carolina	Residence Hall Deferred Maintenance & Life Safety	revise scope, change project name	\$0	\$614,000
12/12/2007	New	USC Columbia	Preston College HVAC Renovation	establish project	\$0	\$400,000
12/12/2007	9508	USC Lancaster	Deferred Maintenance	increase budget, change source of funds (from institutional funds to state appropriations)	\$300,000	\$717,510
12/19/2007	9602	College of Charleston	99 Wentworth Street Renovations	close project	\$0	\$337,814
12/19/2007	9600	College of Charleston	McConnell Residence Hall Renovation	close project	\$0	\$3,713,777
12/19/2007	9612	College of Charleston	Rutledge/Buist Residence Halls Renovations	close project	\$0	\$1,967,836
12/19/2007	9560	College of Charleston	College Lodge Renovation	close project	\$0	\$1,147,967
12/19/2007	9619	College of Charleston	Kelly House & Warren Place Fire Alarm System Upgrades	close project	\$0	\$144,796
12/19/2007	9604	College of Charleston	Student Residences Fire Suppressions Systems Installations	close project	\$0	\$269,225
12/19/2007	9590	College of Charleston	Berry Residence Hall Roof & HVAC Replacement	close project	\$0	\$5,628,511
12/19/2007	9625	College of Charleston	Historic House Interior & Exterior Repairs & Upgrades	decrease budget	(\$40,000)	\$1,505,000
12/19/2007	9603	College of Charleston	Craig Hall HVAC & Interior Renovation	increase budget	\$38,088	\$2,673,088
12/19/2007	New	College of Charleston	McConnell Residence Hall Renovation, Phase 2	establish project	\$0	\$591,223
12/19/2007	New	Piedmont Tech	Saluda County Extension Center - Land	establish project	\$0	\$0
12/19/2007	9776	Clemson	Microcreamery - A/E Only	decrease budget, close project	(\$7,540)	\$42,460

**LEASES APPROVED BY STAFF**

December 2007

Date Approved	Lease #	Institution	Project Name	Purpose/Additional Info	Rates	Term
12/19/2007	New	MUSC	26 Bee Street	2,840 sf for University Legal (currently at 3 Doughty St, which will be sold in near future)	Annual Rate - \$45,440; Monthly Rate - \$3,786.67; Cost per SF \$16.00	1/1/08-12/31/2010 (no extended terms; to be negotiated)
12/19/2007	Renewal	MUSC	56 Courtenay Drive	4,574 sf occupied by College of Dental Medicine's Orthodontic Residency Clinic	Annual Rate - \$88,000; Monthly Rate - \$7,333.33; Cost per SF \$19.24	3/15/2008-3/14/2013 (no extended terms; to be negotiated)